

**VISA 2023/174058-5002-0-PC**

L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité

Luxembourg, le 2023-09-06

Commission de Surveillance du Secteur Financier

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## **PROSPECTUS**

**August 2023**

### **STRATEGIC SELECTION FUND**

*Organisme de placement collectif en valeurs mobilières (OPCVM)  
Société d'investissement à capital variable (SICAV)*

## IMPORTANT INFORMATION

### GENERAL

Shares in the Company are offered on the basis of the information and the representations contained in the current Prospectus accompanied by the relevant key investor information document, the latest annual report and semi-annual report, if published after the latest annual report, as well as the documents mentioned herein which may be inspected by the public at the registered office of the Company.

Investors must also refer to the relevant Special Sections attached to the Prospectus. Each Special Section sets out the specific objectives, policy and other features of the relevant Sub-Fund to which the Special Section relates as well as risk factors and other information specific to the relevant Sub-Fund.

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

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

Investors may, subject to applicable law, invest in any Sub-Fund offered by the Company. Shareholders should choose the Sub-Fund that best suits their specific risk and return expectations as well as their diversification needs and are encouraged to seek independent advice in that regard. A separate pool of assets will be maintained for each Sub-Fund and will be invested in accordance with the investment policy applicable to the relevant Sub-Fund in seeking to achieve its investment objective. The Net Asset Value and the performance of the Shares of the different Sub-Funds and Classes thereof are expected to differ. It should be remembered that the price of Shares and the income (if any) from them may fall as well as rise and there is no guarantee or assurance that the stated investment objective of a Sub-Fund will be achieved.

An investment in the Company involves investment risks including those set out herein under Section 24 of the General Section. In addition, investors should refer to the Section “Specific Risk Factors” of the Special Section of the relevant Sub-Fund in order to assess – and inform themselves on – the risks associated with an investment in such specific Sub-Fund.

The Company is allowed to invest in FDIs. While the prudent use of FDIs can be beneficial, FDIs also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. A more detailed description of the risks relating to the use of FDIs may be found under Section 26 of the General Section.

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

### DEFINITIONS

Unless the context otherwise requires, or as otherwise provided in this Prospectus, capitalised words and expressions shall bear the respective meanings ascribed thereto under Section 1 of the General Section.

## SELLING RESTRICTIONS

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

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

**European Union** – The Company qualifies as a UCITS and may apply for recognition under the Directive 2009/65/EC, for marketing to the public in certain EEA Member States.

**USA** – The Shares have not been and will not be registered under the United States Securities Act of 1933 for offer or sale as part of their distribution and the Company has not been and will not be registered under the United States Investment Company Act of 1940. The Articles provide that the Company may compulsorily redeem any Shares that are transferred, or attempted to be transferred, to or for the benefit of any US Person.

## PREVAILING LANGUAGE

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

## MANAGEMENT AND ADMINISTRATION

<b>Registered office</b>	14, boulevard Royal L-2449 Luxembourg Grand Duchy of Luxembourg
<b>Board of directors of the Company</b>	<b>Frits Carlsen</b> , Chairman, Independent Non-Executive Director  <b>Léon Kirch</b> , Director  <b>Andrea Fiorelli</b> , Director
<b>Management Company</b>	<b>European Capital Partners (Luxembourg) S.A.</b> 153-155 b rue du Kiem L-8030 Strassen, Grand Duchy of Luxembourg
<b>Investment Manager for Strategic Selection Fund – Enhanced Equity Exposure and Strategic Selection Fund – Global Bond Euro Fund. Denominated Strategic Selection Fund – Global Bond Fund as from the 19.09.2023</b>	<b>Colombo Wealth SA</b> 39, Via Clemente Maraini CH-6902 Lugano Switzerland
<b>Board of directors of the Management Company</b>	<b>Patrick Hansen</b> , Chairman, Edison Capital Partners S.A.  <b>Knut Reinertz</b> , Edison Capital Partners S.A.  <b>Pierre François Wery</b> , independent director  <b>Leon Kirch</b> , European Capital Partners (Luxembourg) S.A.  <b>Dr. Sybille Peter</b> , Colombo Wealth SA  <b>Frédéric Pouchain</b> , Whitestone Partners
<b>Conducting officers of the Management Company</b>	<b>Leon Kirch</b> , European Capital Partners (Luxembourg) S.A.  <b>Jérémy Paulus</b> , European Capital Partners (Luxembourg) S.A.  <b>Lingrui Kong</b> , European Capital Partners (Luxembourg) S.A.  <b>Martin Rausch</b> , European Capital Partners (Luxembourg) S.A.
<b>Depository and Domiciliation Agent</b>	<b>Banque de Luxembourg</b> 14, boulevard Royal L-2449 Luxembourg Grand Duchy of Luxembourg

**Administrator**

**UI efa S.A.**  
2, rue d'Alsace  
L-1017 Luxembourg  
Grand Duchy of Luxembourg

**Auditor**

**Ernst & Young S.A.**  
35E, Avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Legal adviser**

**Dechert (Luxembourg) LLP**  
1. Allée Scheffer  
L-2017 Luxembourg  
Grand Duchy of Luxembourg

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**PART A – GENERAL SECTION**

The General Section applies to all Sub-Funds of the Company. Each Sub-Fund is subject to specific rules which are set forth in the Special Section.

## 1. DEFINITIONS

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

<b>1915 Act</b>	Means the act dated 10 August 1915 on commercial companies, as amended;
<b>2004 Act</b>	Means the act dated 12 November 2004 on the fight against money laundering and terrorist financing, as amended;
<b>2010 Act</b>	Means the act dated 17 December 2010 on undertakings for collective investment, as amended;
<b>Administrator</b>	Means UI efa S.A. in its capacity as the Company's administrative agent;
<b>Administration Agreement</b>	Means the central administration agent and registrar and transfer agent agreement between the Management Company and the Administrator;
<b>Ancillary Liquid Assets</b>	Means bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, in order to cover current or exceptional payments, or for any time necessary to reinvest in eligible assets provided under article 41(1) of the 2010 Act or for a period of time strictly necessary in case of unfavorable market conditions. The holding of such Ancillary Liquid Assets is limited to 20% of the net assets of the Fund. Liquid assets held to cover exposure to financial derivative instruments do not fall under this restriction. The above mentioned 20% limit shall only be temporarily breached for a period of time strictly necessary when, because of exceptionally unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors.
<b>Another Regulated Market</b>	Means any market, other than a Regulated Market, which is regulated, operates regularly and is recognised and open to the public;
<b>Articles</b>	Means the articles of incorporation of the Company as the same may be amended, supplemented or otherwise modified from time to time;
<b>Auditor</b>	Means Ernst & Young S.A.;
<b>Board</b>	Means the board of directors of the Company;
<b>Business Day</b>	Means a day on which banks are open for business in Luxembourg and which shall not include, for the avoidance of doubt, each 24 December;
<b>Circular 04/146</b>	Means the CSSF circular 04/146 on the protection of UCIs and their investors against Late Trading and Market Timing practices;
<b>Circular 08/356</b>	Means the CSSF circular 08/356 on the rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments as amended by CSSF circular 11/512 concerning the presentation of the main regulatory changes in risk management following the publication of CSSF Regulation 10-4 and ESMA clarifications, further clarifications from the CSSF on risk management rules and the definition of the content and format of the risk management process to be

communicated to the CSSF; all references to Circular 08/356 must be read in conjunction with Circular 14/592 and the ESMA Guidelines 2014/937;

<b>Circular 14/592</b>	Means CSSF circular 14/592 regarding ESMA Guidelines 2014/937;
<b>Circular 18/698</b>	Means CSSF circular 18/698 on the authorisation and organisation of investment fund managers incorporated under Luxembourg law and specific provisions on the fight against money laundering and terrorist financing applicable to investment fund managers and entities carrying out the activity of registrar agent;
<b>Class</b>	Means a class of Shares ( <i>catégorie d'actions</i> ) as such term is understood under the 1915 Act, relating to a Sub-Fund for which specific features with respect to fee structures, distribution, marketing target or other specific features may be applicable; the details applicable to each Class will be described in the relevant Special Section;
<b>Clearing System</b>	Means Euroclear or Clearstream or any other recognised clearing system;
<b>Company</b>	Means Strategic Selection Fund, a public limited liability company ( <i>société anonyme</i> ) incorporated as an investment company with variable capital ( <i>société d'investissement à capital variable</i> ) under the laws of Luxembourg and registered pursuant to part I of the 2010 Act;
<b>Conversion Fee</b>	Means the conversion fee which may be levied by the Company in relation to the conversion for any Class in any Sub-Fund, details of which are set out in the relevant Special Section;
<b>Conversion Expenses</b>	Means all expenses and costs incurred in connection with the setting-up of the Company and the launching of the initial Sub-Fund as disclosed under Section 18.25 of the General Section;
<b>Covered Bonds</b>	Means bonds within the meaning of article 52(4) of Directive 2009/65/EC which are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders; Directive 2009/65/EC requires ESMA to make available to the public a list of categories of such bonds, together with the list of categories of issuers of those bonds authorised in each Member State;
<b>CSSF</b>	Means the <i>Commission de surveillance du secteur financier</i> , the Luxembourg financial services market authority;
<b>Depository</b>	Means Banque de Luxembourg acting as depository of the Company;
<b>Depository Agreement</b>	Means the depository and principal paying agent agreement between the Company and the Depository;
<b>Directive 78/660/EEC</b>	Means Council Directive 78/660/EEC of 25 July 1978 based on Article 54 (3) g) of the Treaty on the annual accounts of certain types of companies, as amended from time to time;
<b>Directive 83/349/EEC</b>	Means Council Directive 83/349/EEC of 13 June 1983 based on the Article 54 (3) (g) of the Treaty on consolidated accounts, as amended from time to time;
<b>Directive 2009/65/EC</b>	Means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended;

<b>Directors</b>	Means the directors of the Company, whose details are set out in this Prospectus and/or the annual and semi-annual reports;
<b>Distributor(s)</b>	Means any person from time to time appointed or authorised by the Management Company to distribute one or more Classes;
<b>EEA</b>	Means the European Economic Area;
<b>Eligible Collateral</b>	Means collateral provided to the Company and which complies with the requirements described under Section 6.6.1 of the General Section;
<b>Eligible Counterparty</b>	Means a First Class Institution which is a counterparty to an EPMT transaction as further described in Section 6.5 of the General Section;
<b>Eligible Investments</b>	Means eligible investments for investment by UCITS within the meaning of article 41 (1) of the 2010 Act;
<b>Eligible Investor</b>	Means, in relation to each Class in each Sub-Fund, an investor that satisfies the relevant criteria to invest in the relevant Class as is stipulated in the relevant Special Section;
<b>Eligible Lending System</b>	Has the meaning ascribed to it in Section 6.6.2 of the General Section;
<b>Eligible Market</b>	Means any Regulated Market or Another Regulated Market (whether situated in a Member State or not) and shall cover all stock exchanges and regulated markets referred to in paragraphs (a), (b) and (c) of article 41 (1) of the 2010 Act;
<b>EPMT</b>	Means efficient portfolio management techniques and comprises the techniques and instruments set out under Section 6.1 of the General Section;
<b>ESMA</b>	Means the European Securities and Markets Authority;
<b>ESMA Guidelines 2014/937</b>	Means the ESMA Guidelines and Recommendations 2014/937 dated 1 August 2014 on ETFs and other UCITS issues as amended, replaced or supplemented from time to time;
<b>ETFs</b>	Means Exchange Traded Funds. ETFs are undertakings for collective investment whose shares represent an interest in a portfolio of underlying assets. ETFs trade and settle like stocks;
<b>EU</b>	Means the European Union;
<b>EUR</b>	Means Euro, the single currency of the EU Member States that have adopted the Euro as their lawful currency;
<b>FATCA</b>	means the U.S. Foreign Accounting Tax Compliance Act which was enacted as part of the HIRE;
<b>FATCA Withholding</b>	Has the meaning ascribed to it in Section 21.6 of the General Section;
<b>Feeder Sub-Fund</b>	Means a Sub-Fund which invests at least 85 % of its assets in units or shares of another UCITS or a sub-fund thereof;
<b>FDI</b>	Means financial derivative instruments;

<b>First Class Institutions</b>	Means first class financial institutions having their registered office in a Member State or subject to prudential supervision rules considered by the CSSF equivalent to those prescribed by Community law and specialised in this type of transactions for the purposes of techniques and instruments relating to Transferable Securities and Money Market Instruments;
<b>General Section</b>	Means the General Section of this Prospectus that sets out the general terms and conditions applicable to all Sub-Funds, unless otherwise provided for in any of the Special Sections;
<b>Haircut</b>	Has the meaning ascribed to it in Section 6.22 of the General Section;
<b>Indemnified Person</b>	Has the meaning ascribed to it in Section 18.23 of the General Section;
<b>Initial Offering Period or Initial Offering Date</b>	Means, in relation to each Class in each Sub-Fund, the first offering of Shares of the relevant Class made pursuant to the terms of the Prospectus and the relevant Special Section;
<b>Initial Subscription Price</b>	Means, in relation to each Class in each Sub-Fund, the amount stipulated in the relevant Special Section as the subscription price per Share for the relevant Class in connection with the Initial Offering Period or Initial Offering Date;
<b>Institutional Investor</b>	Means an investor meeting the requirements to qualify as an institutional investor for purposes of article 174 of the 2010 Act;
<b>Interested Party</b>	Has the meaning ascribed to it in Section 7.1 of the General Section;
<b>Investing Sub-Fund</b>	Has the meaning ascribed to it in Section 5.13 of the General Section;
<b>Investment Manager</b>	Means, for some of the Sub-Funds, as stipulated in each relevant Special Section, Colombo Wealth SA;
<b>Investment Advisor</b>	Means, for some of the Sub-Funds, as stipulated in the relevant Special Section, the investment advisor for the relevant Sub-Fund, if any;
<b>Late Trading</b>	Means the acceptance of a subscription, conversion or redemption order after the time limit fixed for accepting orders (cut-off time) on the relevant day and the execution of such order at the price based on the net asset value applicable to such same day;
<b>Luxembourg</b>	Means the Grand Duchy of Luxembourg;
<b>Management Company</b>	Means European Capital Partners (Luxembourg) S.A. in its capacity as management company of the Company within the meaning of chapter 15 of the 2010 Act;
<b>Management Company Affiliate</b>	Has the meaning ascribed to it in Section 5.9.4 of the General Section;
<b>Management Company Agreement</b>	Means the agreement between the Company and the Management Company;
<b>Management Fee</b>	Means the fee to be charged for each Sub-Fund (as determined in the relevant Special Section) by the Management Company to cover its fees in relation to the management company services (including supervisory services) rendered to the Company;

<b>Market Timing</b>	Means any market timing practice within the meaning of Circular 04/146 or as that term may be amended or revised by the CSSF in any subsequent circular, i.e., an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same Luxembourg undertaking for collective investment within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the methods of determination of the net asset value of the UCI;
<b>Master UCITS</b>	Means a UCITS (or sub-fund thereof) which is the target of a feeder investment by a Feeder Sub-Fund;
<b>Member State</b>	Means a member State of the EEA;
<b>Mémorial</b>	Means the Luxembourg <i>Mémorial C, Recueil des Sociétés et Associations</i> ;
<b>Minimum Holding Amount</b>	Means, in relation to each Class in each Sub-Fund, the amount which is stipulated in the relevant Special Section as the minimum value or number of Shares which must be held at any time by a Shareholder;
<b>Minimum Initial Subscription Amount</b>	Has the meaning ascribed to it in Section 8.11 of the General Section;
<b>Money Market Instruments</b>	Means instruments normally dealt in on a money market which are liquid and have a value which can be accurately determined at any time;
<b>Net Asset Value</b>	the net asset value of the Company, of any Sub-Fund, of any Class and of any Share as determined in accordance with Section 20 of the General Section;
<b>OECD</b>	Means the Organisation for Economic Co-operation and Development;
<b>OECD Member State</b>	Means any of the member States of the OECD;
<b>Operating Expenses</b>	Means all fees, costs and expenses incurred in connection with the operation of the Company as determined under Section 18 of the General Section;
<b>OTC</b>	Means over-the-counter;
<b>OTC Derivative</b>	Means any FDI dealt in over-the-counter;
<b>Other UCI</b>	Means an undertaking for collective investment within the meaning of the first and second indent of article 1(2) of the Directive 2009/65/EC, whether situated in a EEA Member State or not, provided that: <ul style="list-style-type: none"> <li>- such UCI is authorised under laws which provide that it is subject to supervision that is considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;</li> <li>- the level of guaranteed protection for unit holders in such UCI is equivalent to that provided for unit holders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the Directive 2009/65/EC;</li> </ul>

- the business of such UCI is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; and
- no more than 10% of the assets of such UCI can, according to its management regulations or instruments of incorporation, be invested in aggregate in units of other UCITS or other UCIs.

<b>Performance Fee</b>	Means the performance fee which will accrue in accordance with the relevant Special Section;
<b>Prospectus</b>	Means this sales prospectus relating to the issue of Shares in the Company, as amended from time to time;
<b>Redemption Fee</b>	Means the redemption fee levied by the Company in relation to the redemption of Shares of any Class in any Sub-Fund, details of which are set out in the relevant Special Section;
<b>Reference Currency</b>	Means, in relation to each Sub-Fund or Class, the currency in which the Net Asset Value of such Sub-Fund is calculated, as stipulated in the relevant Special Section;
<b>Register</b>	Means the register of Shareholders of the Company, of a Sub-Fund or of a Class;
<b>Regulated Market</b>	Means a regulated market as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended, or any other market established in the EEA which is regulated, operates regularly and is recognised and open to the public;
<b>RESA</b>	Means the <i>Recueil électronique des sociétés et associations</i> ;
<b>Restricted Person</b>	Means any person, determined in the sole discretion of the Board as being not entitled to subscribe or hold Shares in the Company or any Sub-Fund or Class if, in the opinion of the Directors, (i) such person would not comply with the eligibility criteria of a given Class or Sub-Fund (ii) a holding by such person would cause or is likely to cause the Company some pecuniary, tax or regulatory disadvantage (iii) a holding by such person would cause or is likely to cause the Company to be in breach of the law or requirements of any country or governmental authority applicable to the Company;
<b>Retail Investor</b>	Means any investor not qualifying as an Institutional Investor;
<b>Section</b>	Means any section of the Prospectus (including a section in the General Section or in one of the Special Sections);
<b>SFDR</b>	Means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended;
<b>SLT</b>	Means securities lending transactions;
<b>Shareholder</b>	Means a person who is the registered holder of Shares in the Company;
<b>Shares</b>	Means shares in the Company, of such Classes and denominated in such currencies and relating to such Sub-Funds as may be issued by the Company from time to time;



<b>SICAV</b>	Means a <i>société d'investissement en capital variable</i> , an investment company with variable capital;
<b>Sovereign Instruments</b>	Means Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, one or more of its local authorities, a non-Member State or public international body to which one or more Member States belong;
<b>Special Section</b>	Means each and every supplement to this Prospectus describing the specific features of a Sub-Fund. Each such Special Section is to be regarded as an integral part of the Prospectus;
<b>Sub-Fund</b>	Means a separate portfolio of assets established for one or more Classes of the Company which is invested in accordance with a specific investment objective. The specifications of each Sub-Fund will be described in their relevant Special Section;
<b>Subscription Fee</b>	Means the subscription fee levied by the Company in relation to the subscription for any Class in any Sub-Fund, details of which are set out in the relevant Special Section;
<b>Subsequent Subscription Price</b>	Has the meaning ascribed to it in Section 8.3.2 of the General Section;
<b>Sustainability Factors</b>	Means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters;
<b>Sustainability Risk</b>	Means any environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment;
<b>Taxonomy Regulation</b>	Means Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainability investment and amending SFDR;
<b>Target Sub-Fund</b>	Has the meaning ascribed to it in Section 5.13 of the General Section;
<b>Total Assets</b>	Means assets of a relevant Sub-Fund excluding cash and cash equivalent holdings;
<b>Transferable Securities</b>	Means <ul style="list-style-type: none"> <li>- shares and other securities equivalent to shares;</li> <li>- bonds and other debt instruments;</li> <li>- any other negotiable securities which carry the right to acquire any such transferable securities by subscription or to exchanges, with the exclusion of techniques and instruments;</li> </ul>
<b>TRS</b>	Means total return swaps and other FDIs (including OTC Derivatives) with similar characteristics;
<b>UCITS</b>	Means an undertaking for collective investment in transferable securities under the Directive 2009/65/EC;

<b>United States or U.S.</b>	Means the United States of America (including the States, the District of Columbia and the Commonwealth of Puerto Rico), its territories, possessions and all other areas subject to its jurisdiction;
<b>USD</b>	Means the United States Dollar, the currency of the United States of America;
<b>US Investment Company Act</b>	Means the United States Investment Company Act of 1940, as amended;
<b>US Person</b>	Means (i) any “U.S. person,” as defined in Rule 902 of Regulation S promulgated under the U.S. Securities Act; (ii) any U.S. Taxpayer, as defined below; and (iii) excludes any “Non-United States person,” as defined in Rule 4.7 promulgated under the U.S. Commodity Act, that is not a “U.S. person” for purposes of Rule 902 of Regulation S.

Regulation S currently provides that “U.S. Person” means:

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

“U.S. Person” does not include:

- any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organised, incorporated or, if an individual, resident in the United States;
- any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if (i) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and (ii) the estate is governed by non-U.S. law;

- any trust of which any professional fiduciary acting as trustee is a U.S. person if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person;
- an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
- any agency or branch of a U.S. person located outside the United States if (i) the agency or branch operates for valid business reasons and (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; or
- the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations and their agencies, Affiliates and pension plans, and any other similar international organizations, their agencies, Affiliates and pension plans.

Rule 4.7 of the U.S. Commodity Act Regulations currently provides in relevant part that the following persons are considered “Non-United States persons”:

- a natural person who is not a resident of the United States;
- a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a foreign (non-U.S.) jurisdiction and which has its principal places of business in a foreign (non-U.S.) jurisdiction;
- an estate or trust, the income of which is not subject to United States income tax regardless of source;
- an entity organised principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being Non-United States persons; and
- a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

A “U.S. Taxpayer” is (i) a U.S. citizen or resident alien of the United States (as defined for U.S. federal income tax purposes); (ii) any entity treated as a partnership or corporation for U.S. federal tax purposes that is created or organised in, or under the laws of, the United States or any state thereof (including the District of Columbia); (iii) any other partnership that is treated as a U.S. taxpayer under the U.S. Treasury Department regulations; (iv) any estate, the income of which is subject to U.S. income taxation regardless of source; and (v) any trust over whose

administration a court within the United States has primary supervision and all substantial decisions of which are under the control of one or more U.S. fiduciaries.

Persons who are aliens as to the United States but who have spent 183 days or more in the United States in the last two (2) years should check with their tax advisors as to whether they may be considered residents of the United States.

An investor who is not a US Person may nevertheless be considered a “U.S. Taxpayer” under U.S. federal income tax laws, depending on the investor’s particular circumstances. Any such person should consult his or her tax adviser regarding an investment in the Company, and investors will generally be asked to certify that they are not U.S. Taxpayers.

**US Securities Act**

Means the United States Securities Act of 1933, as amended;

**Valuation Day**

Means each day as at which the Net Asset Value will be determined for each Class in each Sub-Fund, as it is stipulated in the relevant Special Section. If such a day is not a Business Day, the next following Business Day will be considered as the Valuation Day for the purposes of this Prospectus.

## 2. COMPANY

- 2.1 The Company is an open-ended investment company organized under the laws of Luxembourg as a *société d'investissement à capital variable (SICAV)*, under the form of a public limited liability company (*société anonyme*) and authorized under part I of the 2010 Act.
- 2.2 The Company is registered with the Luxembourg trade and companies register under number B 134 745.
- 2.3 The Company was incorporated on 5 December 2007 for an unlimited period of time under the name “YEP I, SICAV-FIS” and under the form of a specialized investment fund subject to, and authorized under, the act of 13 February 2007 on specialized investment fund established as a Luxembourg partnership limited by shares (*société en commandite par actions*). It was renamed into “ECP Fund, SICAV-FIS” through a decision of an extraordinary meeting of its Shareholders dated 14 April 2010.
- 2.4 Through the extraordinary general meeting of the Shareholders held on 7 August 2015, the Company has been converted into a UCITS under the form of public limited liability company (*société anonyme*) named “ECP Flagship SICAV”.
- 2.5 The extraordinary general meeting of Shareholders held on 16 June 2020 has resolved to change the name of the Company to “Strategic Selection Fund”.
- 2.6 The consolidated Articles are on file with the *Registre de Commerce et des Sociétés* de Luxembourg, where they may be inspected and copies obtained. The Articles were amended for the last time on 16 June 2020 and a notice advising of the filing of the Articles with *the Registre de Commerce et des Sociétés* de Luxembourg was published in the RESA.
- 2.7 The registration of the Company pursuant to the 2010 Act constitutes neither approval nor disapproval by any Luxembourg authority as to the adequacy or accuracy of this Prospectus or as to the assets held in the various Sub-Funds.
- 2.8 The Company is subject to the provisions of the 2010 Act and of the 1915 Act insofar as the 2010 Act does not derogate from the 1915 Act.
- 2.9 The minimum share capital of the Company is EUR 1,250,000. The Company’s share capital is at all times equal to its Net Asset Value. The Company’s share capital is automatically adjusted when additional Shares are issued or outstanding Shares are redeemed and no special announcements or publicity is necessary in relation thereto.

## 3. SHARES

- 3.1 Any individual or legal entity may acquire Shares in the Company against payment of the subscription price as defined in Section 8 of the General Section.
- 3.2 There is no limit to the number of Shares which may be issued.
- 3.3 Shares shall have the same voting rights and shall have no pre-emptive subscription rights. In the event of the liquidation of the Company, each Share is entitled to its proportionate share of the Company’s assets after payment of the Company’s debts and expenses, taking into account the Company’s rules for the allocation of assets and liabilities.
- 3.4 Shares are issued in registered form only with no par value and may be held in an account with a Clearing System or central account holder. Shareholders receive written confirmation of their registration but no certificate representing Shares will be issued. All Shares must be fully paid

up. Fractional Shares may be issued up to four (4) decimal places and shall carry rights in proportion to the fraction of a share they represent but shall carry no voting rights.

- 3.5 Within the same Sub-Fund, all Shares have equal rights as regards voting rights in all general meetings of Shareholders and in all meetings of the Sub-Fund concerned. This does not apply to Shares held by an Investing Sub-Fund within the meaning of Section 5.13 of the General Section.
- 3.6 For each Sub-Fund, the Directors may, in respect of Shares in one or several Class(es) if any, decide to close subscriptions temporarily or definitively, including those arising from the conversion of Shares of another Class or another Sub-Fund.
- 3.7 Shareholders may ask for the conversion of all or a part of their Shares from one Class to another in compliance with the provisions of Section 10 of the General Section.

#### **4. SUB-FUNDS AND CLASSES**

##### **Umbrella form and Sub-Funds**

- 4.1 The Company has an umbrella structure consisting of one or several Sub-Funds. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective and policy applicable to that Sub-Fund. The investment objective, policy, as well as the risk profile and other specific features of each Sub-Fund are set forth in the relevant Special Section.
- 4.2 The Company is one single legal entity. However, the rights of the Shareholders and creditors relating to a Sub-Fund or arising from the setting-up, operation and liquidation of a Sub-Fund are limited to the assets of that Sub-Fund. The assets of a Sub-Fund are exclusively dedicated to the satisfaction of the rights of the Shareholders relating to that Sub-Fund and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that Sub-Fund.
- 4.3 As mentioned in the relevant Special Section, certain Sub-Funds may invest their assets according to the “Value Investing Concept”, which is an investment approach where stocks that trade for less than their intrinsic values are selected. The Management Company focuses on assessing the value of the stock and compares it with the fundamental data of the issuer. With the Value Investing Concept, the Management Company is looking for undervalued stocks and believes that market generally overreacts to good and bad news, resulting in stock price movements that do not correspond with the long-term fundamentals of the issuer.
- 4.4 As mentioned in the relevant Special Section, certain Sub-Funds may invest their assets according to the “Growth Investing Concept”, which is an investment approach where the Management Company tends to select stocks of companies active in industries, sectors and/or markets that are considered by the Management Company to be in expansion and offering, according to the Management Company, above-average rates of return compared to those of competitors in the corresponding industry, sector or market.
- 4.5 Each Sub-Fund is described in more detail in the relevant Special Section.

##### **Classes**

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

- 4.7 The Company may, at any time, create additional Classes whose features may differ from the existing Classes and additional Sub-Funds whose investment objectives may differ from those of the Sub-Funds then existing. Upon creation of new Sub-Funds or Classes, the Prospectus will be updated, if necessary, or supplemented by a new Special Section.
- 4.8 For each Sub-Fund, the Board may, in respect of Shares in one or several Class(es) of Shares, decide to close subscriptions temporarily, including those arising from the conversion of Shares of another Class or another Sub-Fund.
- 4.9 The Board may decide to quote one or more Classes of a Sub-Fund on the Luxembourg Stock Exchange or any other stock exchange or regulated market. Detailed information about the listing will be given for each Sub-Fund.<sup>1</sup>
- 4.10 The Company offers an array of types of Classes and with additional variable characteristics.
- 4.11 Unless otherwise stated for a relevant Sub-Fund in the applicable Special Section, the following type of Classes may be available with a relevant Sub-Fund:
- 4.11.1 Class A which is available to all type of investors.
  - 4.11.2 Class I which is only available to Institutional Investors and which is subject to a Minimum Initial Subscription Amount of EUR 1,000,000 (or the equivalent amount in the applicable Reference Currency other than EUR), as the case may be, the Minimum Initial Subscription Amount set out in the relevant Special Section.
  - 4.11.3 Class C which is available to certain investors who are subject to specific fee arrangements. Neither marketing commissions nor trailer fees will be charged to this Class. Shares of Class C may only be subscribed at the discretion of the Management Company.
  - 4.11.4 Class Z which is available to Institutional Investors where specific remuneration arrangements have been agreed with the Management Company.
- 4.12 Within a relevant Class, the following features may be added:
- 4.12.1 "M" means a Class which is available to clients of certain Distributors or sub-distributors which provide nominee services and for certain other investors at the Board's discretion;
  - 4.12.2 "H" means that a Class is currency hedged;
  - 4.12.3 "MH" means that a Class is market hedged by pursuing a target volatility and that it may be hedged in relation to market/volatility risk using EPMTs which will involve, but are not limited to, the use of futures and options on futures;<sup>2</sup>
  - 4.12.4 "D" means that a Class is distributing to its investors an annual and/or an interim dividend, as further described under Section 19.4; and/or

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<sup>1</sup>Please note that, under certain circumstances, a class may be indicated as "Yes" in respect of its listing, although, at the date of this Prospectus, a listing is not yet (fully) achieved or this class has been delisted after the date of this Prospectus. The same applies for the case where a class may be indicated as unlisted by a "No" as the Company reserves the right to not update the Prospectus each time one or more classes are listed. The "No" will then principally be changed into a "Yes" at the next update. An up-to-date list of the classes currently listed at an exchange is available at the Company's registered office.

<sup>2</sup> These Classes are closed for subscriptions since 30 July 2018.

4.12.5 "S" means that a Class is available to investors willing to actively support the growth in assets under management of a Sub-Fund, if they fulfil certain requirements.<sup>3</sup>

4.13 Classes may be denominated in different Reference Currencies including EUR, USD, CHF, SEK, as set out for the relevant Sub-Fund in the applicable Special Section.

4.14 Classes will be identifiable by the letter of their type and a suffix of the variable characteristics in the order in which they are listed under Section 4.12, i.e. class A with currency hedging and denominated in CHF would be named Class A-CHF-H.

4.15 A list, for each Sub-Fund, with the available Classes and their variable characteristics is available at the registered office of the Management Company and on [www.ecp.lu](http://www.ecp.lu).

## **5. INVESTMENT RESTRICTIONS**

5.1 The Company and the Sub-Funds are subject to the restrictions and limits set forth below.

5.2 The management of the assets of the Sub-Funds will be undertaken within the following investment restrictions. A Sub-Fund may be subject to additional investment restrictions set out in the relevant Special Section. In the case of any conflict, the provisions of the relevant Special Section will prevail.

5.3 Eligible Investments:

5.3.1 The Company's investments may consist solely of:

- (a) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
- (b) Transferable Securities and Money Market Instruments dealt on Another Regulated Market in a Member State;
- (c) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in a non-Member State or dealt on Another Regulated Market in a non-Member State;
- (d) new issues of Transferable Securities and Money Market Instruments, provided that:
  - (i) the terms of issue include an undertaking that application will be made for admission to official listing on an Eligible Market;
  - (ii) such admission is secured within a year of issue;
- (e) units of UCITS and/or Other UCIs, provided that no more than 10% of the net assets of the UCITS or Other UCI whose acquisition is contemplated, can, according to their fund rules or constitutional documents, be invested in aggregate in units of other UCITS or Other UCIs;
- (f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve (12) months, provided that the credit institution has its registered office in an

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<sup>3</sup> The requirements will be listed in detail on [www.ecp.lu](http://www.ecp.lu).



Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;

- (g) FDIs, including equivalent cash-settled instruments, dealt in on an Eligible Market and/or OTC Derivatives, provided that:
  - (i) the underlying consists of Eligible Investments, financial indices, interest rates, foreign exchange rates or currencies, in which a Sub-Fund may invest according to its investment objectives as stated in the relevant Special Section;
  - (ii) the counterparties to OTC Derivative transactions are First Class Institutions; and
  - (iii) the OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;
- (h) Money Market Instruments other than those dealt in on an Eligible Market if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
  - (i) issued or guaranteed by a central, regional or local authority or central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong; or
  - (ii) issued by an undertaking, any securities of which are listed on a stock exchange or dealt in on an Eligible Market; or
  - (iii) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law; or
  - (iv) issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection rules equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR10 million and which (i) represents and publishes its annual accounts in accordance with Directive 78/660/EEC, (ii) is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or (iii) is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

5.3.2 However, each Sub-Fund may:

- (a) invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to under paragraph 5.3.1 above; and
- (b) hold liquid assets on an ancillary basis (Ancillary Liquid Assets), where ancillary liquid assets are limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time. The holding of such ancillary liquid assets is limited to 20% of the net assets of the fund.

5.3.3 The Company may acquire movable and immovable property which is essential for the direct pursuit of its business.

#### 5.4 Risk diversification:

5.4.1 In accordance with the principle of risk diversification, the Company is not permitted to invest more than 10% of the net assets of a Sub-Fund in Transferable Securities or Money Market Instruments issued by the same body. The total value of the Transferable Securities and Money Market Instruments held by a Sub-Fund in the issuing bodies in each of which it invests more than 5% of its assets shall not exceed 40% of the value of its assets. This limitation does not apply to deposits and OTC Derivative transactions made with financial institutions subject to prudential supervision.

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

5.4.3 The risk exposure to a counterparty of a Sub-Fund in an OTC Derivative transaction may not exceed:

- (a) 10% of its net assets when the counterparty is a credit institution referred to in subparagraph 5.3.1(f); or
- (b) 5% of its net assets, in other cases.

5.4.4 Notwithstanding the individual limits laid down in paragraphs 5.4.1, 5.4.2 and 5.4.3 above, a Sub-Fund shall not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following:

- (a) investments in Transferable Securities or Money Market Instruments issued by that body;
- (b) deposits made with that body; and/or
- (c) exposures arising from OTC Derivative transactions undertaken with that body.

5.4.5 The 10% limit set forth in paragraph 5.4.1 above can be raised to a maximum of 25% in case of Covered Bonds. Sums deriving from the issue of Covered Bonds shall be invested in accordance with the law in assets which, during the whole period of validity of the Covered Bonds, are capable of covering claims attaching to the Covered Bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. Where a Sub-Fund invests more than 5% of its assets in Covered Bonds which are issued by a single issuer, the total value of such investments may not exceed 80% of the value its assets.

5.4.6 The 10% limit set forth in paragraph 5.4.1 above can be raised to a maximum of 35% for Transferable Securities and Money Market Instruments that are issued or guaranteed by a Member State or its local authorities, by a non-Member State, or by public international organisations of which one or more Member States are members.

5.4.7 Transferable Securities and Money Market Instruments which fall under the special ruling given in paragraphs 5.4.5 and 5.4.6 are not counted when calculating the 40% risk diversification ceiling mentioned in paragraph 5.4.1.

5.5 The limits provided for in paragraphs 5.4.1 to 5.4.6 above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body or in deposits or FDIs made with this body shall under no circumstances exceed in total 35% of the assets of a Sub-Fund.

5.6 Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this Section 5.4.

5.7 A Sub-Fund may invest, on a cumulative basis, up to 20% of its net assets in Transferable Securities and Money Market Instruments of the same group.

5.8 Exceptions

5.8.1 Without prejudice to the limits laid down in Section 5.11 the limits laid down in Section 5.4 are raised to a maximum of 20% for investment in shares and/or debt securities issued by the same body if, according to the relevant Special Section, the investment objective and policy of that Sub-Fund is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF, on the following basis:

- (a) its composition is sufficiently diversified;
- (b) the index represents an adequate benchmark for the market to which it refers;
- (c) it is published in an appropriate manner.

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

5.8.2 A Sub-Fund is authorised, in accordance with the principle of risk diversification, to invest up to 100% of its assets in Sovereign Instruments. Investments in Sovereign Instruments must be divided into at least six different issues, but Sovereign Instruments from any single issue shall not account for more than 30% of the Sub-Fund's total assets. The relevant Special Section will make express mention and include a prominent statement of the Member States, local public authorities, non-Member States, or public international bodies issuing or guaranteeing securities in which they intend to invest more than 35% of their assets.

5.9 Investment in UCITS and/or Other UCIs:

- 5.9.1 A Sub-Fund may acquire the units of UCITS and/or Other UCIs provided that no more than 20% of its net assets are invested in units of a single UCITS or Other UCI. For the purpose of the application of this investment limit, each compartment of a UCITS or Other UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.
- 5.9.2 Investments made in units of Other UCIs may not exceed, in aggregate, 30% of the assets of the Sub-Fund.
- 5.9.3 When a Sub-Fund has acquired units of UCITS and/or Other UCIs, the assets of the respective UCITS or Other UCIs do not have to be combined for the purposes of the limits laid down in Section 5.4.
- 5.9.4 When a Sub-Fund invests in the units of UCITS and/or Other UCIs that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, (regarded as more than 10% of the voting rights or share capital) (the **Management Company Affiliate**), the Management Company or the Management Company Affiliate may not charge subscription, conversion or redemption fees on account of the Sub-Fund's investment in the units of such UCITS and/or Other UCIs.
- 5.9.5 If a Sub-Fund invests a substantial proportion of its assets in other UCITS and/or Other UCIs, the maximum level of the management fees that may be charged both to the Sub-Fund itself and to the other UCITS and/or Other UCIs in which it intends to invest, shall be disclosed in the relevant Special Section. In the annual report of the Company it shall be indicated for each Sub-Fund the maximum proportion of management fees charged both to the Sub-Fund and to the UCITS and/or Other UCIs in which the Sub-Fund invests.
- 5.9.6 Sub-Funds may, in accordance with Section 5.13 below, invest in another Sub-Fund.
- 5.10 Tolerances and multiple compartment issuers:
  - 5.10.1 If, because of reasons beyond the control of the Company or the exercising of subscription rights, the limits mentioned in this Section 5 are exceeded, the Company must have as a priority objective in its sale transactions to reduce these positions within the prescribed limits, taking into account the best interest of the investors.
  - 5.10.2 Whilst ensuring observance of the principle of risk-spreading, newly authorised Sub-Funds may deviate from the limits mentioned under Sections 5.4 to 5.9 above for a maximum period of six (6) months following the date of their authorisation.
  - 5.10.3 If an issuer of Eligible Investments is a legal entity with multiple compartments and the assets of a compartment may only be used to satisfy the rights of the investors relating to that compartment and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that compartment, each compartment is considered as a separate issuer for the purposes of applying the limits set forth under Sections 5.4 to 5.9 above.
- 5.11 Investment prohibitions:
  - 5.11.1 The Company is prohibited from:

- (a) acquiring any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body;
- (b) acquiring more than
  - (i) 10% of the non-voting equities of one and the same issuer;
  - (ii) 10% of the debt securities issued by one and the same issuer;
  - (iii) 10% of the Money Market Instruments issued by one and the same issuer; or
  - (iv) 25% of the units of one and the same UCITS and/or Other UCI.

The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the Money Market Instruments, or the net amount of the securities in issue, cannot be calculated.

- (c) selling Transferable Securities, Money Market Instruments and other Eligible Investments mentioned under Sections 5.3.1(e), (g) and (h) short;
- (d) acquiring precious metals or related certificates;
- (e) investing directly in real estate and purchasing or selling commodities or commodities contracts;
- (f) borrowing on behalf of a particular Sub-Fund, unless:
  - (i) the borrowing is in the form of a back-to-back loan for the purchase of foreign currency;
  - (ii) the loan is only temporary and does not exceed 10% of the net assets of the Sub-Fund in question;
- (g) granting credits or acting as guarantor for third parties. This limitation does not refer to the purchase of Transferable Securities, Money Market Instruments and other Eligible Investments mentioned under Sections 5.3.1(e), (g) and (h) that are not fully paid up.

5.11.2 Sections 5.11.1(a) and 5.11.1(b) are waived as regards:

- (a) Sovereign Instruments;
- (b) shares held by a Sub-Fund in the capital of a company incorporated in a non-Member State investing its assets mainly in the securities of issuing bodies having their registered offices in that non-Member State, where under the legislation of that country such a holding represents the only way in which the Sub-Fund can invest in the securities of issuing bodies of that non-Member State. This derogation, however, shall apply only if in its investment policy the company from the non-Member State complies with the limits laid down in Sections 5.4, 5.9, 5.11.1(a) and 5.11.1(b). Where the limits set in Sections 5.4 and 5.9 are exceeded, section 5.10 shall apply *mutatis mutandis*;

- (c) shares held by one or more Sub-Funds in the capital of subsidiary companies pursuing only the business of management, advice or marketing in the country where the subsidiary is established, in regard to the repurchase of Shares at Shareholders' request exclusively on its or their behalf.

## 5.12 Risk management and limits with regard to FDIs:

### 5.12.1 In respect of each Sub-Fund, the Management Company must employ:

- (a) a risk management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio of each Sub-Fund. In particular, it shall not solely or mechanistically rely on credit ratings issued by credit rating agencies for assessing the creditworthiness of the Sub-Funds' assets.
- (b) a process for accurate and independent assessment of the value of OTC FDIs.

5.12.2 Each Sub-Fund shall ensure that its global exposure relating to FDIs does not exceed the total net value of its portfolio. The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. This shall also apply to Sections 5.12.3 and 5.12.4.

5.12.3 A Sub-Fund may invest, as a part of its investment policy and within the limit laid down in Section 5.4.7, in FDIs provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in Section 5.4. When a Sub-Fund invests in index-based FDIs, those investments are not required to be combined for the purposes of the limits laid down in Section 5.4.

5.12.4 When a Transferable Security or Money Market Instrument embeds an FDI, the latter must be taken into account when complying with the requirements of this Section 5.12.

## 5.13 Investments between Sub-Funds:

5.13.1 A Sub-Fund (the **Investing Sub-Fund**) may invest in one or more other Sub-Funds. Any acquisitions of shares of another Sub-Fund (the **Target Sub-Fund**) by the Investing Sub-Fund is subject to the following conditions:

- (a) the Target Sub-Fund may not invest in the Investing Sub-Fund;
- (b) the Target Sub-Fund may not invest more than 10% of its net assets in UCITS (including other Sub-Funds) or Other UCIs;
- (c) the voting rights attached to the shares of the Target Sub-Fund are suspended during the investment by the Investing Sub-Fund;
- (d) the value of the share of the Target Sub-Fund held by the Investing Sub-Fund are not taken into account for the purpose of assessing the compliance with the EUR 1,250,000 minimum capital requirement.

## 5.14 Feeder Sub-Funds:

5.14.1 The Company may create one or more Feeder Sub-Funds. Each Feeder Sub-Fund will invest at least 85% and up to 100% of its assets in units of another eligible

Master UCITS under the conditions set out by applicable law and the relevant Special Section.

5.14.2 Sections 5.9.1 through 5.9.5 do not apply to Feeder Sub-Funds.

## 6. TECHNIQUES AND INSTRUMENTS, DERIVATIVE INSTRUMENTS AND COLLATERAL

### General rules

6.1 The Company is authorized to employ efficient portfolio management techniques and instruments relating to Transferable Securities and Money Market Instruments, such as:

- 6.1.1 securities lending transactions (*opérations de prêt de titres*);
- 6.1.2 repurchase transactions (*opérations à réméré*);
- 6.1.3 reverse repurchase transactions (*opérations de prise en pension*);
- 6.1.4 repurchase agreement transactions (*ventes de titres à réméré*); and
- 6.1.5 total return swap or invests in other FDIs with similar characteristics (**TRS**);

(together: the **EPMT**).

6.2 The Company will apply EPMT in accordance with the provisions of Circular 08/356, Circular 14/592 and ESMA Guidelines 2014/937 and only if the following conditions are met the relevant EPMT:

- 6.2.1 are economically appropriate and realised in a cost-effective way;
- 6.2.2 aim at a reduction of risk or cost;
- 6.2.3 aim at generating additional capital or income in accordance with the requirements set out under Section 5 of the General Section;
- 6.2.4 the risks are adequately captured by the risk management process of the Management Company.

6.3 Under no circumstances shall these operations cause a Sub-Fund to diverge from its investment objectives as laid down in this Prospectus or result in additional risk higher than its risk profile as described in this Prospectus.

6.4 If applicable, direct and indirect operational costs and fees arising from EPMTs will be deducted from the revenue delivered to the Company. To comply with the requirement of Section 6.2.1 above, they should under normal circumstances not be higher than 20% of the market value of the relevant EPMT. Direct and indirect costs and fees should not include hidden revenue. Those costs and fees incurred as well as the identity of the counterparty(ies) to the corresponding EPMT will be disclosed in the annual report of the Company.

6.5 Where a Sub-Fund decides to use EPMT or to enter into any arrangements in this respect, the Company will ensure that its counterparties are always First Class Institutions which are not related parties to the Custodian (an **Eligible Counterparty**). It is not expected that conflicts of interest will arise.

### **Securities lending transactions (SLT)**

The Company may enter into SLT subject to the following rules:

- 6.6 Under an SLT, the Company lends the securities to an Eligible Counterparty either:
  - 6.6.1 directly; or
  - 6.6.2 through a standardised lending system organised by a Clearing System or through a lending system organised by a First Class Institution (an **Eligible Lending System**).
- 6.7 The Company must receive Eligible Collateral previously or simultaneously to the transfer of the securities lent, either by the Eligible Counterparty or an intermediary acting on its own account. In case the intermediary is an Eligible Lending System, securities lent may be transferred before the receipt of collateral by the borrower if the lending system assures the proper completion of the transaction.
- 6.8 The Company must ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.
- 6.9 The Company shall ensure that the volume of SLT is kept at an appropriate level that enables it, at all times, to meet redemption requests of the relevant Sub-Fund. SLT may not jeopardize the management of the Company's assets in accordance with its investment policy.
- 6.10 The global valuation of the securities lent during the reference period will be disclosed in the financial reports of the Company.

### **Sale with right of repurchase transactions, reverse repurchase and repurchase agreement transactions**

- 6.11 General rules
  - 6.11.1 The Company will provide separate information on securities concerned in its financial reports, disclosing the total amount of outstanding transactions as at the date of reference of these reports.
  - 6.11.2 The Company shall ensure to maintain the value of transactions at a level such that it is able, at all times, to meet redemption requests.

### **Specific rules applicable to the purchase of securities with a repurchase option and reverse repurchase agreement transactions**

- 6.12 The purchase of securities with a repurchase option and reverse repurchase agreement transactions by the Company are subject to the following additional rules:
  - 6.12.1 Securities that are the subject of purchase with a repurchase option transaction or that may be purchased in reverse repurchase agreements are limited to:
    - (a) short-term bank certificates or Money Market Instruments;
    - (b) bonds issued or guaranteed by an OECD Member State or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
    - (c) shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;



- (d) bonds issued by non-governmental issuers offering an adequate liquidity;
- (e) shares quoted or negotiated on a regulated market of an EU Member State or on a stock exchange of an OECD Member State, on the condition that these shares are included in a main index.

- 6.12.2 When entering in to reverse repurchase agreements the Company must ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement either on an accrued basis or on a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the relevant Sub-Fund.
- 6.12.3 The Company must ensure that when entering into a repurchase agreement it must be able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.
- 6.12.4 During the duration of a purchase with a repurchase option agreement, the Company may not sell the securities which are the subject of the contract, before the counterparty has exercised its option or until the deadline for the repurchase has expired, unless the Company has other means of coverage. During the duration of the reverse repurchase agreement, the Company may not sell or pledge/give as security the securities purchased through this contract, except if the Company has other means of coverage.
- 6.12.5 The securities purchased with a repurchase option must be in accordance with the relevant Sub-Fund's investment policy and must, together with the other securities that the respective Sub-Fund holds in its portfolio, globally comply with the applicable investment restrictions.

#### **Use of TRS**

- 6.13 Where a Sub-Fund enters into TRS with an Eligible Counterparty, the assets held by the Sub-Fund should comply with the investment limits set out under Section 5. The underlying exposures of the TRS shall be taken into account to calculate those investment limits.
- 6.14 The relevant Special Section of a Sub-Fund using TRS must include the following:
- 6.14.1 information on the underlying strategy and composition of the investment portfolio or index;
  - 6.14.2 information on the Eligible Counterparty(ies) of the transactions;
  - 6.14.3 a description of the risk of counterparty default and the effect on investor returns;
  - 6.14.4 the extent to which the Eligible Counterparty assumes any discretion over the composition or management of the Sub-Fund's investment portfolio or over the underlying of the TRS, and whether the approval of the Eligible Counterparty is required in relation to any investment portfolio transaction of the Sub-Fund; and
  - 6.14.5 subject to the provisions in Section 6.15, identification of the Eligible Counterparty as an investment manager.
- 6.15 Where the Eligible Counterparty has discretion over the composition or management of the Sub-Fund's investment portfolio or of the underlying of the TRS, the agreement between the Company acting for the account of the Sub-Fund and the Eligible Counterparty should be

considered as an investment management delegation arrangement and should comply with the applicable legal requirements on delegation.

6.16 The Company will publish in its annual report:

- 6.16.1 the underlying exposure obtained through TRS;
- 6.16.2 the identity of the Eligible Counterparty(ies) to these TRS; and
- 6.16.3 the type and amount of Eligible Collateral received by the Sub-Fund to reduce its counterparty exposure.

#### **Limitation of net exposure**

- 6.17 For each SLT or TRS (where applicable), the collateral received by the Company must be, during the lifetime of the transaction, at least be equivalent to 90% of the global valuation (interests, dividends and other eventual rights included) of the securities concerned.
- 6.18 The net exposure to a single Eligible Counterparty (exposure less Eligible Collateral received from that Eligible Counterparty) arising from one or more EPMT will be taken into account for the purpose of the 20% restriction set out in Section 5.4.2 above.

#### **Securities Financing Transactions**

- 6.19 Investors should note that the investment policies of the Sub-Funds do not currently provide for the possibility to enter into securities lending, repurchase (or reverse repurchase) transactions and/or buy-sell back (or sell-buy back) transactions, and to invest in total return swaps. Should the Board decides to provide for such possibility, this Prospectus will be updated prior to the entry into force of such decision in order for the Company to comply with the disclosure requirements 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.

#### **Collateral management**

- 6.20 Collateral received by a Sub-Fund in relation to EPMT must normally take the form of:
  - 6.20.1 liquid assets, i.e., cash, short-term certificates and Money Market Instruments (**Liquid Assets**). A letter of credit or a collateral at first-demand given by a First Class Institution not affiliated to the counterparty are considered as equivalent to liquid assets;
  - 6.20.2 Sovereign Instruments;
  - 6.20.3 shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent (**Money Market UCIs**);
  - 6.20.4 shares or units issued by UCITS investing mainly in bonds/shares mentioned in 6.20.5 and 6.20.6 below (**Non-Sophisticated UCITS**);
  - 6.20.5 bonds issued or guaranteed by first class issuers offering an adequate liquidity (**First Class Bonds**); or
  - 6.20.6 shares admitted to or dealt in on a Regulated Market of an EU Member State or on a stock exchange of an OECD Member State, on the condition that these shares are included in a main index (**Main Index Shares**);

and must at all times comply with the requirements of paragraph 43 of the ESMA Guidelines 2014/937 (**Eligible Collateral**).

- 6.21 Eligible Collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Sub-Fund receives from a counterparty of EPMTs and FDIs a basket of collateral with a maximum exposure to a given issuer of 20% of the Sub-Fund's net asset value. When a Sub-Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, a Sub-Fund may be fully collateralized in Sovereign Instruments. Such Sub-Fund should receive Sovereign Instruments from at least six different issues, but Sovereign Instruments from any single issue should not account for more than 30% of the Sub-Fund's net asset value. The intention to use this derogation as well as the identities of the relevant issuers of the Sovereign Instruments shall be disclosed in the relevant Special Section.
- 6.22 The Company must value on a daily basis the Eligible Collateral received. The Company will apply haircuts which depend on issuer, rating, maturity and guarantees to control and manage the Eligible Collateral (the **Haircut**). The Haircut is part of the counterparty risk process. It will take into account the level of risk related to the holding of the underlying asset(s) of the Eligible Collateral by the relevant Sub-Fund. Consequently, the agreement concluded between the Company and the Eligible Counterparty must include provisions to the effect that the Eligible Counterparty must provide additional Eligible Collateral at very short term in case the value of the Eligible Collateral already granted appears to be insufficient in comparison with the amount to be covered following the application of the Haircut. The Company will apply the following maximum Haircuts in respect of the value of each of Eligible Collateral received:
- 6.22.1 of 5 % with respect to Liquid Assets, whereby no Haircut will be applied with respect to cash;
  - 6.22.2 of 5% with respect to Sovereign Instruments;
  - 6.22.3 of 10% with respect to Money Market UCIs;
  - 6.22.4 of 10% with respect to Non-Sophisticated UCITS;
  - 6.22.5 of 20% with respect to First Class Bonds; and
  - 6.22.6 of 20% with respect to Main Index Shares.
- Furthermore, the aforementioned agreement between the Company and the Eligible Counterparty must, if appropriate, provide for safety margins that take into consideration exchange risks or market risks inherent to the assets accepted as collateral.
- 6.23 The Eligible Collateral given under any form other than cash or shares/units of a UCI/UCITS must be issued by an entity not affiliated to the Eligible Counterparty.
- 6.24 Where there is a title transfer, the Eligible Collateral received should be held by the Custodian. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the Eligible Collateral.
- 6.25 The Company must make sure that:
- 6.25.1 it is able to claim its rights on the Eligible Collateral in case of occurrence of an event requiring the execution thereof;

- 6.25.2 the Eligible Collateral is available at all times, either directly or through the intermediary of a First Class Institution or a wholly-owned subsidiary of this institution; in such a manner that the Company is able to appropriate or realise the assets given as collateral, without delay, if the counterparty does not comply with its obligation to return the securities;
- 6.25.3 that its contractual rights relating to the relevant transactions permit, in case of a liquidation, of a reorganisation or in any other situation of equal ranking, to discharge its obligation to return the assets received as a collateral, if and to the extent that the restitution cannot be undertaken on the terms initially agreed; and
- 6.25.4 during the duration of the agreement the collateral is not sold or given as a security or pledged, except when the Company has other means of coverage.

#### **Reinvestment of cash provided as a collateral**

- 6.26 If the Eligible Collateral is given in the form of cash, such cash may be reinvested by the Company in:
  - 6.26.1 shares or units in money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
  - 6.26.2 short-term bank deposits;
  - 6.26.3 Money Market Instruments;
  - 6.26.4 short-term bonds issued or guaranteed by an EU Member State, Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
  - 6.26.5 bonds issued or guaranteed by first class issuers offering an adequate liquidity; and
  - 6.26.6 reverse repurchase agreement transactions according to the provisions described under Sections 6.11 et. seq.
- 6.27 Financial assets other than bank deposits and units or shares of UCIs acquired by means of reinvestment of cash received as Eligible Collateral, must be issued by an entity not affiliated to the relevant Eligible Counterparty.
- 6.28 Financial assets other than bank deposits must not be safekept by the Eligible Counterparty, except if they are segregated in an appropriate manner from the latter's own assets. Bank deposits must in principle not be safekept by the Eligible Counterparty, unless they are legally protected from consequences of default of the latter.
- 6.29 Financial assets may not be pledged/given as collateral, except if the Company has sufficient liquid assets enabling it to return the collateral by cash payment.
- 6.30 Short-term bank deposits, Money Market Instruments and bonds referred to in a 6.26.2 to 6.26.4 above must be Eligible Investments.
- 6.31 The exposure arising from the reinvestment of collateral received by the Company must be taken into account for the purpose of the diversification rules applicable to Company, as outlined under Section 5 above.
- 6.32 If the short-term bank deposits referred to in 6.26.2 are likely to expose the Company to a credit risk vis-à-vis the safekeeper, the Company must not invest more than 20% of its assets in such deposits made with the same body.

- 6.33 The reinvestment must, in particular if it creates a leverage effect, be taken into account for the calculation of the Company's global exposure. Any reinvestment of collateral provided in the form of cash in financial assets providing a return in excess of the risk free rate, is subject to this requirement.
- 6.34 Reinvestments must be specifically mentioned with their respective value in an appendix to the financial reports of the Company.
- 6.35 Reinvestment of cash exposes the Company to the risks in relation to the instruments described in 6.26 above which do not substantially differ from those risks which the Company may be exposed when investing into these instruments using directly the funds collected from Investors. In this respect, please refer to section 26 for a general description of the risks related to the investment in the Company.

## 7. CONFLICTS OF INTEREST AND RESOLUTION OF CONFLICT

- 7.1 The Directors, the Management Company, the Distributor(s), the Depositary, the - Administrator or and any of their respective subsidiaries, affiliates, associates, agents, directors, officers, employees or delegates (together the **Interested Parties** and each an **Interested Party**) may, in the course of their business, have potential conflicts of interests with the Company. Each Interested Party will have regard to their respective duties to the Company and other clients or persons when undertaking any transactions where conflicts or potential conflicts of interest may arise. In the event that such conflicts do arise, each Interested Party has undertaken or shall be requested by the Company to undertake to use its reasonable endeavors to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Company and the Shareholders are fairly treated.
- 7.2 Interested Parties may:
- 7.2.1 contract or enter into any financial, banking or other transaction with one another or with the Company including, without limitation, investment by the Company, in securities in any company or body any of whose investments or obligations form part of the assets of the Company or any Sub-Fund, or be interested in any such contracts or transactions;
  - 7.2.2 invest in and deal with Shares, securities, assets or any property of the kind included in the property of the Company for their respective individual accounts or for the account of a third party; and
  - 7.2.3 deal as agent or principal in the sale, issue or purchase of securities and other investments to, or from, the Company through, or with, the Management Company, any investment adviser or manager or the Depositary or any subsidiary, affiliate, associate, agent or delegate thereof.
- 7.3 Any assets of the Company in the form of cash may be invested in certificates of deposit or banking investments issued by any Interested Party. Banking or similar transactions may also be undertaken with or through an Interested Party (provided it is licensed to carry out this type of activities).
- 7.4 There will be no obligation on the part of any Interested Party to account to Shareholders for any benefits so arising and any such benefits may be retained by the relevant party.
- 7.5 Any such transactions must be carried out as if effected on normal commercial terms negotiated at arm's length.

## 8. SUBSCRIPTIONS

### General

- 8.1 During the Initial Offering Period or on the Initial Offering Date, the Company is offering the Shares under the terms and conditions as set forth in the relevant Special Section. The Company may offer Shares in one or several Sub-Funds or in one or more Classes in each Sub-Fund.
- 8.2 After the Initial Offering Period or Initial Offering Date, the Company may offer Shares in each existing Class in each existing Sub-Fund on any day that is a Valuation Day unless specified differently in the Special Sections. The Board may decide that for a particular Class or Sub-Fund no further Shares will be issued after the Initial Offering Period or Initial Offering Date (as will be set forth in the relevant Special Section).

### Subscription price

- 8.3 Shareholders or prospective investors may subscribe for Shares of one or more Classes in one or more Sub-Funds. The Shares will be issued at a subscription price per Share equal to:
- 8.3.1 the Initial Subscription Price where the subscription is made prior to the end of the Initial Offering Period or prior to the Initial Offering Date; or otherwise
  - 8.3.2 the Net Asset Value per Share as of the Valuation Day on which the subscription is effected (the **Subsequent Subscription Price**).
- 8.4 If an investor wants to subscribe Shares, a Subscription Fee may be charged as determined for the relevant Sub-Fund and Class in the applicable Special Section.

### Subscription procedure

- 8.5 Subscriptions may be made only by investors who are not Restricted Persons by:
- 8.5.1 submitting a written subscription request to the Administrator, Distributor(s) or a sub-distributor, to be received by the Administrator before 2.00 pm (Luxembourg time) on the relevant Valuation Day unless specified differently in the relevant Special Section; and
  - 8.5.2 delivering to the account of the Depositary (disclosed in the relevant subscription form) cleared funds for the full amount of the subscription price pursuant to the subscription request, within such number of Business Days as specified in the relevant Special Section.
- 8.6 Applications received after the cut-off time will be processed on the next following Valuation Day.
- 8.7 If the Depositary does not receive the funds in time the purchase order may be cancelled and the funds returned to the investor without interest. The investor will be liable for the costs of late or non-payment in which the case the Company will have the power to redeem all or part of the investor's holding of Shares in the Company to meet such costs. In circumstances where it is not practical or feasible to recoup a loss from an investor, any losses incurred by the Company due to late or non-payment of the subscription proceeds in respect of subscription applications received may be borne by the Company.
- 8.8 Subscribers for Shares must make payment in the Reference Currency of the relevant Sub-Fund or Class.

- 8.9 Subscribers for Shares are to indicate the allocation of the subscription monies among one or more of the Sub-Funds and/or Classes offered by the Company.
- 8.10 In the event that the subscription order is incomplete (i.e., not all requested papers are received by the Administrator, the Distributor(s) or a sub-distributor, by the relevant deadline) the subscription order will be rejected and a new subscription order will have to be submitted.
- 8.11 The minimum amount (if any) (expressed in a currency or a number of Shares of the same Class or of the same Sub-Fund) for which a subscriber or Shareholder must subscribe in each Class or Sub-Fund is the amount or number stipulated in Section 4.11 as the **Minimum Initial Subscription Amount**. The Company or the Management Company may, at their sole discretion, accept subscriptions below the Minimum Initial Subscription Amount of a Class.
- 8.12 In the event that the Company decides to reject any application to subscribe for, or the purchase of Shares, the monies transferred by a relevant applicant will be returned without interest to the prospective investor without undue delay (unless otherwise provided for by law or regulations).
- 8.13 The number of Shares issued to a subscriber or Shareholder in connection with the foregoing procedures will be equal to the subscription monies provided by the subscriber or Shareholder, after deduction of the Subscription Fee (if any), divided by the Initial Subscription Price or the Subsequent Subscription Price, as applicable.
- 8.14 With regard to the Initial Offering Period or Initial Offering Date, Shares will be issued on the first Business Day following the end of the Initial Offering Period or the Initial Offering Date.
- 8.15 The Company shall recognize rights to fractions of Shares up to four (4) decimal places, rounded up or down to the nearest decimal point. Any purchases of Shares will be subject to the ownership restrictions set forth below. Fractional Shares shall have no right to vote (except to the extent their number is so that they represent a whole Share, in which case, they confer a voting right) but shall have the right to participate pro rata in distributions and allocation of liquidation proceeds.

#### **Subscription in kind**

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

#### **Anti-money laundering and terrorist financing requirements**

- 8.17 The Company, the Management Company and their agents will apply national and international regulations for the prevention of money laundering.

- 8.18 Measures aimed towards the prevention of money laundering require a detailed verification of an investor's identity in accordance with the applicable laws and regulations in Luxembourg in relation to money laundering obligations, as amended from time to time. The Company, the Management Company and the Administrator reserve the right to request such information as is necessary to verify the identity of an investor in conformity with the before mentioned laws and regulations. In the event of delay or failure by the investor to produce any information required for verification purposes, the Company (and each of the intermediaries and administrators acting on behalf of the Company or the Management Company) may refuse to accept the application and all subscription monies.

### **Institutional Investors**

- 8.19 The sale of Shares of certain Sub-Funds or Classes may be restricted to institutional investors within the meaning of article 174 of the 2010 Act (**Institutional Investors**) and the Company will not issue or give effect to any transfer of Shares of such Sub-Funds or Classes to any investor who may not be considered as an Institutional Investor. The Company may, at its discretion, delay the acceptance of any subscription for Shares of a Sub-Fund or Class restricted to Institutional Investors until such date as it has received sufficient evidence on the qualification of the investor as an Institutional Investor. If it appears at any time that a holder of Shares of a Sub-Fund or Class restricted to Institutional Investors is not an Institutional Investor, the Company will, at its discretion, either redeem the relevant Shares in accordance with the provisions under Section 9 of the General Section or convert such Shares into Shares of a Sub-Fund or Class which is not restricted to Institutional Investors (provided there exists such a Sub-Fund or Class with similar characteristics) and which is essentially identical to the restricted Sub-Fund or Class in terms of its investment object (but, for avoidance of doubt, not necessarily in terms of the fees and expenses payable by such Sub-Fund or Class), unless such holding is the result of an error of the Company or its agents, and notify the relevant Shareholder of such conversion.

Considering the qualification of a subscriber or a transferee as Institutional Investor, the Company will have due regard to the guidelines or recommendations (if any) of the competent supervisory authorities.

- 8.20 Institutional Investors subscribing in their own name, but on behalf of a third party, may be required to certify that such subscription is made either on behalf of an Institutional Investor or on behalf of a retail Investor provided in the latter case that the Institutional Investor is acting within the framework of a discretionary management mandate and that the Retail Investor has no right to lay a claim against the Company for direct ownership of the Shares.

### **Ownership restrictions**

- 8.21 A person who is a Restricted Person may not invest in the Company. In addition, each applicant for Shares must certify that it is either (a) not a US Person or (b) a “qualified institutional buyer” within the meaning of Rule 144A under the US Securities Act and a “qualified purchaser” within the meaning of Section 2(a) (51) of the US Investment Company Act. The Company may, in its sole discretion, decline to accept an application to subscribe for Shares from any prospective subscriber, including any Restricted Person or any person failing to make the certification set forth in (a) or (b) above. Shares may not be transferred to or owned by any Restricted Person. The Shares are subject to restrictions on transferability to a US Person and may not be transferred or re-sold except pursuant to an exemption from registration under the US Securities Act or an effective registration statement under the US Securities Act. In the absence of an exemption or registration, any resale or transfer of any of the Shares in the United States or to US Persons may constitute a violation of US law (See “Important Information – Selling Restrictions”). It is the responsibility of the Board to verify that Shares are not transferred in breach of the above. The Company reserves the right to redeem any Shares which are or become



owned, directly or indirectly, by a Restricted Person or (a) in the case of Regulation S Shares, are or become owned, directly or indirectly, by a US Person or (b) in the case of 144A Shares, are or become owned, directly or indirectly, by a US Person who is not a “qualified institutional buyer” within the meaning of Rule 144A under the US Securities Act and a “qualified purchaser” within the meaning of Section 2(a)(51) of the US Investment Company Act in accordance with the Articles. Any prospective investor shall only be issued Shares for Institutional Investor if such person provides a representation that it qualifies as an Institutional Investor pursuant to Luxembourg law.

## **9. REDEMPTIONS**

### **Redemptions**

- 9.1 Shares in a Sub-Fund may be redeemed at the request of the Shareholders on any day that is a Valuation Day. Redemption request must be sent in writing to the Distributor(s), a sub-distributor or the Administrator or such other place as the Company may advise. Redemption requests must be received by the Administrator before 2.00 pm (Luxembourg time) on the relevant Valuation Day unless specified differently in the relevant Special Section. Redemption requests received after this deadline shall be processed on the basis of the Net Asset Value per Share as of the next following Valuation Day. Neither the Company nor the Management Company are responsible for a timely transmission by any Distributor or sub-distributor to the Administrator.
- 9.2 Requests for redemption must be for either a number of Shares or an amount denominated in the relevant currency of the relevant Class.
- 9.3 A Shareholder who redeems his Shares will receive an amount per Share redeemed equal to the Net Asset Value per Share as of the applicable Valuation Day for the relevant Class in the relevant Sub-Fund (less, as the case may be, a Redemption Fee as stipulated in the relevant Special Section and any tax or duty imposed on the redemption of the Shares).
- 9.4 Payment of the redemption proceeds shall be made generally within such number of Business Days as specified in the relevant Special Section. Where a Shareholder redeems Shares that he has not paid for within the required subscription settlement period, in circumstances where the redemption proceeds would exceed the subscription amount that he owes, the Company will be entitled to retain such excess for the benefit of the Company.
- 9.5 If as a result of a redemption, the value of a Shareholder's holding would become less than the relevant Minimum Holding Amount, the Shareholder may be deemed (if the Board so decides) to have requested the redemption of all his Shares.
- 9.6 Redemption of Shares may be suspended for certain periods of time as described under Section 23 of the General Section.
- 9.7 The Company reserves the right to reduce proportionally all requests for redemptions in a Sub-Fund to be executed on one Valuation Day whenever the total proceeds to be paid for the Shares so tendered for redemption exceed 10% of the total net assets of that specific Sub-Fund. The portion of the non-proceeded redemptions will then be proceeded by priority on subsequent Valuation Days (but subject always to the foregoing 10%-limit).
- 9.8 Redemption requests must be addressed to the Administrator. Redemption requests will not be accepted by telephone. Redemption requests are irrevocable (unless otherwise provided in respect of a specific Sub-Fund in the relevant Special Section and except during any period where the determination of the Net Asset Value, the issue, redemption and conversion of Shares is suspended) and proceeds of the redemption will be remitted to the account indicated by the Shareholder in its redemption request. The Company reserves the right not to redeem any Shares

if it has not been provided with evidence satisfactory to the Company that the redemption request was made by a Shareholder of the Company. Failure to provide appropriate documentation to the Administrator may result in the withholding of redemption proceeds.

- 9.9 If a Shareholder wants to redeem Shares of the Company, a Redemption Fee may be levied on the amount to be paid to the Shareholder. The applicable Redemption Fee and its beneficiary will be stipulated in the relevant Special Section.

#### **Compulsory redemptions by the Company**

- 9.10 The Company may redeem Shares of any Shareholder if the Directors determine that:
- 9.10.1 any of the representations given by the Shareholder to the Company were not true and accurate or have ceased to be true and accurate; or
  - 9.10.2 the Shareholder is not or ceases to be an Eligible Investor; or
  - 9.10.3 the continuing ownership of Shares by the Shareholder would cause an undue risk of adverse tax consequences to the Company or any of its Shareholders; or
  - 9.10.4 the continuing ownership of Shares by such Shareholder may be prejudicial to the Company or any of its Shareholders; or
  - 9.10.5 further to the satisfaction of a redemption request received by a Shareholder, the number or aggregate amount of Shares of the relevant Class held by this Shareholder is less than the Minimum Holding Amount.

#### **In kind redemptions of Shares**

- 9.11 The Board may, at the request of a Shareholder, agree to make, in whole or in part, a distribution in-kind of securities of the Sub-Fund to that Shareholder in lieu of paying to that Shareholder redemption proceeds in cash. The Board will agree to do so if they determine that such a transaction would not be detrimental to the best interests of the remaining Shareholders of the relevant Sub-Fund. Such redemption will be effected at the Net Asset Value per Share of the relevant Class of the Sub-Fund which the Shareholder is redeeming, and thus will constitute a pro rata portion of the Sub-Fund's assets attributable in that Class in terms of value. The assets to be transferred to such Shareholder shall be determined by the Board and the Depositary, with regard to the practicality of transferring the assets and to the interests of the Sub-Fund and continuing participants therein and to the Shareholder. Such a Shareholder may incur brokerage and/or local tax charges on any transfer or sale of securities so received in satisfaction of redemption. The net proceeds from this sale by the redeeming Shareholder of such securities may be more or less than the corresponding redemption price of Shares in the relevant Sub-Fund due to market conditions and/or differences in the prices used for the purposes of such sale or transfer and the calculation of the Net Asset Value of Shares of the Sub-Fund. The selection, valuation and transfer of assets shall be subject to the review and approval of the Auditor.
- 9.12 Any costs incurred in connection with redemption in-kind will be borne by the relevant Shareholder.

### **10. CONVERSION OF SHARES**

- 10.1 Unless otherwise stated in the relevant Special Section, Shareholders are allowed to convert all, or part, of the Shares of a given Class into Shares of the same or different Class of that or another Sub-Fund. However, the right to convert Shares is subject to compliance with any condition (including any Minimum Initial Subscription Amounts and eligibility requirements) applicable

to the Class into which conversion is to be effected. Therefore, if, as a result of a conversion, the value of a Shareholder's holding in the new Class would be less than the applicable Minimum Initial Subscription Amount, the Board may decide not to accept the request for conversion of the Shares. In addition, if, as a result of a conversion, the value of a Shareholder's holding in the original Class would become less than the relevant Minimum Holding Amount, the Shareholder may be deemed (if the Board so decides) to have requested the conversion of all of his Shares. Shareholders are not allowed to convert all, or part, of their Shares into Shares of a Sub-Fund which is closed for further subscriptions after the Initial Offering Period or Initial Offering Date (as will be set forth in the relevant Special Section).

- 10.2 If the criteria to become a Shareholder of such other Class and/or such other Sub-Fund are fulfilled, the Shareholder shall make an application to convert Shares by sending a written request for conversion to Distributor(s), a sub-distributor or the Administrator. Shares may be converted at the request of the Shareholders on any day that is a Valuation Day. The conversion request must be received by the Administrator before 2.00 pm (Luxembourg time) on the relevant Valuation Day unless specified differently in the relevant Special Section. Conversion requests received after this deadline shall be processed on the basis of the Net Asset Value per Share as of the next following Valuation Day. Neither the Company nor the Management Company are responsible for a timely transmission by any Distributor or sub-distributor to the Administrator. The conversion request must state either the amount in the relevant currency of the first Sub-Fund or the number of Shares of the relevant Classes in the relevant Sub-Fund, which the Shareholder wishes to convert.
- 10.3 A Conversion Fee, in favor of the original Sub-Fund or Class may be levied to cover conversion costs. The applicable fee, if any, will be stipulated in the relevant Special Section and will, in principle, be calculated on the applicable NAV per Share which is to be converted into a share of another Class. The same rate of Conversion Fee will be applied to all conversion requests received on the same Valuation Day.
- 10.4 Conversion of Shares shall be effected on the Valuation Day, by the simultaneous:
  - 10.4.1 redemption of the number of Shares of the relevant Class in the relevant Sub-Fund specified in the conversion request at the Net Asset Value per Share of the relevant Class in the relevant Sub-Fund; and
  - 10.4.2 issue of Shares on that Valuation Day in the new Sub-Fund or Class, into which the original Shares are to be converted, at the Net Asset Value per Share for Shares of the relevant Class in the (new) Sub-Fund.
- 10.5 Subject to any currency conversion (if applicable) the proceeds resulting from the redemption of the original Shares shall be applied immediately as the subscription monies for the Shares in the new Class or Sub-Fund into which the original Shares are converted.
- 10.6 Where Shares denominated in one currency are converted into Shares denominated in another currency, the number of such Shares to be issued shall be calculated by converting the proceeds resulting from the redemption of the Shares into the currency in which the Shares to be issued are denominated. The exchange rate for such currency conversion shall be calculated by the Administrator in accordance with the rules laid down under Section 22 of the General Section.
- 11. TRANSFER OF SHARES**
  - 11.1 All transfers of Shares shall be made by a transfer in writing in any usual or common form or any other form approved by the Board and every form of transfer shall state the full name and address of the transferor and the transferee. The instrument of transfer of a Share shall be signed by or on behalf of the transferor and the transferee. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered on the Share register in respect

thereof. The Directors may decline to register any transfer of Shares if, in consequence of such transfer, the value of the holding of the transferor or transferee does not meet the Minimum Initial Subscription Amount or Minimum Holding Amount. The Directors may decline to register any transfer of Shares unless the original instruments of transfer, and such other documents that the Directors may require are deposited at the registered office of the Company or at such other place as the Directors may reasonably require, together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and to verify the identity of the transferee. Such evidence may include a declaration as to whether the proposed transferee (i) is a US Person or acting for or on behalf of a US Person, (ii) is a Restricted Person or acting for or on behalf of a Restricted Person or (iii) does qualify as Institutional Investor.

11.2 The Directors may decline to register a transfer of Shares:

- 11.2.1 if in the opinion of the Directors, the transfer will be unlawful or will result or be likely to result in any adverse regulatory, tax or fiscal consequences to the Company or its Shareholders; or
- 11.2.2 if the transferee is a US Person or is acting for or on behalf of a US Person; or
- 11.2.3 if the transferee is a Restricted Person or is acting for or on behalf of a Restricted Person; or
- 11.2.4 in relation to Classes reserved for subscription by Institutional Investors, if the transferee is not an Institutional Investor; or
- 11.2.5 if in the opinion of the Directors, the transfer of the Shares would lead to the Shares being registered in a depository or Clearing System in which the Shares could be further transferred otherwise than in accordance with the terms of this Prospectus or the Articles.

**12. MARKET TIMING AND LATE TRADING**

- 12.1 Prospective investors and Shareholders should note that the Company may reject or cancel any subscription or conversion orders for any reason and in particular in order to comply with the CSSF circular 04/146 relating to the protection of UCIs and their investors against Late Trading and Market Timing practices.
- 12.2 For example, excessive trading of shares in response to short-term fluctuations in the market, a trading technique sometimes referred to as Market Timing, has a disruptive effect on portfolio management and increases the Sub-Funds' expenses. Accordingly, the Company may, in the sole discretion of the Board, compulsorily redeem Shares or reject any subscription orders and conversions orders from any investor that the Company reasonably believes has engaged in Market Timing activity. For these purposes, the Board may consider an investor's trading history in the Sub-Funds and accounts under common control or ownership.
- 12.3 The Company and the Board will not be held liable for any loss resulting from rejected orders or mandatory redemption.
- 12.4 Furthermore, the Company will ensure that the relevant cut-off time for requests for subscriptions, redemptions or conversions are strictly complied with and will therefore take all adequate measures to prevent practices known as Late Trading.

### 13. MANAGEMENT OF THE COMPANY

- 13.1 The Company is managed by the Board. The Board is vested with the broadest powers to perform all acts of administration and disposition in the Company's interests. All powers not expressly reserved by law to the general meeting of Shareholders fall within the competence of the Board.
- 13.2 Any Director may be removed with or without cause or be replaced at any time by resolution adopted by the general meeting of Shareholders. In the event of a vacancy in the office of a Director, the remaining Directors may temporarily fill such vacancy; the Shareholders will take a final decision regarding such nomination at their next general meeting of Shareholders.

### 14. MANAGEMENT COMPANY

- 14.1 The Company has appointed European Capital Partners (Luxembourg) S.A. (the **Management Company**), a company incorporated as a *société anonyme* under the laws of Luxembourg, as its management company in accordance with the provisions of chapter 15 of the 2010 Act.
- 14.2 The Management Company is authorized to act as a management company in accordance with the provisions of chapter 15 of the 2010 Act and is further authorized as alternative investment fund manager within the meaning of the chapter 2 of the act of 12 July 2013 on alternative investment fund managers (the **2013 Act**). The Management Company is authorized to carry out discretionary portfolio management in accordance with article 5(4)(a) of the 2013 Act and 101(3) of the 2010 Act.
- 14.3 The Management Company is in charge of the investment management (i.e. portfolio management and risk management), the central administration and the distribution functions as further described below.

#### **Investment management function**

- 14.4 The investment management function is comprised of
- 14.4.1 the portfolio management (including liquidity management) respectively the supervision and monitoring of the portfolio management where the latter is delegated; as well as
  - 14.4.2 the risk management function, it being understood that the risk management policy of the Management Company shall comprise such procedures as are necessary to enable the Management Company to assess for each Sub-Fund the exposure of that Sub-Fund to market, liquidity, Sustainability Risks and counterparty risks, and the exposure of that Sub-Fund to all other relevant risks, including operational risks, which may be material for each Sub-Fund it manages. The Management Company will further ensure that when identifying the types of conflicts of interest, the existence of which may damage the interests of the relevant Sub-Fund, they shall include those types of conflicts of interest that may arise as a result of the integration of Sustainability Risks in their processes, systems and internal controls.

#### **Administrative functions**

- 14.5 Under the Administration Agreement, the Management Company has delegated, under its own responsibility and control, the central administration function to the Administrator.
- 14.6 The Administrator will in particular:

- 14.6.1 keep the accounts of the Company and make its accounting records available to Shareholders;
- 14.6.2 process the subscription, issue, redemption, conversion, cancellation and transfer of Shares;
- 14.6.3 maintain the register of Shareholders;
- 14.6.4 draw up the financial reports and all other documents relating to investments;
- 14.6.5 send correspondence, financial reports and all other documents intended for Shareholders; and
- 14.6.6 process the calculation of the Net Asset Value.

#### **Distribution functions**

- 14.7 The Management Company may enter into distribution agreement(s) to appoint Distributor(s) to distribute Shares of different Sub-Funds from time to time. Subject to the provisions of the agreement(s) between the Management Company and the Distributor(s), the Distributor(s) may appoint one or more sub-distributors.
- 14.8 The Company expects that in relation to Shares to be offered to investors the relevant Distributor(s) or sub-distributors will offer to enter into arrangements with the relevant investors to provide nominee services to those investors in relation to the Shares or arrange for third party nominee service providers to provide such nominee services to the underlying investors.
- 14.9 All Distributors, sub-distributors and nominee service providers must be:
  - 14.9.1 professionals of the financial sector of a FATF member country which are subject under their local regulations to anti money laundering rules equivalent to those required by Luxembourg law; or
  - 14.9.2 professionals established in a non-FATF member State provided they are a subsidiary of a professional of the financial sector of a FATF member state and they are obliged to follow anti money laundering and terrorism financing rules equivalent to those required by Luxembourg law because of internal group policies.

Whilst and to the extent that such arrangements subsist, such underlying investors will not appear in the Register of the Company and will have no direct right of recourse against the Company.

- 14.10 Any Distributor(s), sub-distributor or nominee service provider holding their Shares through a Clearing System as an accountholder also will not be recognized as the registered Shareholder in the Register. The relevant nominee of the Clearing System will be recognized as the registered Shareholder in the Register in such event, and in turn would hold the Shares for the benefit of the relevant accountholders in accordance with the relevant arrangements. Shares will be issued in physical, certificated form only and will not be eligible for clearance or settlement through Euroclear or Clearstream or any other relevant clearing system.
- 14.11 The Management Company, the Distributor(s) and any sub-distributors will be required to ensure, that the terms and conditions of the distribution agreement(s) with arrangements to provide nominee services will have to allow that an underlying investor who has invested in the Company through a nominee and is not a Restricted Person, may at any time, require the transfer in his/her/its name of the Shares subscribed through the nominee. After this transfer, the investor

will receive evidence of his/her/its shareholding at the confirmation of the transfer from the nominee.

14.12 Investors may subscribe directly to the Company without having to go through a Distributor, sub-distributor or a nominee.

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

#### **Remuneration policy**

14.14 The board of directors of the Management Company has established a remuneration policy in accordance with the 2010 Act for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company or the Company that complies with the following principles:

14.14.1 the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Company;

14.14.2 the remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company and the Company and of the investors of the Company, and includes measures to avoid conflicts of interest;

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

14.14.4 fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

14.15 The details of the remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated as well as the identity of persons responsible for awarding the remuneration and benefits and in particular information on how the remuneration policy of the Management Company is consistent with the integration of Sustainability Risks in the investment decision making process adopted by the Management Company, can be found under <https://europeancapitalpartners.lu/responsible-investment/> and [https://europeancapitalpartners.lu/wp-content/uploads/2022/04/ECP-Renumeration\\_Policy-202111.pdf](https://europeancapitalpartners.lu/wp-content/uploads/2022/04/ECP-Renumeration_Policy-202111.pdf)

#### **Principal adverse impact statement of the Management Company under SFDR**

14.16 While the Management Company generally considers certain Sustainability Risks in its activity, the Management Company does currently not evaluate the principal adverse impacts (PAI) of investment decisions made on a uniform set of Sustainability Factors with respect to all UCIs and alternative investment funds (AIF) managed by the Management Company including the Company given the overall difficulties in collecting the necessary information including those from Investment Manager(s) and the resources required to put in place the necessary processes.

- 14.17 A reference will be included in the applicable Special Section, should the Management Company decide to consider PAI at that level.

## **15. INVESTMENT MANAGER(S)**

### **General**

- 15.1 The Management Company is entitled to delegate portfolio management to third parties in accordance with article 110 of 2010 Act and chapter 6 of Circular 18/698.
- 15.2 The delegation of portfolio management is disclosed for the relevant Sub-Fund in its applicable Special Section.

### **Delegation of portfolio management of Strategic Selection Fund – Enhanced Equity Exposure and Strategic Selection Fund – Global Bond Fund**

- 15.3 Colombo Wealth SA has been appointed by the Management Company as the Investment Manager of Strategic Selection Fund – Enhanced Equity Exposure and Strategic Selection Fund – Global Bond Fund.
- 15.4 Colombo Wealth SA is an asset manager with registered office at Via Clemente Maraini 39, 6902 Lugano. Colombo Wealth SA is authorized and regulated by the Swiss Financial Market Supervisory Authority (FINMA) in Switzerland. The firm was founded as a public limited company in Switzerland. Colombo Wealth SA is active in the areas of asset management and investment advisory services in Europe.
- 15.5 In connection with its portfolio management activities, the Investment Manager will not pay or accept any fee or commission or provide or accept any non-monetary benefit other than:
- 15.5.1 a fee, commission or non-monetary benefit paid or provided to or by the Sub-Fund or a person on behalf of the Sub-Fund;
  - 15.5.2 a non-monetary benefit in the form of research provided by a third party or a person acting on behalf of a third party or a fee or commission provided to a third party or a person acting on behalf of a third party, where the following conditions are satisfied:
    - (a) the existence, nature and amount of the fee, commission or benefit, or, where the amount cannot be ascertained, the method of calculating that amount must be clearly disclosed to the Management Company in a manner that is comprehensive, accurate and understandable, prior to the provision of the relevant service;
    - (b) the payment of the fee or commission, or the provision of the non-monetary benefit must be designed to enhance the quality of the relevant service to the Sub-Fund and not prevent the Investment Manager from complying with its duty to act in the best interests of the Sub-Fund;
  - 15.5.3 proper fees which enable or are necessary for the provision of the relevant service, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which, by their nature, cannot give rise to conflicts with the duties of the Investment Manager to act honestly, fairly and professionally in accordance with the best interests of the Sub-Fund.
- 15.6 The soft commission arrangements are subject to the following conditions: (i) the Investment Manager will act at all times in the best interest of the relevant Sub-Fund when entering into



soft commission arrangements; (ii) the services provided will be in direct relationship to the activities of the Investment Manager for the relevant Sub-Fund; (iii) brokerage commissions on portfolio transactions for the relevant Sub-Fund will be directed by the Investment Manager to broker-dealers that are entities and not to individuals; (iv) the Investment Manager will provide periodic reports to the Board with respect to soft commission arrangements including the nature of the services it receives; and (v) soft commission agreements will be listed in such periodic reports.

## 16. INVESTMENT ADVISOR(S)

- 16.1 The Management Company is furthermore entitled to appoint for portfolio management one or more investment advisors in accordance with the 2010 Act and Circular 18/698.

## 17. DEPOSITARY

- 17.1 By virtue of a depositary agreement executed between the Company, the Management Company and Banque de Luxembourg (**Depositary Agreement**), the latter has been appointed as depositary of the Company (the **Depositary**) for (i) the safekeeping of the assets of the Company, (ii) the cash monitoring, (iii) the oversight functions and (iv) such other services as agreed from time to time and reflected in the Depositary Agreement.

- 17.2 The Depositary is a credit institution established in Luxembourg, whose registered office is situated at 14, boulevard Royal, L-2449 Luxembourg, and which is registered with the Luxembourg register of commerce and companies under number B 5310. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector, as amended, including, inter alia, custody, fund administration and related services.

### **Duties of the Depositary**

- 17.3 The Depositary is entrusted with the safekeeping of the Company's assets. For the financial instruments which can be held in custody within the meaning of Article 34(3) of the 2010 Act (the **Custodiable Assets**), they may be held either directly by the Depositary or, to the extent permitted by applicable laws and regulations, through other credit institutions or financial intermediaries acting as its correspondents, sub-custodians, nominees, agents or delegates. The Depositary also ensures that the Company's cash flows are properly monitored.

- 17.4 In addition, the Depositary shall:

- 17.4.1 ensure that the sale, issue, repurchase, redemption and cancellation of the shares of the Company are carried out in accordance with the 2010 Act and the Articles;
- 17.4.2 ensure that the value of the shares of the Company is calculated in accordance with the 2010 Act and the Articles;
- 17.4.3 carry out the instructions of the Company, unless they conflict with the 2010 Act and the Articles;
- 17.4.4 ensure that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits;
- 17.4.5 ensure that the Company's income is applied in accordance with the 2010 Act and the Articles.

### Delegation of functions

- 17.5 Pursuant to the provisions of the 2010 Act and of the Depositary Agreement, the Depositary delegates the custody of the Company's Custodiable Assets to one or more third-party custodians appointed by the Depositary.
- 17.6 The Depositary shall exercise care and diligence in choosing, appointing and monitoring the third-party custodians so as to ensure that each third-party custodian fulfils the requirements of the 2010 Act. The liability of the Depositary shall not be affected by the fact that it has entrusted all or some of the Company's assets in its safekeeping to such third-party custodians.
- 17.7 In the case of a loss of a Custodiable Asset, the Depositary shall return a financial instrument of an identical type or the corresponding amount to the Company without undue delay, except if such loss results from an external event beyond the Depositary's reasonable control and the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.
- 17.8 According to the 2010 Act, where the law of a third country requires that certain financial instruments of the Company be held in custody by a local entity and there is no local entity in that third country subject to effective prudential regulation (including minimum capital requirements) and supervision, delegation of the custody of these financial instruments to such a local entity shall be subject (i) to instruction by the Company to the Depositary to delegate the custody of such financial instrument to such a local entity, and (ii) to the Company's investors being duly informed, prior to their investment, of the fact that such a delegation is required due to legal constraints in the law of the relevant third country, of the circumstances justifying the delegation and of the risks involved in such a delegation. It shall rest with the Company and/or Management Company to fulfil the foregoing condition (ii), whereas the Depositary may validly refuse accepting any of the concerned financial instrument in custody until it receives to its satisfaction both the instruction referred to under the foregoing condition (i), and the written confirmation from the Company and/or the Management Company that the foregoing condition (ii) has been duly and timely fulfilled.

### Conflicts of interest

- 17.9 In carrying out its duties and obligations, the Depositary shall act honestly, fairly, professionally, independently and solely in the interest of the Company and the investors of the Company.
- 17.10 As a multi-service bank, the Depositary may provide the Company, directly or indirectly, through parties related or unrelated to the Depositary, with a wide range of banking services in addition to the depositary services.
- 17.10.1 The provision of additional banking services and/or the links between the Depositary and key service providers to the Company, may lead to potential conflicts of interests with the Depositary's duties and obligations to the Company. Such potential conflicts of interests may in particular be due to the following situations (the term **CM-CIC Group** designates the banking group to which the Depositary belongs).the Depositary delegates the custody of financial instruments of the Company to a number of third-party custodians.
- 17.10.2 the Depositary may provide additional banking services beyond the depositary services and/or act as counterparty of the Company for over-the-counter derivative transactions.
- 17.11 The following circumstances should mitigate the risk of occurrence and the impact of conflicts of interests that might result from the above-mentioned situations.

- 17.12 The selection and monitoring process of third-party custodians is handled in accordance with the 2010 Act and is functionally and hierarchically separated from possible other business relationships that exceed the sub-custody of the Company's financial instruments and that might bias the performance of the Depositary's selection and monitoring process. The risk of occurrence and the impact of conflicts of interests is further mitigated by the fact that, except with regards to one specific class of financial instruments, none of the third-party custodians used by the Depositary for the custody of the Company's financial instruments is part of the CM-CIC Group. The exception exists for units held by the Company in French investment funds where, because of operational considerations, the trade processing is handled by and the custody is delegated to Banque Fédérative du Crédit Mutuel in France (**BFCM**) as specialized intermediary. BFCM is a member of the CM-CIC Group. BFCM, when performing its duties and tasks, operates with its own staff, according to its own procedures and rules of conduct and under its own control framework.
- 17.13 Additional banking services provided by the Depositary to the Company are provided in compliance with relevant legal and regulatory provisions and rules of conduct (including best execution policies) and the performance of such additional banking services and the performance of the depositary tasks are functionally and hierarchically separated.
- 17.14 Based on the above, no specific conflicts of interest have been identified between the Depositary and the Management Company. In case such conflicts are identified, the Prospectus will be updated accordingly at the next opportunity.
- 17.15 Where, despite the aforementioned circumstances, a conflict of interest arises at the level of the Depositary, the Depositary will at all times have regard to its duties and obligations under the depositary agreement with the Company and act accordingly. If, despite all measures taken, a conflict of interest that bears the risk to significantly and adversely affect the Company or the investors of the Company, may not be solved by the Depositary having regard to its duties and obligations under the depositary agreement with the Company, the Depositary will notify the Company which shall take appropriate action.
- 17.16 As the financial landscape and the organizational scheme of the Company may evolve over time, the nature and scope of possible conflicts of interests as well as the circumstances under which conflicts of interests may arise at the level of the Depositary may also evolve.
- 17.17 In case the organizational scheme of the Company or the scope of Depositary's services to the Company is subject to a material change, such change will be submitted to the Depositary's internal acceptance committee for assessment and approval. The Depositary's internal acceptance committee will assess, among others, the impact of such change on the nature and scope of possible conflicts of interests with the Depositary's duties and obligations to the Company and assess appropriate mitigation actions.
- 17.18 Investors of the Company may contact the Depositary at the Depositary's registered office to receive information regarding a possible update of the above listed principles.

#### **Miscellaneous**

- 17.19 The Depositary or the Company may terminate the Depositary Agreement at any time upon not less than three (3) months' written notice (or earlier in case of certain breaches of the Depositary Agreement, including the insolvency of any party to the Depositary Agreement). As from the termination date, the Depositary will no longer be acting as the Company's depositary pursuant to the 2010 Act and will therefore no longer assume any of the duties and obligations nor be subject to the liability regime imposed by the 2010 Act with respect to any of the services it would be required to carry out after the termination date.

- 17.20 The Depositary will carry out the obligations and duties as stipulated by the 2010 Act and the applicable regulatory provisions.
- 17.21 The Depositary has no decision-making discretion or any advice duty relating to the Company's organization and investments. The Depositary is a service provider to the Company and is not responsible for the preparation and content of this Prospectus and therefore accepts no responsibility for the accuracy and completeness of any information contained in this Prospectus or the validity of the structure and of the investments of the Company.
- 17.22 Investors are invited to consult the Depositary Agreement to have a better understanding of the limited duties and liabilities of the Depositary.

## **18. EXPENSES AND FEES**

### **General**

- 18.1 The following is an illustration of the fees that can be charged by the various service providers of the Company. The percentages indicated are maximum fees. The fees actually charged will under normal circumstances always be below these maximum percentages. Please refer to the key investor information document of the relevant Class(es) for further information on the ongoing charges representing all annual charges and other payments taken, or to be taken, from the assets of the relevant Class.

### **Remuneration of the Management Company**

- 18.2 For the portfolio management services provided to the Company, the Management Company receives a Management Fee and, as the case may be, a Performance Fee. Details are set out for each Sub-Fund and for each Class in the applicable Special Section.
- 18.3 For the risk management and marketing functions, the Management Company receives an annual servicing fee in respect of each Sub-Fund, the rates for which may vary according to the country to which the investment is exposed to and, in some cases, according to the specific features of the relevant Sub-Fund or Class. Unless otherwise stated for a Sub-Fund in the applicable Special Section, this fee is payable monthly by the Company in respect of each Sub-Fund and is accrued on each Valuation Day based on the applicable Net Asset Value. It shall not exceed 0.10% per annum of the Net Asset Value of the relevant Sub-Fund or Class consistent with market practice in Luxembourg, subject to a minimum that shall not exceed EUR 30,000 per annum per Sub-Fund allocated across each Class of the relevant Sub-Fund in proportion to their respective Net Asset Value.
- 18.4 As the Management Company has delegated, under its own responsibility and control, the central administration functions to the Administrator, the Administrator directly receives its remuneration from the Company in accordance with the terms determined in the Administration Agreement, as summarized in Sections 18.12 and 18.13.
- 18.5 For the oversight of its delegates (if any), the Management Company is entitled to receive from the Company an oversight fee that shall not exceed EUR 6,500 per annum per delegate.
- 18.6 The Management Company will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties.

### **Remuneration of the Investment Manager**

- 18.7 For the Sub-Funds for which it has been appointed as Investment Manager, the latter receives a investment management fee and, as the case may be, a performance fee, which are paid by the

Management Company out of its Management Fee and/or Performance Fee, as agreed from time to time between the Management Company and the Investment Manager.

#### **Remuneration of the Investment Advisor**

- 18.8 For the Sub-Fund for which it has been appointed as Investment Advisor, the latter receives an investment advisory fee, which is paid by the Management Company out of its Management Fee, as agreed from time to time between the Management Company and the Investment Advisor.

#### **Remuneration of the Depositary**

- 18.9 Under the Depositary Agreement, the Depositary receives annual depositary servicing fee in respect of each Sub-Fund, the rates for which vary according to the country to which the investment is exposed to and, in some cases, according to the specific features of the relevant Sub-Fund or Class. Unless otherwise stated for a Sub-Fund in the applicable Special Section, this fee is payable at the end of each month by the Company in respect of each Sub-Fund and is accrued on each Valuation Day based on the applicable Net Asset Value. It shall not exceed 0.10% per annum of the Net Asset Value of each Class consistent with market practice in Luxembourg, subject to a minimum that shall not exceed EUR 40,000 per Sub-Fund per annum allocated across each Class in proportion to their respective Net Asset Value.
- 18.10 In addition, the Depositary will charge transactional, sub-custody and correspondent fees as well as other external fees or taxes to each Sub-Fund.
- 18.11 The Depositary will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties.

#### **Remuneration of the Administrator**

- 18.12 The Administrator receives annual servicing fee in respect of each Sub-Fund, the rates for which vary according to the country to which the investment is exposed to and, in some cases, according to the specific features of the relevant Sub-Fund or Class. Unless otherwise stated for a Sub-Fund in the applicable Special Section, this fee is payable at the end of each month by the Company in respect of each Sub-Fund and is accrued on each Valuation Day based on the applicable Net Asset Value. It shall not exceed the sum of (i) 0.10% per annum of the Net Asset Value of each Class consistent with market practice in Luxembourg and (ii) a fixed amount that shall not exceed EUR 80,000 per Sub-Fund allocated across each Class in proportion to their respective Net Asset Value.
- 18.13 The Administrator will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties.

#### **Remuneration of the “*responsable du respect des obligations*”**

- 18.14 Article 4 (1), fourth paragraph and second paragraph, sub-paragraph a) of the 2004 Act requires professionals to appoint:
- 18.14.1 a person among the members of their management bodies, responsible for compliance with the professional obligations as regards the fight against money laundering and terrorist financing (the original French version of the 2004 Act refers to a “*responsable du respect des obligations*” and thus, the acronym “RR” will be used hereafter), and
- 18.14.2 if the size and nature of the activity so require, a compliance officer at appropriate hierarchical level (the original French version of the 2004 Act refers to a

*“responsable du contrôle du respect des obligations”* and thus, the acronym “RC” will be used hereafter).

- 18.15 Any Luxembourg UCI is legally required to appoint an RR and an RC.
- 18.16 The Board acting as collegial body is the RR of the Company.
- 18.17 The Company has appointed the Management Company to designate one of its employees as RC of the Company pursuant to a contractual arrangement between the Management Company and the Company (the **RC Agreement**).
- 18.18 Pursuant to the RC Agreement, the Management Company receives from the Company a monthly fee of EUR 500 (excluding value added tax). This fee is accrued on each Valuation Day and is allocated across each Sub-Fund or Class in proportion to their respective Net Asset Value.
- 18.19 The Company shall also pay to the Management Company any reasonable expenses and costs that the Management Company may incur in relation to the services provided under the RC Agreement.

#### **Operating Expenses**

- 18.20 The Company pays out of the assets of the relevant Sub-Fund all expenses payable by the Company which will include but not be limited to:
  - 18.20.1 formation expenses;
  - 18.20.2 fees and expenses payable to the Management Company (including the Performance Fee);
  - 18.20.3 fees and expenses payable to all other service providers of the Company (including the Auditors, accountants, paying agents, local representatives, the Depositary and its correspondents, the Administrator, the Distributor(s) and any pricing agencies);
  - 18.20.4 costs in relation to lease of premises in Luxembourg or elsewhere or domiciliary services or any permanent representation in places of registration, as well as any other agent employed by the Company;
  - 18.20.5 the remuneration of the Directors and officers and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with board meetings;
  - 18.20.6 fees and expenses for legal and auditing services consultants;
  - 18.20.7 any fees and expenses involved in registering and maintaining the registration of the Company or any Sub-Fund with any governmental agencies or stock exchanges in Luxembourg and in any other country;
  - 18.20.8 reporting and publishing expenses, including the costs of preparing, printing, advertising and distributing prospectuses, explanatory memoranda, periodical reports or registration statements;
  - 18.20.9 the costs of any reports to Shareholders;
  - 18.20.10 all taxes, duties, governmental and similar charges and all other operating expenses;
  - 18.20.11 costs for the publication of the issue and redemption prices;

18.20.12 costs of buying and selling assets; and

18.20.13 costs to pay interests, bank charges and brokerage fees, postage, telephone and telex.

The Company may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods.

18.21 Furthermore, charges and expenses borne by the Company shall include all reasonable charges and expenses paid on its behalf, including but not limited to, telephone, fax, telex, telegram and postage expenses incurred by the Management Company or the Depositary on purchases and sales of portfolio securities in one or several Sub-Funds.

18.22 Each Sub-Fund shall pay for the costs and expenses directly attributable to it. Costs and expenses that cannot be attributed to a given Sub-Fund shall be allocated to the Sub-Funds on an equitable basis, in proportion to their respective net assets.

### **Indemnified Persons**

18.23 The Company may indemnify any Director as well as the Management Company, any director, manager, authorized officer, employee or agent of the Company or the Management Company and, if the context requires, their respective heirs, executors and administrators (each an **Indemnified Person**), to the extent permitted by law, for all costs and expenses borne or paid by them in connection with any claim, action, law suit or proceedings brought against them in their respective capacity vis-à-vis the Company, except in cases where they are ultimately sentenced for gross negligence, willful misconduct or fraud. In the case of an out of court settlement, such indemnification will only be granted if the Company's legal adviser is of the opinion that the Indemnified Person in question did not fail in his duty and only if such an arrangement is approved beforehand by the Board. The right to such indemnification does not exclude other rights to which the Indemnified Persons may be entitled. The rights to indemnification provided herein are separate and do not affect the other rights to which an Indemnified Person may now or later be entitled and shall be maintained for any person who has ceased his/her activity vis-à-vis the Company.

18.24 Expenses for the preparation and presentation of a defense in any claim, action, lawsuit or proceedings brought against an Indemnified Person will be advanced by the Company, prior to any final decision on the case, on receipt of a commitment by or on behalf of the Indemnified Person to repay this amount if it ultimately becomes apparent that they are not entitled to indemnification. Notwithstanding the above, the Company may take out the necessary insurance policies on behalf of Indemnified Persons.

### **UCITS Conversion Expenses, Formation of new Sub-Funds**

18.25 Expenses incurred in connection with the conversion of the Company into a UCITS, including those incurred in the preparation and publication of the first Prospectus and KIIDs, as well as the taxes, duties and any other publication expenses, are estimated at up to EUR 75,000 and will be written off over a period of five (5) years following the date of the conversion. All fees, costs and expenses referred to in the preceding paragraph are referred to as **UCITS Conversion Expenses**.

18.26 Expenses incurred in connection with the creation of any additional Sub-Fund may be borne by the relevant Sub-Fund and will be written off over a period of five (5) years. Hence, the additional Sub-Funds will not bear a pro rata proportion of the UCITS Conversion Expenses.

## 19. DIVIDENDS

- 19.1 Each year the general meeting of Shareholders will decide, based on a proposal from the Board, for each Sub-Fund, on the use of the balance of the year's net income of the investments. A dividend may be distributed, either in cash or Shares. Further, dividends may include a capital distribution, provided that after distribution the net assets of the Company total more than EUR 1,250,000 (being provided that Shares of a Target Sub-Fund held by an Investing Sub-Fund shall not be taken into account for the purpose of the calculation of the EUR 1,250,000 minimum capital requirement).
- 19.2 Over and above the distributions mentioned in the preceding paragraph, the Board may decide to the payment of interim dividends in the form and under the conditions as provided by law.
- 19.3 The Board may issue distribution Shares and accumulation Shares within the Classes of each Sub-Fund, as indicated in the Special Sections. Accumulation Shares capitalize their entire earnings whereas distribution Shares pay dividends.
- 19.4 For Classes entitled to distribution, dividends, if any, will be declared and distributed on an annual basis. Moreover, interim dividends may be declared and distributed from time to time at a frequency determined by the Board within the conditions set forth by law.
- 19.5 Payments will be made in the Reference Currency of the relevant Sub-Fund or Class. With regard to Shares held through Euroclear or Clearstream (or their successors), dividends shall be paid by bank transfer to the relevant bank. Dividends remaining unclaimed for five years after their declaration will be forfeited and revert to the relevant Sub-Fund.
- 19.6 Dividends may be declared separately in respect of each Sub-Fund by a resolution of the Shareholders of the Sub-Fund concerned at the annual general meeting of Shareholders.

## 20. DATA PRIVACY PROVISIONS

### Introduction

- 20.1 These data privacy provisions serve the purpose to provide Shareholders, prospective Shareholders and business partners of the Company (including the Company's contractual counterparties) as well as persons related to such Shareholders, prospective Shareholders and business partners (the **Related Persons**) with important information on the collection, recording, storage, use and transfer of personal data relating to such Shareholders, prospective Shareholders, business partners and Related Persons (each a **Data Subject**) by the Company and/or by the Processors in connection with such Shareholders' and prospective Shareholders' investment or intended investment in the Company or with such business partner's relationship with the Company.
- 20.2 A Related Person means in this context an individual whose personal data was provided to the Company and/or to the Processors by or on behalf of a Shareholder, prospective Shareholder or business partner or whose personal data was otherwise obtained by the Company and/or by the Processors, in connection with such Shareholder's or prospective Shareholder's investment or intended investment in the Company or with such business partner's relationship with the Company. A Related Person may include, but not limited to, a director, officer, employee, controlling person, beneficial owner, representative or agent of an entity, a trustee, a settlor, a protector of a trust. In this context, it is assumed that for personal data of a Related Person provided to the Company and/or to the Processors by or on behalf of a Shareholder, prospective Shareholder or business partner, such Shareholder, prospective Shareholder or business partner has duly notified the Related Person about how the Company and/or the Processors process the Related Person's personal data in accordance with these data privacy provisions.



### **Categories of personal data processed**

- 20.3 The personal data collected, recorded, stored, used and transferred, by electronic and/or by other means (hereafter referred to as personal data **processed**) by the Company and/or by the Processors in connection with a Shareholder's or prospective Shareholder's investment or intended investment in the Company or with a business partner's relationship with the Company includes (the **Personal Data**):
- 20.3.1 personal information concerning the Data Subjects (e.g. last name, first name, gender, date and place of birth, residence address(es), postal addresses, telephone and fax number(s), email address(es) or other identifying addresses for electronic communications, details from passports or other government or state issued forms of personal identification, nationality(ies), country(ies) of tax residence and tax identification number, bank account details);
  - 20.3.2 professional information concerning the Data Subjects (e.g. employment history, title, representation authorities);
  - 20.3.3 financial information concerning the Data Subjects (e.g. transaction details regarding subscriptions, redemptions, conversions and transfers of Shares of the Company, income paid or other payments made with respect to the Shares held in the Company);
  - 20.3.4 any other information concerning the Data Subjects and required by applicable laws and regulations including laws and regulations regarding anti money laundering and counter financing of terrorism (e.g. source of wealth, information about regulatory and other investigations or litigations to which Data Subjects are or have been subject).
- 20.4 The Company and the Processors do not intend to actively process special category personal data, being personal data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union memberships or genetic, biometric data or health data or data concerning a Data Subject's sex life or sexual orientation about Data Subjects. Whilst the Company and the Processors will use reasonable efforts to limit the processing of such special category personal data, Data Subjects should be aware that such special category personal data may be processed incidentally for example where the Data Subject volunteers such special category personal data to the Company and/or to the Processors (for example when the Data Subject sends a communication such as an email containing such special category personal data) or where documents and information received or gathered for one or more of the Purposes (as such term is defined hereafter) contain special category personal data.

### **The data controller**

- 20.5 The Company acts as data controller with regard to the Personal Data of Shareholders, prospective Shareholders or business partners processed in connection with such Shareholder's or prospective Shareholder's investment or intended investment in the Company or with such business partner's relationship with the Company.

### **Processing of Personal Data**

- 20.6 Personal Data will be processed for the purpose of 1) performing the services required by the Shareholders and prospective Shareholders in connection with their investment or intended investment in the Company; and/or 2) performing services related to the one referred to under 1) here above in connection with Shareholders' and prospective Shareholders' investment or intended investment in the Company if such related services are considered as necessary by the Company and/or the Processors for the purpose of the legitimate interest pursued by the

Company and/or the Processors provided such interests are not overridden by the interests or fundamental rights and freedoms of the relevant Data Subjects and/or 3) performing the contractual or other arrangements concluded between the Company and its business partners and/or 4) complying with the legal and regulatory obligations applicable to the Company and/or to the Processors.

20.7 In accordance with the preceding paragraph, Personal Data may be processed for the purpose of (the **Purposes**):

- 20.7.1 opening and maintaining Shareholders' registered accounts including providing Shareholders with information and documents regarding their investment in the Company (e.g. contract notes, holding statements);
- 20.7.2 processing subscriptions, redemptions, conversions and transfers of Shares of the Company, payment of income or other proceeds made with respect to the Shares held by the Shareholders in the Company;
- 20.7.3 informing Shareholders of corporate actions concerning the Company;
- 20.7.4 convening and organizing meetings of Shareholders;
- 20.7.5 relationship management including responding to enquiries from Shareholders, prospective Shareholders and business partners and providing Shareholders and prospective Shareholders with information and documentation in connection with their investment or intended investment in the Company (e.g. Company's articles, prospectus, key information documents, financial reports, fact sheets, investment management reports);
- 20.7.6 processing of Shareholders' complaints;
- 20.7.7 recording of communications (e.g. telephone conversations, mailings including electronic mailings) for relationship management or monitoring for evidentiary or compliance purposes;
- 20.7.8 performing controls on excessive trading and market timing practices;
- 20.7.9 performing the contractual or other arrangements concluded between the Company and its business partners;
- 20.7.10 performing due diligence and controls with regard to applicable laws and regulations fight against money laundering and financing of terrorism;
- 20.7.11 reporting to the competent authorities in accordance with Luxembourg or foreign laws and regulations (including laws and regulations relating to FATCA and CRS);
- 20.7.12 to enforce the Company's terms and conditions or to protect the Company's or the Processors' rights in the context of legal claims, litigation, arbitration or similar proceedings.

20.8 To achieve the Purposes, Personal Data may be collected or received directly from the Data Subjects or indirectly through external sources including any publicly available sources or through subscription services or from third parties.

20.9 A Shareholder or prospective Shareholder of the Company or a business partners of the Company or a Related Person related to such a Shareholder, prospective Shareholder or business partner may elect to refuse to provide the Personal Data requested by or on behalf of the Company. In such a case, the Company may not be able and may consequently 1) decline to

provide the services required by such Shareholder or prospective Shareholder in connection with their investment or intended investment in the Company; and/or 2) decline to provide the services related to the one referred to under 1) here above considered as necessary by the Company and/or the Processors for the purpose of the legitimate interest pursued by the Company and/or the Processors in connection with Shareholders' and prospective Shareholders' investment or intended investment in the Company; and/or 3) decline to perform the contractual or other arrangements concluded between the Company and its business partners; and 4) decide to preclude the continuation of the relationship between the Company and the Shareholder or between the Company and the business partner.

- 20.10 Subject to applicable legal periods of limitation which may vary depending on the Purposes for which Personal Data was obtained, the Personal Data shall not be retained for longer than necessary in light of the Purposes for which it was obtained. Personal Data will be deleted or anonymized (or equivalent) once it is no longer necessary to achieve the Purposes for which it was obtained, subject however (i) to any applicable legal or regulatory requirements to process Personal Data for a longer period, or (ii) to enforce the Company's terms and conditions or for the protection of the Company's or the Processors' rights in the context of legal claims, litigation, arbitration or similar proceedings.

#### **Transfer of Personal Data**

- 20.11 For the purpose of achieving the Purposes, the Company uses the services of delegates, sub-delegates and service providers (such as the Management Company, Administrator, , Global Distributor and Depositary) and may delegate the processing of and consequently transfer Personal Data to such delegates, sub-delegates and service providers (the **Processors**) in compliance with and within the limits of the applicable laws and regulations.
- 20.12 The Processors may delegate the processing of the Personal Data to one or several of their agents or delegates, which may be in or outside the EAA.
- 20.13 Processors may also process Personal Data for their own purposes and outside of the scope of their role as processor for the Company, in which case and with regard to such own purposes, Processors shall be considered as distinct data controllers and shall be directly accountable to the relevant Data Subjects with regard to the processing for such own purposes.
- 20.14 For the purpose of achieving the Purposes, the Company and the Processors may also transfer Personal Data : 1) to comply with applicable laws and regulations including treaties or agreements with or between Luxembourg or foreign governments (including in relation to tax reporting laws such as FATCA and CRS), which may include Luxembourg and foreign authorities, to respond to requests from public or government authorities including tax authorities, which may include Luxembourg and foreign authorities, to cooperate with law enforcement, governmental, regulatory, securities exchange, financial markets or similar agencies or authorities or for other legal reasons, who may transfer the Personal Data to equivalent agencies or authorities in other countries; 2) to central banks, regulators, trade repositories, approved reporting mechanisms which may be located in Luxembourg or abroad; 3) to their external auditors; 4) to courts, litigation counterparties, external legal counsels and others in the context of legal claims, litigation, arbitration or similar proceedings to enforce the Company's terms and conditions or to protect the Company's or the Processors' rights against a Data Subject; 5) to legitimate third parties in the event of a merger of the Company or of a Sub-Fund of the Company.
- 20.15 Processors may also transfer Personal Data to the Company and to other Processors of the Company in order to enable the Company and such other Processors to fulfill the Purposes.
- 20.16 The transfer of Personal Data may include the transfer to jurisdictions within the EEA and to other jurisdictions provided that 1) such other jurisdictions benefit from an adequacy decision

from the European Commission; or 2) where such other jurisdictions do not benefit from an adequacy decision from the European Commission, appropriate safeguards are provided; or 3) the transfer falls under one of the derogations for specific situations as foreseen by the applicable laws and regulations.

### **Rights of Data Subjects**

- 20.17 Subject to the laws and regulations applicable to the Company and/or the Processors, each Data Subject has a right to:
- 20.17.1 access his/her/its Personal Data;
  - 20.17.2 have his/her/its Personal Data rectified where it is inaccurate or incomplete;
  - 20.17.3 where the Company processes his/her/its Personal Data on the basis of his/her/its consent, to withdraw this consent being understood that, to achieve the Purposes, the Company and the Processors do not rely on the Data Subjects' consent for the process of the Data Subjects' Personal Data;
  - 20.17.4 have his/her/its Personal Data erased in certain circumstances;
  - 20.17.5 obtain restriction of processing or object to processing in certain circumstances;
  - 20.17.6 lodge a complaint to the relevant data protection authority;
  - 20.17.7 receive his/her/its Personal Data in a structured, commonly used and machine-readable format and to have that Personal Data transmitted directly to another data controller.
- 20.18 If a Data Subject wishes to exercise, any of the rights referred to above, the Data Subject shall address its request by letter sent to the registered office of the Company. Requests will be responded in accordance with applicable laws and regulations.
- 20.19 Even if a Data Subject objects to the processing or requests the erasure of its Personal Data, the Company and/or the Processors may nevertheless be allowed to continue the processing if i) the processing is mandatory because of legal or regulatory obligations applicable to the Company and/or to the Processors; or ii) is necessary for the achievement of one, more or all of the Purposes; or iii) is necessary for the enforcement of the Company's terms and conditions or for the protection of the Company's and/or the Processors' rights in the context of legal claims, litigation, arbitration or similar proceedings.

## **21. TAX ASPECTS**

### **Luxembourg**

- 21.1 The Company's assets are subject to tax (*taxe d'abonnement*) in Luxembourg of 0.05% p.a. on net assets (and 0.01% p.a. on total net assets in case of Sub-Funds or Classes reserved to Institutional Investors), payable quarterly. In case some Sub-Funds are invested in other Luxembourg UCIs, which in turn are subject to the annual subscription tax (*taxe d'abonnement*) provided for by the 2010 Act, no annual subscription tax (*taxe d'abonnement*) is due from the Company on the portion of assets invested therein.
- 21.2 The Company's income is not taxable in Luxembourg. Income received from the Company may be subject to withholding taxes in the country of origin of the issuer of the security, in respect of which such income is paid. No duty or tax is payable in Luxembourg in connection with the issue of Shares of the Company.

- 21.3 Under current legislation, Shareholders are not subject to any capital gains, income, withholding, or other taxes in Luxembourg with respect to their investment in the Shares, except for (i) those Shareholders resident of, or established in Luxembourg, or having a permanent establishment or permanent representative in Luxembourg, or (ii) the FATCA Withholding (as defined below).

#### **Foreign Account Tax Compliance Act (FATCA)**

- 21.4 FATCA was enacted on 18 March 2010 as part of the Hiring Incentive to Restore Employment Act (the **HIRE**). It includes provisions under which a Foreign Financial Institution (**FFI**) may be required to report directly to the Internal Revenue Service (**IRS**) certain information about shares and Interests held by U.S. taxpayers or other foreign entities subject to FATCA and to collect additional identification information for this purpose. FFI that do not enter into an agreement with the IRS and comply with the regulations relating to FATCA could be subject to 30% withholding tax in relation to certain US source income and gains. The regulations relating to FATCA become effective in phases between 1 July 2014 and 2017.
- 21.5 On 28 March 2014, Luxembourg signed a Model 1 Intergovernmental Agreement (the **IGA**) with the US and a memorandum of understanding in respect thereof, which was ratified in Luxembourg by the act of 24 July 2015 (the **Luxembourg FATCA Act**). The Company is obliged to comply with the provisions of FATCA under the terms of the Luxembourg FATCA Act. The Company is required to collect information aiming to identify its direct and indirect Investors that are “Specified US Persons” for FATCA purposes (“reportable accounts”). Any such information on reportable accounts provided to the Company will be shared with the Luxembourg tax authorities that will exchange that information on an automatic basis with the IRS.
- 21.6 The Company however generally intends to comply with the provisions of the Luxembourg FATCA Act to be deemed compliant with FATCA and should thus not be subject to the 30% withholding tax (**FATCA Withholding**) with respect to its share of any such payments attributable to actual and deemed US investments of the Company.
- 21.7 To ensure compliance with the regulations relating to FATCA and the provisions of the IGA, the Company may:
- 21.7.1 require any Investor to furnish all information and documentary evidence to ascertain the Investor’s FATCA status;
  - 21.7.2 report information concerning a Shareholder to the Luxembourg tax authorities if such account is deemed a reportable account (the Investors waive insofar, if applicable, any conflicting rules on banking secrecy data-protection) and report payments to certain entities; and
  - 21.7.3 provide information to third parties to allow these to make an applicable FATCA Withholding;
- all in accordance with the regulations relating to FATCA and the IGA.
- 21.8 The aforesaid shall apply in relation to other withholding taxes accordingly. In addition, the Company may also require any Investor to pay amounts to the Company in order to comply with its FATCA Withholding and other withholding tax obligations. Finally, amendments may be made to this Prospectus to address the implementation of tax regulations including regulations relating to FATCA and the IGA, and compliance with such tax regulations may increase the Company’s operating expenses.

- 21.9 Even though the Company generally intends to comply with any obligations imposed on it under the regulations relating to FATCA to avoid the imposition of FATCA Withholding, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to FATCA Withholding as a result of a non-compliance with these regulations, the value of Shares may be materially affected. If an amount in respect of FATCA were to be deducted or withheld from distributions, repayment of capital or other payments on or with respect to the Shares, neither the Company nor any other party would have any obligation to pay additional amounts or otherwise indemnify Shareholders for any such withholding or deduction by the Company or any other party. As a result, if FATCA Withholding is imposed on these payments, Shareholders may receive lower amounts than expected.
- 21.10 The regulations relating to FATCA are particularly complex and their application to the Company, the Shares and the Investors are uncertain at this time. Investors should consult their own tax advisers to obtain a more detailed explanation of the regulations relating to FATCA and to learn how these regulations might affect them in their particular circumstance.

### **OECD Common Reporting Standard**

- 21.11 Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed the Common Reporting Standard (CRS) to address the issue of offshore tax evasion on a global basis. Aimed at maximizing efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges started in 2017 on the basis of the information of 2016. Luxembourg has implemented the CRS through the law of 18 December 2015 on the automatic exchange of tax information on financial accounts. As a result, the Company is required to report information on investors of the Company to comply with the CRS due diligence and reporting requirements, as adopted by Luxembourg. Investors may be required to provide additional information to the Company to enable it to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory termination of its participation in the Company.

### **Other jurisdictions**

- 21.12 Interest, dividend and other income realized by the Company on the sale of securities of non-Luxembourg issuers, may be subject to withholding and other taxes levied by the jurisdictions in which the income is sourced. It is impossible to predict the rate of foreign tax the Company will pay since the amount of the assets to be invested in various countries and the ability of the Company to reduce such taxes is not known.
- 21.13 It is expected that Shareholders may be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarize the tax consequences for each prospective investor of subscribing, converting, holding, redeeming or otherwise acquiring or disposing of Shares in the Company. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with his or her personal circumstances.

### **Future changes in applicable law**

- 21.14 The foregoing description of Luxembourg tax consequences of an investment in, and the operations of, the Company is based on laws and regulations which are subject to change

through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Company to income taxes or subject Shareholders to increased income taxes.

21.15 **THE INFORMATION SET OUT ABOVE IS A SUMMARY OF THOSE TAX ISSUES WHICH COULD ARISE IN LUXEMBOURG AND DOES NOT PURPORT TO BE A COMPREHENSIVE ANALYSIS OF THE TAX ISSUES WHICH COULD AFFECT A PROSPECTIVE SUSCRIBER.**

21.16 **THE TAX AND OTHER MATTERS DESCRIBED IN THIS PROSPECTUS DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE SUBSCRIBERS. PROSPECTIVE SUBSCRIBERS SHOULD CONSULT THEIR OWN COUNSEL REGARDING TAX LAWS AND REGULATIONS OF ANY OTHER JURISDICTION WHICH MAY BE APPLICABLE TO THEM.**

## **22. CALCULATION OF THE NET ASSET VALUE**

22.1 The Company, each Sub-Fund and each Class and each Share in a Sub-Fund have a Net Asset Value.

### **Reference Currency**

22.2 The reference currency of the Company is the Euro. The Net Asset Value of each Class of Shares of each Sub-Fund shall be calculated in the Reference Currency of the relevant Class, as it is stipulated in the relevant Special Section.

### **Determination of Net Asset Values**

22.3 The Net Asset Value of each Sub-Fund or Class (as applicable) shall be determined as of each Valuation Day, by calculating the aggregate of:

22.3.1 the value of all assets of the Company which are allocated to the relevant Sub-Fund/Class; less

22.3.2 all the liabilities of the Company which are allocated to the relevant Sub-Fund/Class, and all fees attributable to the relevant Sub-Fund/Class, which fees have accrued but are unpaid on the relevant Valuation Day.

22.4 The Net Asset Value per Share shall generally be calculated on the Business Day following the relevant Valuation Day and be determined by dividing the Net Asset Value of the respective Sub-Fund/Class by the number of such Shares which are in issue on such Valuation Day in the relevant Sub-Fund and/or Class (including Shares in relation to which a Shareholder has requested redemption on such Valuation Day).

22.5 The Net Asset Value per Share will in principle be calculated with two (2) decimal places and may be rounded up or down to the nearest whole unit of the currency in which the Net Asset Value of the relevant Shares are calculated.

### **Allocation of assets and liabilities**

22.6 The allocation of assets and liabilities of the Company between Sub-Funds (and within each Sub-Fund between the different Classes) shall be effected so that:

22.6.1 The subscription price received by the Company on the issue of Shares, and reductions in the value of the Company as a consequence of the redemption of Shares, shall be attributed to the Sub-Fund/Class to which the relevant Shares belong.

- 22.6.2 Assets acquired by the Company upon the investment of the subscription proceeds and income and capital appreciation in relation to such investments which relate to a specific Sub-Fund/Class shall be attributed to such Sub-Fund/Class.
- 22.6.3 Assets disposed of by the Company as a consequence of the redemption of Shares and liabilities, expenses and capital depreciation relating to investments made by the Company and other operations of the Company, which relate to a specific Sub-Fund/Class shall be attributed to such Sub-Fund/Class.
- 22.6.4 Where the use of foreign exchange transactions, instruments or financial techniques relates to a specific Sub-Fund/Class the consequences of their use shall be attributed to such Sub-Fund/Class.
- 22.6.5 Where assets, income, capital appreciations, liabilities, expenses, capital depreciations or the use of foreign exchange transactions, instruments or techniques relate to more than one Sub-Fund/Class they shall be attributed to such Sub-Funds/Classes in proportion to the extent to which they are attributable to each such Sub-Fund/Class.
- 22.6.6 Where assets, income, capital appreciations, liabilities, expenses, capital depreciations or the use of foreign exchange transactions, instruments or techniques cannot be attributed to a particular Sub-Fund they shall be divided equally between all Sub-Funds or, in so far as is justified by the amounts, shall be attributed in proportion to the relative Net Asset Value of the Sub-Funds/Classes if the Company, in its sole discretion, determines that this is the most appropriate method of attribution.
- 22.6.7 Upon payment of dividends to the Shareholders of a Sub-Fund/Class the net assets of this Sub-Fund/Class are reduced by the amount of such dividend.

#### **Valuation of assets**

- 22.7 The assets of the Company will be valued as follows:
  - 22.7.1 The value of any cash in hand or on deposit, notes and bills payable on demand and accounts receivable, prepaid expenses and cash dividends declared and interest accrued but not yet collected, shall be deemed the nominal value of these assets unless it is improbable that it can be paid and collected in full; in which case, the value will be arrived at after deducting such amounts as the Company or the Management Company may consider appropriate to reflect the true value of these assets.
  - 22.7.2 Securities and Money Market Instruments listed on an official stock exchange or dealt on any other Regulated Market will be valued at their last available price in Luxembourg as of the Valuation Day and, if the security or Money Market Instrument is traded on several markets, on the basis of the last known price on the main market of this security. If the last known price is not representative, valuation will be based on the fair value at which it is expected it can be sold, as determined with prudence and in good faith by the Company or the Management Company.
  - 22.7.3 Unlisted securities and securities or Money Market Instruments not traded on a stock exchange or any other Regulated Market as well as listed securities and securities or Money Market Instruments listed on a Regulated Market for which no price is available, or securities or Money Market Instruments whose quoted price is, in the opinion of the Company or the Management Company, not representative of actual market value, will be valued at their last known price in Luxembourg or, in the



absence of such price, on the basis of their probable realisation value, as determined with prudence and in good faith by the Company or the Management Company.

- 22.7.4 Securities or Money Market Instruments denominated in a currency other than the relevant Sub-Fund's or Class' valuation currency will be converted at the average exchange rate of the currency concerned applicable on the Valuation Day.
- 22.7.5 The valuation of investments reaching maturity within a maximum period of 90 days may include straight-line daily amortisation of the difference between the principal 91 days before maturity and the value at maturity.
- 22.7.6 The liquidation value of futures, spot, forward or options contracts that are not traded on stock exchanges or other Regulated Markets will be equal to their net liquidation value determined in accordance with the policies established by the Company or the Management Company on a basis consistently applied to each type of contract. The liquidation value of futures, spot, forward or options contracts traded on stock exchanges or other Regulated Markets will be based on the latest available price for these contracts on the stock exchanges and Regulated Markets on which these options, spot, forward or futures contracts are traded, provided that if an option or future contract cannot be liquidated on the date on which the net assets are valued, the basis for determining the liquidation value of said contract shall be determined by the Company or the Management Company in a fair and reasonable manner.
- 22.7.7 Swaps are valued at their fair value based on the last known closing price of the underlying security.
- 22.7.8 UCIs are valued on the basis of their last available net asset value in Luxembourg. As indicated below, this net asset value may be adjusted by applying a recognised index so as to reflect market changes since the last valuation.
- 22.7.9 Liquid assets and Money Market Instruments are valued at their nominal value plus accrued interest, or on the basis of amortised costs.
- 22.7.10 Any other securities and assets are valued in accordance with the procedures put in place by the Company or the Management Company and, where necessary and appropriate, with the support of valuers who will be instructed to carry out valuations.

22.8 In the context of Sub-Funds which invest in UCIs, valuation of their assets may be complex in some circumstances and the administrative agents of such UCIs may be late or delay communicating the relevant net asset values. Consequently, the Administrator, under the responsibility of the Management Company, may estimate the assets of the relevant Sub-Funds as of the Valuation Day considering, among other things, the last valuation of these assets, market changes and any other information received from the relevant UCIs. In this case, the Net Asset Value estimated for the Sub-Funds concerned may be different from the value that would have been calculated on the said Valuation Day using the official net asset values calculated by the administrative agents of the UCIs in which the Sub-Fund invested. Nevertheless, the Net Asset Value calculated using this method shall be considered as final and applicable despite any future divergence.

22.9 If one or more sources of quotation are not able to provide relevant valuations to the Administrator, the latter is authorized to not calculate the Net Asset Value and, consequently, not to determine subscription, redemption and conversion prices. The Administrator shall immediately inform the Management Company and the Company if such a situation arises. If necessary, the Company may decide to suspend the calculation of the Net Asset Value in accordance with the procedures described in Section 23 of the General Section.

### **Partial Swing Pricing**

- 22.10 If on any Valuation Day the aggregate transactions in Shares of a Sub-Fund result in a net increase or decrease in net assets which exceeds a certain percentage of total net assets, as established by the Board and communicated to the Management Company, in situations other than in case of subscriptions or redemptions in specie, the Management Company may adjust the Net Asset Value of the relevant Sub-Fund by an amount not exceeding 1.50% of that Net Asset Value, which reflects the estimated dealing costs that may be incurred by the Sub-Fund and the estimated bid/offer spread of the assets in which the Sub-Fund invests. The adjustment will be an addition when the net movement results in a net increase in total net assets of the Sub-Fund and a deduction when it results in a net decrease. Where a Sub-Fund invests substantially in government bonds or money market securities, the Management Company may decide that it is not appropriate to make such an adjustment.
- 22.11 The threshold is set by the Board taking into account factors such as prevailing market conditions, estimated dilution costs and the size of the relevant Sub-Fund. The adjustment up or down will be determined mechanically based on predetermined threshold percentages and adjustment factors. This mechanism acts as a counter to the dilution effect on the relevant Sub-Fund arising from large net cash inflows and outflows and aims to enhance the protection of the existing Shareholders in the relevant Sub-Fund. The adjustment factor for each Sub-Fund is established based on the historical liquidity and costs of trading assets of the type held by the relevant Sub-Fund and may be different between Sub-Funds.
- 22.12 The relevant Special Section will contain information on whether swing pricing as described above will be applied for the relevant Sub-Fund.

### **23. SUSPENSION OF DETERMINATION OF THE NET ASSET VALUE, ISSUE, REDEMPTION AND CONVERSION OF SHARES**

- 23.1 The Company may at any time and from time to time suspend the determination of the Net Asset Value of Shares of any Sub-Fund or Class and for, the issue of the Shares of such Sub-Fund or Class to subscribers and for the redemption of the Shares of such Sub-Fund or Class from its Shareholders and for conversions of Shares of any Class in a Sub-Fund:
- 23.1.1 during any period in which any of the principal stock exchanges or other markets on which a substantial portion of the assets of the Sub-Fund or the relevant Class from time to time are quoted or traded is closed otherwise than for ordinary holidays, or during which transactions therein are restricted, limited or suspended, provided that such restriction, limitation or suspension affects the valuation of the assets of the Sub-Fund or the relevant Class;
- 23.1.2 where the existence of any state of affairs which, in the opinion of the Board, constitutes an emergency or renders impracticable a disposal or valuation of the assets attributable to a Sub-Fund;
- 23.1.3 during any breakdown of the means of communication or computation normally employed in determining the price or value of any of the assets attributable to a Sub-Fund;
- 23.1.4 during any period in which the Company is unable to repatriate monies for the purpose of making payments on the redemption of Shares or during which any transfer of monies involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board, be effected at normal rates of exchange;

- 23.1.5 when for any other reason the prices of any constituents of the underlying asset or, as the case may be, the hedging asset and, for the avoidance of doubt, where the applicable techniques used to create exposure to the underlying asset, cannot promptly or accurately be ascertained;
  - 23.1.6 in case of the Company's liquidation or in the case a notice of termination has been issued in connection with the liquidation of a Sub-Fund or a Class;
  - 23.1.7 where, in the opinion of the Board, circumstances which are beyond the control of the Board make it impracticable or unfair vis-à-vis the Shareholders to continue trading the Shares.
- 23.2 Any such suspension may be notified by the Company in such manner as it may deem appropriate to the persons likely to be affected thereby. The Company shall notify Shareholders requesting redemption of their Shares of such suspension.

## **24. GENERAL INFORMATION**

### **Auditor**

- 24.1 Ernst & Young S.A. has been appointed as Auditor of the Company.

### **Fiscal year**

- 24.2 The accounts of the Company are closed at 31 December each year.

### **Reports and notices to Shareholders**

- 24.3 Audited annual reports of the end of each fiscal year will be established as at 31 December of each year. In addition, unaudited semi-annual reports will be established as per the last day of the month of June. Those financial reports will provide for information on each of the Sub-Fund's assets as well as the consolidated accounts of the Company and be made available to the Shareholders free of charge at the registered office of the Company and of the Depositary.
- 24.4 The financial statements of each Sub-Fund will be established in the Reference Currency of the Sub-Fund but the consolidated accounts will be in Euro.
- 24.5 Audited annual reports shall be published within four (4) months following the end of the accounting year and unaudited semi-annual reports shall be published within two (2) months following the end of period to which they refer.
- 24.6 Information on the Net Asset Value, the subscription price (if any) and the redemption price may be obtained at the registered office of the Company.

### **Shareholders' meetings**

- 24.7 The annual general meeting of the Shareholders in the Company shall be held, in accordance with Luxembourg law, in Luxembourg at the registered office of the Company, or at such other place in Luxembourg as may be specified in the convening notice, at any date and time decided by the Board but no later than within six months from the end of the Company's previous financial year. The annual general meeting of the Shareholders in the Company may be held abroad if, in the absolute and final judgement of the Board, exceptional circumstances so require.
- 24.8 Notice of any general meeting of Shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the Company or of any Sub-Fund) will be mailed to each registered Shareholder at least eight (8) days prior to the meeting and will be published

to the extent required by Luxembourg law in the *Mémorial* and in any Luxembourg and other newspaper(s) that the Company may determine.

- 24.9 Such notices shall contain the agenda, the date and place of the meeting, the conditions of admission to the meeting and they shall refer to the applicable quorum and majority requirements. The meetings of Shareholders of Shares of a particular Sub-Fund may decide on matters which are relevant only for the Sub-Fund concerned.

#### **Documents available to Shareholders**

- 24.10 The following documents shall also be available for inspection by Shareholders during normal business hours on any Business Day at the registered office of the Company:

- 24.10.1 the Articles;
- 24.10.2 the Management Company Agreement;
- 24.10.3 the Depositary and Administration Agreement;
- 24.10.4 any agreement with a Distributor;
- 24.10.5 any agreement with an investment manager (if any);
- 24.10.6 the most recent annual and semi-annual financial statements of the Company; and
- 24.10.7 details of the remuneration policy.

- 24.11 The above documents and agreements may be amended from time to time by all the parties involved.

- 24.12 A copy of the Prospectus, the most recent financial statements, the Articles and the details of the remuneration policy may be obtained free of charge upon request at the registered office of the Company.

- 24.13 Key investor information documents are made available to investors under [www.ecp.lu](http://www.ecp.lu). The details of the remuneration policy are also made available to investors under [https://europeancapitalpartners.lu/wp-content/uploads/2022/04/ECP-Renumeration\\_Policy-202111.pdf](https://europeancapitalpartners.lu/wp-content/uploads/2022/04/ECP-Renumeration_Policy-202111.pdf)

- 24.14 The up-to-date information regarding the list of third-party delegates is made available to investors under <http://www.banquedeluxembourg.com/fr/bank/corporate/informations-legales>.

#### **Changes of address of a Shareholder**

- 24.15 Shareholders must notify the Administrator in writing, at the address indicated above, of any changes or other account information.

### **25. LIQUIDATION, MERGER OF SUB-FUNDS AND CLASSES**

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

- 25.1 The duration of the Company is not limited by the Articles. The Company may be wound up by decision of an extraordinary general meeting of Shareholders. If the total net assets of the Company falls below two-thirds of the minimum capital prescribed by law (i.e. EUR 1,250,000), the Board must submit the question of the Company's dissolution to a general meeting of Shareholders for which no quorum is prescribed and which shall pass resolutions by simple majority of the Shares represented at the meeting.

- 25.2 If the total net assets of the Company fall below one-fourth of the minimum capital prescribed by law, the Board must submit the question of the Company's dissolution to a general meeting of Shareholders for which no quorum is prescribed. A resolution dissolving the Company may be passed by Shareholders holding one-fourth of the Shares represented at the meeting.
- 25.3 The meeting must be convened so that it is held within a period of forty days from the date of ascertainment that the net assets have fallen below two-thirds or one-fourth of the legal minimum, as the case may be.
- 25.4 If the Company is dissolved, the liquidation shall be carried out by one or several liquidators appointed in accordance with the provisions of the 2010 Act. The decision to dissolve the Company will be published in the *Mémorial* and two newspapers with adequate circulation, one of which must be a Luxembourg newspaper. The liquidator(s) will realize each Sub-Fund's assets in the best interests of the Shareholders and apportion the proceeds of the liquidation, after deduction of liquidation costs, amongst the Shareholders of the relevant Sub-Fund according to their respective prorata. Any amounts unclaimed by the Shareholders at the closing of the liquidation of the Company will be deposited with the *Caisse de Consignation* in Luxembourg for a duration of thirty (30) years. If amounts deposited remain unclaimed beyond the prescribed time limit, they shall be forfeited.
- 25.5 As soon as the decision to wind up the Company is made, the issue, redemption or conversion of Shares in all Sub-Funds will be prohibited and shall be deemed void.

#### **Merger or liquidation of Sub-Funds or Classes**

- 25.6 If, for any reason, the net assets of a Sub-Fund or of any Class fall below the equivalent of EUR 5,000,000, or if a change in the economic or political environment of the relevant Sub-Fund or Class may have material adverse consequences on the Sub-Fund's investments, or if an economic rationalization so requires, the Board may decide on a compulsory redemption of all Shares outstanding in such Sub-Fund or Class on the basis of the Net Asset Value per Share (after taking account of current realization prices of the investments as well as realization expenses), calculated as of the day the decision becomes effective. The Company will serve a notice to the holders of the relevant Shares prior to the effective date for the compulsory redemption, which will indicate the reasons of and the procedure for the redemption operations. Registered Shareholders will be notified in writing. Unless the Board decides otherwise in the interests of, or in order to keep equal treatment between the Shareholders, the Shareholders of the Sub-Fund or Class concerned may continue to request redemption or conversion of their Shares free of redemption or conversion charge. However, the liquidation costs will be taken into account in the redemption and conversion price. Liquidation proceeds which could not be distributed to the Shareholders upon the conclusion of the liquidation of a Sub-Fund or Class will be deposited with the *Caisse de Consignation* in Luxembourg on behalf of such beneficiaries.
- 25.7 Notwithstanding the powers granted to the Board as described in the previous paragraph, a general meeting of Shareholders of a Sub-Fund or Class may, upon proposal of the Board, decide to repurchase all the Shares in such Sub-Fund or Class and to reimburse the Shareholders on the basis of the Net Asset Value of their Shares (taking account of current realization prices of the investments as well as realization expenses) calculated as of the Valuation Day on which such decision shall become effective. No quorum shall be required at this general meeting and resolutions shall be passed by a simple majority of the Shareholders present or represented, provided that the decision does not result in the liquidation of the Company.
- 25.8 Liquidation proceeds which could not be distributed to the Shareholders upon the conclusion of the liquidation of a Sub-Fund or Class will be deposited with the *Caisse de Consignation* in Luxembourg on behalf of such beneficiaries.

- 25.9 All the Shares redeemed will be cancelled.
- 25.10 Under the same circumstances as provided in the first paragraph of this Section 25.6, the Board may decide to merge or consolidate the Company or one or more Sub-Funds or one or more Classes with, or transfer substantially all or part of the Company's or any Sub-Fund's or any Class' assets to, or acquire substantially all the assets of, another Luxembourg UCITS or another Sub-Fund or another Class (within the Company or another Luxembourg UCITS) with compatible investment objectives and policies in accordance with Luxembourg law and the Articles. In addition, such merger or contribution may be decided upon by the Board if it believes it to be required in the interests of the Shareholders of any of the Sub-Funds or Class concerned.
- 25.11 Shareholders will receive shares of the surviving Luxembourg UCITS or Sub-Fund except in those situations when the Company or Sub-Fund or Class is the surviving entity. Any new share received in such transaction will have the same value as any Shares relinquished in the transaction.
- 25.12 Such decision will be published in the same manner as described above and, in addition, the publication will contain information in relation to the new Sub-Fund or the other Luxembourg UCITS. Such publication will be made not less than one month before the date on which the merger or contribution becomes effective in order to enable Shareholders to request redemption of their Shares, free of redemption charge, before the contribution becomes effective.
- 25.13 Notwithstanding the powers granted to the Board in the above paragraph, a contribution of the assets and liabilities of a Sub-Fund or to another Sub-Fund or Class of the Company may be decided by the general meeting of Shareholders of the contributing Sub-Fund or Class. No quorum shall be required and a decision on such contribution shall be taken by a resolution passed by the majority of the Shareholders present or represented, provided that this contribution does not result in the liquidation of the Company.
- 25.14 A contribution of the assets and liabilities attributable to a Sub-Fund or Class to another UCITS or to another class of such UCITS may be decided by a general meeting of Shareholders of the contributing Sub-Fund or Class. No quorum shall be required and a decision on such contribution shall be made by a resolution passed by a simple majority of the Shares represented.
- 25.15 Where contribution is to be made to a mutual investment fund (*fonds commun de placement*) or a foreign-based UCITS, such resolution shall be binding only on Shareholders who have approved the proposed contribution. The Board may also, under the same circumstances as provided above, decide to merge one Sub-Fund by a contribution into a foreign UCI. In such case, approval of the relevant Shareholders should be sought or the merger be made upon the condition that only the assets of the consenting Shareholders be contributed to the foreign UCI.
- 25.16 For the interest of the Shareholders of the relevant Sub-Fund or in the event that a change in the economic or political situation relating to a Sub-Fund so justifies, the Board may proceed to the reorganization of such Sub-Fund by means of a division into two or more Sub-Funds. Such decision will be published in the same manner as described above. Information concerning the new Sub-Fund(s) will be provided to the relevant Shareholders. Such publication will be made one month prior to the effectiveness of the reorganization in order to permit Shareholders to request redemption of their Shares free of charge during such one month prior period.

## 26. RISK FACTORS

### Introduction

- 26.1 Before making an investment decision with respect to Shares of any Class in any Sub-Fund, prospective investors should carefully consider all of the information set out in this Prospectus

and the relevant Special Section, as well as their own personal circumstances. Prospective investors should have particular regard to, among other matters, the considerations set out in this section and under the Sections “Specific Risk Factors” and “Profile of the typical investor” in the relevant Special Section. The risk factors referred to therein, and in this document, alone or collectively, may reduce the return on the Shares of any Sub-Fund and could result in the loss of all or a proportion of a Shareholder's investment in the Shares of any Sub-Fund. The price of the Shares of any Sub-Fund can go down as well as up and their value is not guaranteed. Shareholders may not receive, at redemption or liquidation, the amount that they originally invested in any Class or any amount at all.

- 26.2 The risks may include or relate to equity markets, bond markets, foreign exchange rates, interest rates, credit risk, the use of FDIs, counterparty risk, market volatility and political risks. The risk factors set out in this Prospectus, the relevant key investor information document and the relevant Special Section are not exhaustive. There may be other risks that a prospective investor should consider that are relevant to his own particular circumstances or generally.
- 26.3 An investment in the Shares of any Sub-Fund is only suitable for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.
- 26.4 Before making any investment decision with respect to the Shares, prospective investors should consult their own stockbroker, bank manager, lawyer, solicitor, accountant and/or financial adviser and carefully review and consider such an investment decision in the light of the foregoing and the prospective investor's personal circumstances.
- 26.5 The Company is intended to be a medium to long-term investment vehicle (depending on the investment policy of the relevant Sub-Funds). Shares may however be redeemed on each Valuation Day. Substantial redemptions of Shares by Shareholders within a limited period of time could cause the Company to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of both the Shares being redeemed and the outstanding Shares. In addition, regardless of the period of time in which redemptions occur, the resulting reduction in the Net Asset Value per Share could make it more difficult for the Company to generate trading profits or recover losses.

#### **Nominee arrangements**

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

#### **Investments in Transferable Securities**

- 26.7 Investments in fixed income securities such as corporate bonds may involve credit risk including default risk and credit spread risk. Furthermore a relevant Sub-Fund may be exposed to the integrity of the issuer's management, its commitment to repay the loan, its qualification, its operating record, its emphasis in strategic direction, financial philosophy, operational management and control systems as well as to its capacity and ability to generate cash flow to repay its debt obligations. A Sub-Fund may invest in debt instruments which are issued without any guarantee, letter of credit, debt insurance or collateral including junior debt.

- 26.8 Investments in stock-listed equities embed equity risk including failures of the issuer and substantial declines in value at any stage. Investments in listed equities made by a Sub-Fund depend for a large part of their performance on the evolution of the stock markets. Sales of equity may sometimes only be achievable at a significant discount to quoted market prices, if at all. Equity holders in general rank below debt holders and so are exposed to higher risks.
- 26.9 A Sub-Fund may invest in Transferable Securities issued in emerging markets and/or issued by issuers located, active or strongly exposed to emerging markets. Certain risks are more prevalent in emerging markets than in other markets, such as high inflation, macroeconomic volatility, capital restrictions and controls and political risks.
- 26.10 A Sub-Fund may invest in Transferable Securities issued by small or medium size companies. There are certain risks associated with investing in small or medium capitalized stocks and the securities of small companies. The market prices of these securities may be more volatile than those of larger companies. Because small companies normally have fewer shares outstanding than larger companies it may be more difficult to buy and sell significant amounts of shares without affecting market prices. There is typically less publicly available information about these companies than for larger companies. The lower capitalization of these companies and the fact that small companies may have smaller product lines and command a smaller market share than larger companies may make them more vulnerable to fluctuation in the economic cycle.

### **Sovereign Risk**

- 26.11 Debt Securities issued or guaranteed by governments or their agencies (**Sovereign Debt Securities**) may be subject to default. There is a risk that even governments or their agencies may default or not completely fulfil their obligations. In addition, there is no bankruptcy proceeding for Sovereign Debt Securities on which money to pay the obligations of Sovereign Debt Securities may be collected in whole or in part. As a consequence of this holders of Sovereign Debt Securities may be requested to participate in the rescheduling of Sovereign Debt Securities and to extend further loans to the issuers of Sovereign Debt Securities. A Sub-Fund may invest a significant part of its assets, even up to 100 % of the Sub-Fund net assets into Sovereign Debt Securities issued or guaranteed from the same government or from agencies of the same government.
- 26.12 Sovereign Debt Securities are further subject to market and interest rate risk and may be subject to varying degrees of credit risk. Government securities may include zero coupon securities, which tend to be subject to greater market risk than interest-paying securities of similar maturities.

### **Use of FDIs**

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

#### *Market risk*

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

#### *Control and monitoring*

- 26.15 FDI products are highly specialized instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities. The use of derivative techniques requires an understanding not only of the underlying assets of the FDI but



also of the FDI itself, without the benefit of observing the performance of the FDI under all possible market conditions. In particular, the use and complexity of FDIs require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that an FDI adds to a Sub-Fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

*Liquidity risk*

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

*Counterparty risk*

- 26.17 A Sub-Fund may enter into transactions in OTC markets, which will expose the Sub-Funds to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, a Sub-Fund may enter into swap arrangements or other derivative techniques as specified in the relevant Special Section, each of which exposes the Sub-Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, a Sub-Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realize any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. However, this risk is limited in view of the investment restrictions laid down in under Section 4 of the General Section.

*Different maturity*

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

*Other risks*

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

*Particular risks in relation to interest rate, currency, total return swaps, credit default swaps and interest rate swaptions*

- 26.21 A Sub-Fund may, as a part of its investment policy, enter into interest rate, currency, total return swaps, credit default swaps and interest rate swaptions contracts. Interest rate swaps involve the exchange by a Sub-Fund with another party of their respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. Currency swaps may involve the exchange of rights to make or receive payments in specified currencies. Total return swaps involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments.
- 26.22 Where a Sub-Fund enters into interest rate or total return swaps on a net basis, the two payment streams are netted out, with each Sub-Fund receiving or paying, as the case may be, only the net amount of the two payments. Interest rate or total return swaps entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to interest rate swaps is limited to the net amount of interest payments that the Sub-Fund is contractually obligated to make (or in the case of total return swaps, the net amount of the difference between the total rate of return of a reference investment, index or basket of investments and the fixed or floating payments). If the other party to an interest rate or total return swap defaults, in normal circumstances the Sub-Fund's risk of loss consists of the net amount of interest or total return payments that the Sub-Fund is contractually entitled to receive. In contrast, currency swaps usually involve the delivery of the entire principal value of one designated currency in exchange for the other designated currency. Therefore, the entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations.
- 26.23 A Sub-Fund may use credit default swaps. A credit default swap is a bilateral financial contract in which one counterparty (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer. The protection buyer must either sell particular obligations issued by the reference issuer for its par value (or some other designated reference or strike price) when a credit event (such as bankruptcy or insolvency) occurs or receive a cash settlement based on the difference between the market price and such reference price.
- 26.24 A Sub-Fund may use credit default swaps in order to hedge the specific credit risk of some of the issuers in its portfolio by buying protection. In addition, a Sub-Fund may buy protection under credit default swaps without holding the underlying assets provided that the aggregate premiums paid together with the present value of the aggregate premiums still payable in connection with credit default swaps purchased may not, at any time, exceed the net assets of the relevant Sub-Fund.
- 26.25 A Sub-Fund may also sell protection under credit default swaps in order to acquire a specific credit exposure. In addition, the aggregate commitments in connection with such credit default swaps may not, at any time, exceed the value of the net assets of the relevant Sub-Fund.
- 26.26 A Sub-Fund may also purchase a receiver or payer interest rate swaption contract. These give the purchaser the right, but not the obligation to enter into an interest rate swap at a pre-set interest rate within a specified period of time. The interest rate swaption buyer pays a premium to the seller for this right. A receiver interest rate swaption gives the purchaser the right to receive fixed payments in return for paying a floating rate of interest. A payer interest rate swaption would give the purchaser the right to pay a fixed rate of interest in return for receiving a floating rate payment stream.
- 26.27 The use of interest rate, currency, total return swaps, credit default swaps and interest rate swaptions is a highly specialized activity which involves investment techniques and risks

different from those associated with ordinary portfolio securities transactions. If the Company, the Management Company or an investment manager are incorrect in its forecasts of market values, interest rates and currency exchange rates, the investment performance of the Sub-Fund would be less favorable than it would have been if these investment techniques were not used.

### **Investment in ETFs**

- 26.28 To the extent a Sub-Fund invests a portion of its assets in ETFs and other types of pooled investment funds, those assets will be subject to the risks of the purchased investment funds' portfolio securities, and a Shareholder in the Sub-Fund will bear not only his or her proportionate share of the Sub-Fund's expenses, but also indirectly the expenses of the purchased investment funds. Shareholders would therefore be subject to duplicative expenses to the extent a Sub-Fund invests in other investment funds. In addition, ETFs that are not actively managed (e.g., their investment policy is to invest in an index of securities that seldom changes) may not perform as well as actively managed investment funds because they are more limited in their ability to take active investment measures to seek to avoid losses or achieve gains in response to market events.

### **Use of structured finance securities**

- 26.29 Structured finance securities include, without limitation, securitized credit and portfolio credit-linked notes.
- 26.30 Securitized credit is securities primarily serviced, or secured, by the cash flows of a pool of receivables (whether present or future) or other underlying assets, either fixed or revolving. Such underlying assets may include, without limitation, residential and commercial mortgages, leases, credit card receivables as well as consumer and corporate debt. Securitized credit can be structured in different ways, including "true sale" structures, where the underlying assets are transferred to a special purpose entity, which in turn issues the asset-backed securities, and "synthetic" structures, in which not the assets, but only the credit risks associated with them are transferred through the use of FDIs, to a special purpose entity, which issues the securitized credit.
- 26.31 Portfolio credit-linked notes are securities in respect of which the payment of principal and interest is linked directly or indirectly to one or more managed or unmanaged portfolios of reference entities and/or assets ("reference credits"). Upon the occurrence of a credit-related trigger event ("credit event") with respect to a reference credit (such as a bankruptcy or a payment default), a loss amount will be calculated (equal to, for example, the difference between the par value of an asset and its recovery value).
- 26.32 Securitized credit and portfolio credit-linked notes are usually issued in different tranches: Any losses realized in relation to the underlying assets or, as the case may be, calculated in relation to the reference credits are allocated first to the securities of the most junior tranche, until the principal of such securities is reduced to zero, then to the principal of the next lowest tranche, and so forth.
- 26.33 Accordingly, in the event that (a) in relation to securitized credit, the underlying assets do not perform and/or (b) in relation to portfolio credit-linked notes, any one of the specified credit events occurs with respect to one or more of the underlying assets or reference credits, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the Net Asset Value per Share. In addition the value of structured finance securities from time to time, and consequently the Net Asset Value per Share, may be adversely affected by macro-economic factors such as adverse changes affecting the sector to which the underlying assets or reference credits belong (including industry sectors, services and real estate), economic downturns in the respective countries or globally, as well as circumstances related to the nature of the individual assets (for example,

project finance loans are subject to risks connected to the respective project). The implications of such negative effects thus depend heavily on the geographic, sector-specific and type-related concentration of the underlying assets or reference credits. The degree to which any particular asset-backed security or portfolio credit-linked note is affected by such events will depend on the tranche to which such security relates; junior tranches, even having received investment grade rating, can therefore be subject to substantial risks.

- 26.34 Exposure to structured finance securities may entail a higher liquidity risk than exposure to sovereign bonds which may affect their realization value.

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

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

#### **Tax risks**

- 26.36 Shareholders should be aware that they may be required to pay income tax, withholding tax, capital gains tax, wealth tax, stamp taxes or any other kind of tax on distributions or deemed distributions of a Sub-Fund, capital gains within a Sub-Fund, whether or not realized, income received or accrued or deemed received within a Sub-Fund etc., and this will be according to the laws and practices of the country where the Shares are purchased, sold, held or redeemed and in the country of residence or nationality of the Shareholder.
- 26.37 Shareholders should be aware of the fact that they might have to pay taxes on income or deemed income received by or accrued within a Sub-Fund. Taxes might be calculated based on income received and/or deemed to be received and/or accrued in a Sub-Fund in relation to their direct investments, whereas the performance of a Sub-Fund, and subsequently the return Shareholders receive after redemption of the Shares, might partially or fully depend on the performance of underlying assets. This can have the effect that the investor has to pay taxes for income or/and a performance which he does not, or does not fully, receive.
- 26.38 Shareholders who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, Shareholders should be aware that tax regulations and their application or interpretation by the relevant taxation authorities' change from time to time. Accordingly, it is not possible to predict the precise tax treatment, which will apply at any given time.

#### **Change of law**

- 26.39 The Company must comply with regulatory constraints, such as a change in the laws affecting the investment restrictions and limits applicable to UCITS, which might require a change in the investment policy and objectives followed by a Sub-Fund.

#### **Political factors**

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

### **Fees in underlying undertakings for collective investment**

- 26.41 A Sub-Fund may, subject to the conditions set out in Section 5.9 of the General Section, invest in other UCITS and Other UCIs which may be operated and/or managed by the Management Company or a related party. As an investor in such other undertakings for collective investment, in addition to the fees, costs and expenses payable by a Shareholder in the Sub-Funds, each Shareholder will also indirectly bear a portion of the fees, costs and expenses of the underlying undertakings for collective investment, including management, investment management and, administration and other expenses.

### **Transaction costs**

- 26.42 Where a Sub-Fund does not adjust its subscription and redemption prices by an amount representing the duties and charges associated with buying or selling underlying assets this will affect the performance of that Sub-Fund.

### **Sustainability Risks**

- 26.43 Many economic segments and industries where a relevant Sub-Fund may invest or be otherwise exposed to may be subject to Sustainability Risks. Factors driving sustainability risks include changes in law, regulations, industry standards, consumer preference and influence from media, social groups, and non-governmental organisations.
- 26.44 The occurrence of Sustainability Risks may have a material impact on the operations, the financial and the business model of an issuer of securities which have been directly or indirectly acquired by one of the Sub-Funds. The value and/or the income of such a security may decrease which will ultimately have an adverse impact on the performance of the Sub-Funds.

### **Risks related to epidemic/pandemic or natural disasters**

- 26.45 Any occurrence of force majeure events, natural disasters, or outbreak of epidemics or pandemics, such as the 2019 novel coronavirus (COVID-19), SARS, H5N1 and H7N9 avian flu, H1N1 swine flu, Ebola, depending on their scale, may cause material disruptions to business operations of the Company and its service providers, which may in turn cause delays for instance in distributions to investors.
- 26.46 These events could also have a material effect on general economic conditions and market liquidity, which may in turn adversely affect the financial performance of any of the Sub-Funds and its assets.

## **27. AMENDMENTS TO THE PROSPECTUS**

- 27.1 Subject to the approval of the CSSF, the Board may amend the provisions of this General Section and every Special Section as follows:
- 27.1.1 where the change is determined by the Board not to be material, upon decision of the Board; or
- 27.1.2 where the change is determined by the Board to be material, the Company will apply the procedure laid down in CSSF Circular 14/591 on the protection of investors in case of a material change to an open-ended undertaking for collective investment.
- 27.2 Shareholders of the affected Sub-Funds will be notified by the Company of all amendments that are adopted without their consent in accordance with Section 27.1.1 of the General Section. Shareholders of the affected Sub-Funds will be notified in advance of any proposed material

change to the General Section or the relevant Special Section(s) to ensure that they are able to make an informed judgment in respect of the expected amendments pursuant to Section 27.1.2.

- 27.3 Any amendment to the Prospectus that would result in a discrepancy between the terms and provisions of the Articles and those of this Prospectus shall be subject to the prior amendment of the Articles, in accordance with the provisions of the 1915 Act and the Articles.

## **28. DISCLOSURE UNDER SFDR AND TAXONOMY REGULATION**

### **Principal adverse impact statement under SFDR**

- 28.1 While the Management Company generally considers certain Sustainability Risks in its activity, the Management Company does currently not evaluate the adverse impacts of investment decisions made on a uniform set of sustainability factors with respect to all UCIs and AIFs managed by the Management Company including the Company given the overall difficulties in collecting the necessary information including those from Investment Manager(s) and the resources required to put in place the necessary processes.

### **Disclosure under SFDR**

- 28.2 While certain Sustainability Risks are considered in the investment decision making process by the Management Company or the Investment Manager in accordance with article 6.1 of SFDR, no sustainability-related characteristics are promoted for the relevant Sub-Fund in the meaning of article 8 of SFDR and none of the Sub-Funds has currently sustainability as its investment objective in the meaning of article 9 of SFDR unless otherwise stated for a relevant Sub-Fund in its applicable Special Section.
- 28.3 While considering certain Sustainability Risks, the Management Company and the Investment Manager are not restricted by investing in securities from issuers regardless of the potential impact from Sustainability Risks. The Management Company and the Investment Manager consider that applying binding restrictions or promoting sustainability characteristics in the investment process will reduce the investment universe and may thus exclude certain securities which may offer attractive risk adjusted return opportunities.
- 28.4 However, with respect to the Sub-Funds for which the Management Company has not delegated the portfolio management activities to the Investment Manager, the Management Company may, from time to time, consider non-binding ESG criteria in its investment process. If non-binding ESG criteria are considered in the investment process of the Management Company, additional information will be provided for the relevant Sub-Fund in the applicable Special Section.
- 28.5 Additional information about the Management Company's investment process can be found on the Management Company's website: [www.ecp.lu](http://www.ecp.lu)
- 28.6 For Strategic Selection Fund – Enhanced Equity Exposure and Strategic Selection Fund – Global Bond Fund, additional information about the Investment Manager's investment process can be found on the Investment Manager's website: [www.colombo.swiss](http://www.colombo.swiss)

### **Disclosure under Taxonomy Regulation**

- 28.7 Unless otherwise mentioned for a relevant Sub-Fund in the applicable Special Section, article 7 of the Taxonomy Regulation applies: The investments underlying this financial product do not take into account the EU criteria for environmentally sustainability economic activities.



**PART B – SPECIAL SECTIONS**



## SPECIAL SECTION I – STRATEGIC SELECTION FUND - EUROPEAN VALUE

This Special Section is valid only if accompanied by the Prospectus. This Special Section only relates to Strategic Selection Fund - European Value (the **Sub-Fund**).

### 1. INVESTMENT OBJECTIVES AND POLICY

#### **Investment objective and policy**

- 1.0 The Sub-Fund aims to preserve the Shareholder's capital and to provide an adequate rate of return on the investments. The Sub-Fund invests its assets according to the "Value Investing Concept".
- 1.1 The Sub-Fund shall invest a minimum of 75% of its Total Assets in equities and equities related securities issued by companies which are domiciled or exercise the predominant part of their economic activity in Europe. In accordance with section 2 § 6 German Investment Tax Act ("GITA"), the Sub-Fund shall continuously invest at least directly 51% of its net asset value (i.e. predominantly) in shares of corporations which are listed on a stock exchange or traded on an organized market.
- 1.2 This Sub-Fund may invest up to 25% of its Total Assets in bonds, warrants on bonds and other debt instruments denominated in various currencies and issued by domestic or foreign borrowers as well as in equities and equities related securities which do not meet the above-mentioned restriction.
- 1.3 Subject to the conditions set out in Section 5 Investment Restrictions under number 5.2.3. b this Sub-Fund may hold ancillary liquid assets up to 20% of its net assets in all currencies in which investments are effected as well as in the currency of relevant Classes.

#### **Ancillary liquid assets are defined as follows:**

- **Ancillary liquid assets should be limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41 (1) of the 2010 Law or for a period of time strictly necessary in case of unfavourable market conditions.**
- **Margin accounts do neither qualify as bank deposits under Article 41 (1) f) of the 2010 Law nor as ancillary liquid assets under Article 41 (2) b) of the 2010 Law.**

- 1.4 This Sub-Fund is actively managed on a discretionary basis without using a reference benchmark.

#### **Investment restrictions**

- 1.5 The Sub-Fund is subject to the investment restrictions laid down under Section 5 of the General Section.
- 1.6 Additionally, the Sub-Fund will comply with the following investment restrictions:
- 1.6.1 it will not open positions in OTC Derivatives except for the purpose of foreign exchange risk hedging at share class level (for so called currency hedging share classes);
- 1.6.2 it will not open positions in FDIs to gain an exposure to an issuer which is not based in an OECD Member State;

1.6.3 it will not invest more than 10% of its net assets in Other UCI or UCITS; and

1.6.4 it will not borrow cash for investment purposes.

### **Global Exposure**

1.7 The Sub-Fund will use the commitment approach to monitor its global exposure.

## **2. SFDR – TAXONOMY REGULATION**

2.1 The Management Company classified the Sub-Fund under article 6.1 of SFDR. Investors are invited to refer to Section **Error! Reference source not found.** of the General Section for further information on the integration of Sustainability Risks in the portfolio management of the Sub-Fund.

2.2 Article 7 of Taxonomy Regulation applies to this Sub-Fund: The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

## **3. MANAGEMENT OF THE SUB-FUND**

The Sub-Fund is managed by the Management Company.

## **4. TERM OF THE SUB-FUND**

The Sub-Fund has been created for an unlimited period of time.

## **5. INVESTOR PROFILE**

5.1 The Sub-Fund is suitable for investors who are prepared to take higher risks associated with investments in the stock markets in order to maximize the return. Thus, investors should have experience with volatile products and be able to accept significant temporary losses. A long-term investment horizon, at least five (5) years, is required to ride out potentially adverse market trends. Investors should further be aware that because of the investment strategy applied by this Sub-Fund, significant differences between the development of the Sub-Fund and that of the market may occur and may be prevalent for an extended period of time.

5.2 However, there is no guarantee investors will get back any of their original investment.

## **6. REFERENCE CURRENCY**

The Reference Currency of the Sub-Fund is EUR.

## **7. DEALING OF SHARES**

### **Valuation Day**

7.1 The Net Asset Value per Share will be determined as at (i) every Business Day of each week and (ii) any other day as the Board may determine on a case-by-case basis or generally from time to time. The Net Asset Value per Share will effectively be calculated on the Business Day following the relevant Valuation Day.

### **Subscription**

7.2 Subscriptions to the Sub-Fund's Shares must be made using the documents available from the registered offices of the Company or the relevant Distributor or sub-distributor, if any.

7.3 Subscriptions for Shares are accepted as of each Valuation Day before the applicable cut-off time.

7.4 Payments for subscriptions must be received in the relevant currency within three (3) Business Days after the relevant Valuation Day.

### **Redemption**

7.5 Shares in the Sub-Fund may be redeemed as of each Valuation Day before the applicable cut-off time. Redemption requests must be sent in writing to the Administrator, or the relevant Distributor or sub-distributor, if any.

7.6 Redemptions will in principle be paid by the Depositary in the relevant currency within three (3) Business Days following the relevant Valuation Day.

### **Conversion**

7.7 Shares in the Sub-Fund may be converted as of each Valuation Day before the applicable cut-off time, subject to the limitations of each Class set out under Section 10 of the General Section.

## **8. SWING PRICING**

As of the date of this Prospectus, no swing pricing is applied for the Sub-Fund.

## **9. FEES**

<b>Class Type</b>	<b>A</b>	<b>I<sup>4</sup></b>	<b>C</b>	<b>Z</b>
<b>Management Fee (max. per annum of NAV per Class)</b>	1.5%	0.8%	0.9%	None
<b>Performance Fee (max. % per annum of NAV per Class)</b>	None			
<b>Subscription Fee (max. of subscription amount)</b>	Up to 2%			
<b>Redemption/conversion fee</b>	None			

## **10. MANAGEMENT FEE**

10.1 The Management Company will receive a Management Fee in accordance with Section 9. The Management Company may waive these fees in part or in whole at its sole discretion.

10.2 The Management Fee is payable monthly in arrears.

10.3 Further information on the remuneration of the Management Company is available at the registered office of the Management Company.

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<sup>4</sup> Share Class I-EUR-MH, which is closed for subscriptions since 31 July 2018, has a Management Fee of 0.9% of the NAV per annum and a Subscription Fee of up to 5% of the subscription amount.

**11. PAST PERFORMANCE**

Please refer to the relevant key investor information document of the Sub-Fund for information on the Sub-Fund's past performance.

**12. SPECIFIC RISK WARNINGS**

12.1 Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to Section 26 of the General Section.

12.2 The following is not exhaustive list of possible risks the Sub-Fund may be exposed to:

12.2.1 specific changes occurring at the issuer of equities;

12.2.2 changes in interest rates;

12.2.3 changes in foreign exchange rates;

12.2.4 changes affecting economic factors such as employment, public expenditure, indebtedness and/or inflation; and/or

12.2.5 change in investor confidence in investment type (e.g., equities versus bonds or cash), markets, countries, industries and/or sectors.

## SPECIAL SECTION II – STRATEGIC SELECTION FUND - GLOBAL EQUITY

This Special Section is valid only if accompanied by the Prospectus. This Special Section only relates to Strategic Selection Fund - Global Equity (the **Sub-Fund**).

### 1. INVESTMENT OBJECTIVES AND POLICY

#### **Investment objective and policy**

- 1.1 The Sub-Fund seeks to achieve long-term capital appreciation by enabling Shareholders to take advantage of the growth of companies around the world through investments in shares of listed holding companies<sup>5</sup> backed by families or by reference shareholders.
- 1.2 The Sub-Fund shall invest a minimum of 75% of its Total Assets in equities and equities related securities issued by holding companies globally.
- 1.3 This Sub-Fund may invest up to 25% of its Total Assets in bonds, warrants on bonds and other debt instruments denominated in various currencies and issued by domestic or foreign borrowers.
- 1.4 Subject to the conditions set out in Section 5 Investment Restrictions under number 5.2.3. b this Sub-Fund may hold ancillary liquid assets up to 20% of its net assets in all currencies in which investments are effected as well as in the currency of relevant Classes.

#### **Ancillary liquid assets are defined as follows:**

- **Ancillary liquid assets should be limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41 (1) of the 2010 Law or for a period of time strictly necessary in case of unfavourable market conditions.**
- **Margin accounts do neither qualify as bank deposits under Article 41 (1) f) of the 2010 Law nor as ancillary liquid assets under Article 41 (2) b) of the 2010 Law.**

- 1.5 This Sub-Fund may use all types of FDI (including, but not limited to, futures, options and forward contracts), traded on a regulated market and/or over the counter (OTC) for hedging and investment purposes.
- 1.6 This Sub-Fund is actively managed on a discretionary basis without using a reference benchmark.

#### **Investment restrictions**

- 1.7 The Sub-Fund is subject to the investment restrictions laid down under Section 5 of the General Section.

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<sup>5</sup> Until the 18<sup>th</sup> of Sept 2023 footer 5 reads as follows: A holding company is a company whose main activity is the acquisition of direct or indirect holdings in listed or unlisted companies and the professional supervision of their management.

As from the 19<sup>th</sup> of Sept 2023 footer 5 reads as follows: **A holding is a company investing directly and/or indirectly in listed and/or unlisted companies, focusing on long-term value creation.**

1.8 Additionally, the Sub-Fund will comply with the following investment restrictions:

Until 18<sup>th</sup> of September 2023

- 1.8.1 it will not open positions in OTC Derivatives except for the purpose of foreign exchange risk hedging at share class level (for so called currency hedging share classes);
- 1.8.2 it will not open positions in FDIIs to gain an exposure to an issuer which is not based in an OECD Member State;
- 1.8.3 it will not invest more than 10% of its net assets in Other UCI or UCITS; and
- 1.8.4 it will not borrow cash for investment purposes.

As from 19<sup>th</sup> of September 2023

- 1.8.1 I it will not open positions in FDIIs to gain an exposure to an issuer which is not based in an OECD Member State
- 1.8.2. t it will not invest more than 10% of its net assets in Other UCI or UCITS; and
- 1.8.3 it will not borrow cash for investment purposes

### **Global Exposure**

1.9 The Sub-Fund will use the commitment approach to monitor its global exposure.

## **2. SFDR – TAXONOMY REGULATION**

2.1 The Management Company classified the Sub-Fund under article 6.1 of SFDR. Investors are invited to refer to Section **Error! Reference source not found.** of the General Section for further information on the integration of Sustainability Risks in the portfolio management of the Sub-Fund.

2.2 Article 7 of Taxonomy Regulation applies to this Sub-Fund: The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

## **3. MANAGEMENT OF THE SUB-FUND**

The Sub-Fund is managed by the Management Company.

## **4. TERM OF THE SUB-FUND**

The Sub-Fund has been created for an unlimited period of time.

## **5. INVESTOR PROFILE**

5.1 The Sub-Fund is suitable for investors who are prepared to take higher risks associated with investments in the stock markets in order to maximize the return. Thus, investors should have experience with volatile products and be able to accept significant temporary losses. A long-term investment horizon, at least five (5) years, is required to ride out potentially adverse market trends. Investors should further be aware that because of the investment strategy applied by this

Sub-Fund, significant differences between the development of the Sub-Fund and that of the market may occur and may be prevalent for an extended period of time.

5.2 However, there is no guarantee investors will get back any of their original investment.

## 6. REFERENCE CURRENCY

The Reference Currency of the Sub-Fund is EUR.

## 7. DEALING OF SHARES

### Valuation Day

7.1 The Net Asset Value per Share will be determined as at (i) each Friday of each week and (ii) any other day as the Board may determine on a case-by-case basis or generally from time to time. The Net Asset Value per Share will effectively be calculated on the Business Day following the relevant Valuation Day.

### Subscription

7.2 Subscriptions to the Sub-Fund's Shares must be made using the documents available from the registered offices of the Company or the relevant Distributor or sub-distributor, if any.

7.3 Subscriptions requests are accepted as of each Valuation Day if they are received before 2.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day.

7.4 Payments for subscriptions must be received in the relevant currency within three (3) Business Days after the relevant Valuation Day.

7.5 Class I is subject to a Minimum Initial Subscription Amount of EUR 250,000 or the relevant conversion.

### Redemption

7.6 Redemptions requests are accepted as of each Valuation Day if they are received before 2.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day. Redemption requests must be sent in writing to the Administrator, or the relevant Distributor or sub-distributor, if any.

7.7 Redemptions will in principle be paid by the Depositary in the relevant currency within three (3) Business Days following the relevant Valuation Day.

### Conversion

7.8 Shares in the Sub-Fund may be converted as of each Valuation Day if they are received before 2.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day, subject to the limitations of each Class set out under Section 10 of the General Section.

## 8. SWING PRICING

As of the date of this Prospectus, no swing pricing is applied for the Sub-Fund.

## 9. FEES

Class Type	A	I	C	Z
Management Fee (max. per annum of NAV per Class)	1.2%	0.3%	0.6%	None

<b>Class Type</b>	<b>A</b>	<b>I</b>	<b>C</b>	<b>Z</b>
<b>Performance Fee (max. % per annum of NAV per Class)</b>	None			
<b>Subscription Fee (max. of subscription amount)</b>	Up to 2%			
<b>Redemption/conversion fee</b>	None			

## **10. MANAGEMENT FEE**

- 10.1 The Management Company will receive a Management Fee in accordance with Section 9. The Management Company may waive these fees in part or in whole at its sole discretion.
- 10.2 The Management Fee is payable monthly in arrears.
- 10.3 Further information on the remuneration of the Management Company is available at the registered office of the Management Company.

## **11. PAST PERFORMANCE**

Please refer to the relevant key investor information document of the Sub-Fund for information on the Sub-Fund's past performance.

## **12. SPECIFIC RISK WARNINGS**

- 12.1 Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to Section 26 of the General Section.
- 12.2 The following is not exhaustive list of possible risks the Sub-Fund may be exposed to:
- 12.2.1 specific changes occurring at the issuer of equities;
  - 12.2.2 changes in interest rates;
  - 12.2.3 changes in foreign exchange rates;
  - 12.2.4 changes affecting economic factors such as employment, public expenditure, indebtedness and/or inflation; and/or
  - 12.2.5 change in investor confidence in investment type (e.g., equities versus bonds or cash), markets, countries, industries and/or sectors.



**SPECIAL SECTION III –DENOMINATION OF THE SUB FUND UNTIL 18<sup>TH</sup> OF SEPTEMBER 2023  
STRATEGIC SELECTION FUND - GLOBAL BOND EURO FUND**

**DENOMINATION OF THE SUB-FUND AS FROM THE 19TH OF SEPTEMBER 2023  
STRATEGIC SELECTION FUND - GLOBAL BOND FUND**

This Special Section is valid only if accompanied by the Prospectus. This Special Section only relates to Strategic Selection Fund - Global Bond Euro Fund /denominated as from the 19<sup>th</sup> of September 2023 Strategic Selection Fund - Global Bond Fund (the **Sub-Fund**).

**INVESTMENT OBJECTIVES AND POLICY OF STRATEGIC SELECTION FUND - GLOBAL  
BOND EURO FUND UNTIL 18<sup>TH</sup> SEPTEMBER 2023**

**Investment objective and policy**

1.1 The Sub-Fund aims to invest its assets mainly in a diversified portfolio of bonds (including high-yield bonds) denominated in Euro and other debt instruments issued by countries or companies. The Sub-Fund will seek opportunities, depending on market conditions, by investing extensively into sub-investment grade bonds. The Sub-Fund may, but is not required to, hedge foreign currency exposure. There are no geographic or sectoral restrictions.

1.2 This Sub-Fund is actively managed on a discretionary basis without using a reference benchmark.

1.3 The Sub-Fund may invest up to 20% of its assets in convertible bonds, which includes contingent convertible bonds (**CoCos**) or related instruments. This strategy can enable the Sub-Fund to take advantage of attractive opportunities in securities similar to conventional corporate bonds, with the benefit of an option on the underlying equity.

1.4 The Sub-Fund may use on a regular basis FDI for hedging and investment purposes, to hedge currency, market and interest rate risks as well as to meet its investment objective.

1.5 Subject to the conditions set out in Section 5 Investment Restrictions under number 5.2.3. b this The Sub-Fund may hold

Ancillary liquid assets are defined as follows:

- **Ancillary liquid assets should be limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41 (1) of the 2010 Law or for a period of time strictly necessary in case of unfavourable market conditions.**
- **Margin accounts do neither qualify as bank deposits under Article 41 (1) f) of the 2010 Law nor as ancillary liquid assets under Article 41 (2) b) of the 2010 Law.**

## INVESTMENT OBJECTIVES AND POLICY OF STRATEGIC SELECTION FUND - GLOBAL BOND FUND AS FROM 19<sup>TH</sup> SEPTEMBER 2023

### 1. **Investment objective and policy**

Mainly, the portfolio consists of a diversified portfolio of bonds denominated in any currency and other debt instruments issued by countries or companies. The Sub-Fund aims to invest its assets mainly in a diversified portfolio of bonds (including high-yield bonds) and other debt instruments issued by countries or companies such as convertible bonds, perpetual bonds, step-up notes, performance linked bonds contingent convertible bonds, Money Market Instruments, and time deposits. The Sub-Fund will seek opportunities, depending on market conditions, by investing extensively into sub-investment grade bonds, distressed<sup>6</sup> and unrated bonds. Investment in distressed Bonds can make up only up to 10 % of the Sub Funds' assets. The Sub-Fund may, but is not required to, hedge foreign currency exposure.

There are no geographic or sectoral restrictions.

- 1.1 This Sub-Fund is actively managed on a discretionary basis without using a reference benchmark.
- 1.2 The Sub-Fund may invest up to 20% of its assets in convertible bonds, which includes contingent convertible bonds (**CoCos**) or related instruments. This strategy can enable the Sub-Fund to take advantage of attractive opportunities in securities similar to conventional corporate bonds, with the benefit of an option on the underlying equity.
- 1.3 The Sub-Fund may use on a regular basis FDI for hedging and investment purposes, to hedge currency, market and interest rate risks as well as to meet its investment objective.
- 1.4 Subject to the conditions set out in Section 5 Investment Restrictions under number 5.2.3. b this Sub-Fund may hold ancillary liquid assets up to 20% of its net assets.

#### **Ancillary liquid assets are defined as follows:**

- **Ancillary liquid assets should be limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41 (1) of the 2010 Law or for a period of time strictly necessary in case of unfavourable market conditions.**
- **Margin accounts do neither qualify as bank deposits under Article 41 (1) f) of the 2010 Law nor as ancillary liquid assets under Article 41 (2) b) of the 2010 Law.**

#### **Investment restrictions**

- 1.5 The Sub-Fund is subject to the investment restrictions laid down under Section 5 of the General Section.
- 1.6 Additionally, the Sub-Fund will comply with the following investment restrictions:

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<sup>6</sup> *Distressed securities are financial instruments issued by a company that is near to, or currently going through, bankruptcy.*

- 1.6.1 it will invest at least 51% of its net assets in bonds (and similar debt instruments); and
- 1.6.2 it will not invest more than 10% of its net assets in Other UCI or UCITS.

### **Global Exposure**

- 1.7 The Sub-Fund will use the commitment approach to monitor its global exposure.

## **2. SFDR – TAXONOMY REGULATION**

- 2.1 The Management Company classified the Sub-Fund under article 6.1 of SFDR. Investors are invited to refer to Section **Error! Reference source not found.** of the General Section for further information on the integration of Sustainability Risks in the portfolio management of the Sub-Fund.
- 2.2 Article 7 of Taxonomy Regulation applies to this Sub-Fund: The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

## **3. MANAGEMENT OF THE SUB-FUND**

The Sub-Fund is managed by the Investment Manager.

## **4. TERM OF THE SUB-FUND**

The Sub-Fund has been created for an unlimited period of time.

## **5. INVESTOR PROFILE**

- 5.1 The Sub-Fund is suitable as a basic investment for private and institutional investors that have a long-term investment horizon and want to invest in the bond markets globally. As a result, this Sub-Fund is intended for investors who can afford, in principle, to set aside their capital as investment capital for a period of at least 3 years.
- 5.2 However, there is no guarantee investors will get back any of their original investment.

## **6. REFERENCE CURRENCY**

- 6.1 The Reference Currency of the Sub-Fund is EUR.

## **7. DEALING OF SHARES**

### **Valuation Day**

- 7.1 The Net Asset Value per Share will be determined as at (i) every Business Day of each week and (ii) any other day as the Board may determine on a case-by-case basis or generally from time to time. The Net Asset Value per Share will effectively be calculated on the Business Day following the relevant Valuation Day.

### **Subscription**

- 7.2 Subscriptions to the Sub-Fund's Shares must be made using the documents available from the registered offices of the Company or the relevant Distributor or sub-distributor, if any.
- 7.3 Subscriptions requests are accepted as of each Valuation Day if they are received before 4.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day.

- 7.4 Payments for subscriptions must be received in the relevant currency within two (2) Business Days after the relevant Valuation Day.

### **Redemption**

- 7.5 Redemptions requests are accepted as of each Valuation Day if they are received before 4.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day. Redemption requests must be sent in writing to the Administrator, or the relevant Distributor or sub-distributor, if any.
- 7.6 Redemptions will in principle be paid by the Depositary in the relevant currency within two (2) Business Days following the relevant Valuation Day.

### **Conversion**

- 7.7 Shares in the Sub-Fund may be converted as of each Valuation Day if they are received before 4.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day, subject to the limitations of each Class set out under Section 10 of the General Section.

## **8. SWING PRICING**

As of the date of this Prospectus, no swing pricing is applied for the Sub-Fund.

## **9. FEES**

### **FEES UNTIL THE 18<sup>TH</sup> OF SEPTEMBER 2023:**

<b>Class Type</b>	<b>A</b>	<b>I</b>	<b>C</b>	<b>Z</b>
<b>Management Fee (max. per annum of NAV per Class)</b>	1.0%	0.5%	0.7%	None
<b>Performance Fee (max. % per annum of NAV per Class)</b>	10%			
<b>Subscription Fee (max. of subscription amount)</b>	Up to 5%			
<b>Redemption/conversion fee</b>	None			

### **FEES AS OF THE 19<sup>TH</sup> OF SEPTEMBER 2023:**

<b>Class Type</b>	<b>A</b>	<b>I</b>	<b>C</b>	<b>Z</b>
<b>Management Fee (max. per annum of NAV per Class)</b>	1.2%	0.6%	0.7%	None
<b>Performance Fee (max. % per annum of NAV per Class)</b>	10%			
<b>Subscription Fee (max. of subscription amount)</b>	Up to 5%			
<b>Redemption/conversion fee</b>	None			

## 10. MANAGEMENT FEE AND PERFORMANCE FEE

- 10.1 The Management Company will receive a Management Fee and a Performance Fee in accordance with Section 9. The Management Company may waive these fees in part or in whole at its sole discretion.
- 10.2 The Management Fee is payable monthly in arrears.
- 10.3 Further information on the remuneration of the Management Company is available at the registered office of the Management Company.
- 10.4 The Investment Manager is paid by the Management Company out of its Management Fee and/or Performance Fee.
- 10.5 The Performance Fee will be equal to 10% of the positive difference between:
- 10.5.1 The Net Asset Value per Share of the relevant Class (after accruals of all fees except Performance Fees) as of the Performance Fee Valuation Day (the last Valuation Day of the Performance Fee Period as defined below) (hereinafter the **Final NAV**); and
- 10.5.2 The High-Water Mark (as defined below).
- 10.6 The Performance Fee Period is yearly, ending on the last Valuation Day of each calendar year. For the year 2021, the Performance Fee Period starts on the launch date of the relevant Class and ends on 31 December 2021. The Performance Fee is payable yearly in arrears out of the Sub-Fund's assets.
- 10.7 The High-Water Mark at a given Valuation Day is equal to the greater of (1) the Initial Subscription Price and (2) the Net Asset Value per Share at the end of the last Performance Fee Period at which a Performance Fee has been paid (the **High-Water Mark** or **HWM**).
- 10.8 The calculated Performance Fee will be adjusted for subscriptions and redemptions during the period. In case of redemptions, the accrued Performance Fee attributable to the redeemed shares will be crystallized and paid to the Management Company. In case of subscriptions, the calculated Performance Fee will be adjusted to prevent these subscriptions affecting the Performance Fee accrual amount.
- 10.9 The calculation of the Performance Fee will be based on the Net Asset Value per Share of the relevant Class. The Performance Fee is accrued on each Valuation Day. If the Net Asset Value per Share of the relevant Class decreases during the calculation period, the accruals set aside for the Performance Fee shall be reduced accordingly. If these accruals are reduced to zero, no Performance Fee will be charged.
- 10.10 With respect to all Classes offered for subscription, examples of scenarios incorporating key elements of the Performance Fee based on a 10% rate:

Period	HWM	Final NAV	Performance	Performance Fee	Final NAV minus Performance Fee
1	100	110	10%	1	109
2	109	114	4,59%	0,5	113,5
3	113,5	110	-3,08%	0	110
4	113,5	113,5	3,18%	0	113,5
5	113,5	115	1,32%	0,15	114,85
6	114,85	118	2,74%	0,315	117,685

Investors are invited to note that the net asset values and performances mentioned in the above table are per Share.

## 11. PAST PERFORMANCE

Please refer to the relevant key investor information document of the Sub-Fund for information on the Sub-Fund's past performance.

### 11.1 **RISK WARNINGS UNTIL 18<sup>TH</sup> OF SEPTEMBER 2023 INVESTORS ARE ADVISED TO CAREFULLY CONSIDER THE RISKS OF INVESTING IN THE SUB-FUND AND SHOULD REFER IN RELATION THERETO TO SECTION 26 OF THE GENERAL SECTION.**

#### **Summary of general risk factors**

11.2 The following is not exhaustive list of possible risks the Sub-Fund may be exposed to:

- 11.2.1 specific changes occurring at the issuer of debt instruments;
- 11.2.2 changes in interest rates;
- 11.2.3 credit risk;
- 11.2.4 changes in foreign exchange rates;
- 11.2.5 changes affecting economic factors such as employment, public expenditure, indebtedness and/or inflation;
- 11.2.6 change in investor confidence in investment type (e.g., equities versus bonds or cash), markets, countries, industries and/or sectors;
- 11.2.7 risk linked to the use of FDIs;
- 11.2.8 risks related to high yield bonds

Investment in debt securities is subject to interest rate, sector, security and credit risks. Compared to investment grade bonds, high yield bonds are non-investment grade securities and will usually offer higher yields to compensate for the reduced creditworthiness or increased risk of default that these securities carry.

11.2.9 risk related to CoCos

- (a) CoCos are unlimited, principally fixed-income bonds with a hybrid character which are issued as bonds with fixed coupon payments, but which upon a trigger event are mandatorily converted into company shares or written down, provided that respective trigger events are set out in the issuing terms of the CoCos. Coupon payments on certain CoCos may be entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. Contrary to typical capital hierarchy, CoCos' investors may suffer a loss of capital before equity holders.
- (b) Most CoCos are issued as perpetual instruments which are callable at pre-determined dates. Perpetual CoCos may not be called on the predefined call date and investors may not receive return of principal on the call date or at any date. There are no widely accepted standards for valuing CoCos. The price at which bonds are sold may therefore be

higher or lower than the price at which they were valued immediately before their sale. In certain circumstances finding a ready buyer for CoCos may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.

- (c) There are three types of CoCos with different percentage of risk weighted assets (RWA). The implemented legislation through the Capital Requirements Directive IV (CRD IV) and Capital Requirement Regulation (CRR) as with Basel III, mandates a change in the quantity of the highest quality capital layer Common Equity Tier 1 (CET1), increasing from what was effectively 2% to 4.5% of RWA. While the intent of the legislation is to ensure an increase in a bank's common equity, the regulation allows a financial institution to issue Additional Tier 1 (AT1) securities in non-CET1 capital but in the form of CoCos so that Tier 1 capital is at least 6% of RWA at all times. CoCos may also be issued as Tier 2 (T2) instruments so that total capital is at least 8% of RWA at all times.
- (d) CoCos are subject to certain predetermined conditions which, if triggered (commonly known as "trigger events"), will likely cause the principal amount invested to be lost on a permanent or temporary basis, or the CoCos may be converted to equity, potentially at a discounted price. Like many preferred securities, CoCos are issued for investment by institutional investors such as the Company. The Sub-Fund may invest in CoCos that are investment grade and may invest in CoCos offered worldwide by banks and, increasingly, insurance companies.
- (e) Coupon payments on CoCos are discretionary and may be deferred but also cancelled by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level or the share price of the issuer falling to a particular level for a certain period of time. Holders of CoCos may suffer a loss of capital when comparable equity holders do not. In addition, the risk of capital loss may increase in times of adverse market conditions. This may be unrelated to the performance of the issuing companies. There is no guarantee that the amount invested in CoCos will be repaid at a certain date as their termination and redemption is subject to prior authorisation of the competent supervisory authority.
- (f) In normal market conditions CoCos comprise mainly realisable investments which can be readily sold. The structure of the instruments is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform. In the event a single issuer activates a trigger or suspends coupons it is not known whether the market will view the issue as an idiosyncratic or systemic event. In the latter case, potential price contagion and volatility to the entire asset class is possible. Furthermore in an illiquid market, price formation may be increasingly stressed. While diversified from an individual company perspective the nature of the universe means that the Sub-Fund may be concentrated in a specific industry sector and the Net Asset Value of the Sub-Fund may be more volatile as a result of this concentration of holdings relative to a fund which diversifies across a larger number of sectors.

## 12. SPECIFIC RISK WARNINGS AS FROM 19.09.2023:

- 12.1 Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to Section 26 of the General Section.

### Summary of general risk factors

- 12.2 The following is not exhaustive list of possible risks the Sub-Fund may be exposed to:

- 12.2.1 specific changes occurring at the issuer of debt instruments;
- 12.2.2 changes in interest rates;
- 12.2.3 credit risk;
- 12.2.4 changes in foreign exchange rates;
- 12.2.5 changes affecting economic factors such as employment, public expenditure, indebtedness and/or inflation;
- 12.2.6 change in investor confidence in investment type (e.g., equities versus bonds or cash), markets, countries, industries and/or sectors;
- 12.2.7 risk linked to the use of FDIs
- 12.2.8 risks related to high yield and distressed bonds

Compared to investment grade bonds, high yield bonds are non-investment grade securities and will usually offer higher yields to compensate for the reduced creditworthiness or increased risk of default that these securities carry. The Sub-Fund may be extensively exposed to bonds with highly speculative ratings.

- 12.2.9 risks related to distressed bonds

Distressed bonds carry a high risk of loss as the issuing company are either in severe financial distress or in bankruptcy.

- 12.2.10 risk related to CoCos

(a) CoCos are unlimited, principally fixed-income bonds with a hybrid character which are issued as bonds with fixed coupon payments, but which upon a trigger event are mandatorily converted into company shares or written down, provided that respective trigger events are set out in the issuing terms of the CoCos. Coupon payments on certain CoCos may be entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. Contrary to typical capital hierarchy, CoCos' investors may suffer a loss of capital before equity holders.

(b) Most CoCos are issued as perpetual instruments which are callable at pre-determined dates. Perpetual CoCos may not be called on the predefined call date and investors may not receive return of principal on the call date or at any date. There are no widely accepted standards for valuing CoCos. The price at which bonds are sold may therefore be



higher or lower than the price at which they were valued immediately before their sale. In certain circumstances finding a ready buyer for CoCos may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.

- (c) There are three types of CoCos with different percentage of risk weighted assets (RWA). The implemented legislation through the Capital Requirements Directive IV (CRD IV) and Capital Requirement Regulation (CRR) as with Basel III, mandates a change in the quantity of the highest quality capital layer Common Equity Tier 1 (CET1), increasing from what was effectively 2% to 4.5% of RWA. While the intent of the legislation is to ensure an increase in a bank's common equity, the regulation allows a financial institution to issue Additional Tier 1 (AT1) securities in non-CET1 capital but in the form of CoCos so that Tier 1 capital is at least 6% of RWA at all times. CoCos may also be issued as Tier 2 (T2) instruments so that total capital is at least 8% of RWA at all times.
- (d) CoCos are subject to certain predetermined conditions which, if triggered (commonly known as "trigger events"), will likely cause the principal amount invested to be lost on a permanent or temporary basis, or the CoCos may be converted to equity, potentially at a discounted price. Like many preferred securities, CoCos are issued for investment by institutional investors such as the Company. The Sub-Fund may invest in CoCos that are investment grade and may invest in CoCos offered worldwide by banks and, increasingly, insurance companies.
- (e) Coupon payments on CoCos are discretionary and may be deferred but also cancelled by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level or the share price of the issuer falling to a particular level for a certain period of time. Holders of CoCos may suffer a loss of capital when comparable equity holders do not. In addition, the risk of capital loss may increase in times of adverse market conditions. This may be unrelated to the performance of the issuing companies. There is no guarantee that the amount invested in CoCos will be repaid at a certain date as their termination and redemption is subject to prior authorisation of the competent supervisory authority.
- (f) In normal market conditions CoCos comprise mainly realisable investments which can be readily sold. The structure of the instruments is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform. In the event a single issuer activates a trigger or suspends coupons it is not known whether the market will view the issue as an idiosyncratic or systemic event. In the latter case, potential price contagion and volatility to the entire asset class is possible. Furthermore in an illiquid market, price formation may be increasingly stressed. While diversified from an individual company perspective the nature of the universe means that the Sub-Fund may be concentrated in a specific industry sector and the Net Asset Value of the Sub-Fund may be more volatile as a result of this concentration of holdings relative to a fund which diversifies across a larger number of sectors.

## **SPECIAL SECTION IV – STRATEGIC SELECTION FUND - ENHANCED EQUITY EXPOSURE**

This Special Section is valid only if accompanied by the Prospectus. This Special Section only relates to Strategic Selection Fund - Enhanced Equity Exposure (the **Sub-Fund**).

### **1. INVESTMENT OBJECTIVES AND POLICY**

#### **Investment objective and policy**

- 1.1 The Sub-Fund will invest its assets primarily but not exclusively in single stocks, ETFs, financial derivatives instruments (including credit default swaps) and American depositary receipts (not embedding derivatives). Investment in actively managed funds will be moderate. There are no sectoral restrictions. Open-ended ETFs will comply with the provisions set forth under article 41 (1) e) of the 2010 Act whereas closed-ended ETFs will have to qualify as eligible transferable securities under the 2010 Act.
- 1.2 The Investment Manager aims at generating alpha based on internal stock picking decisions with the selection of high-quality single stocks in different industry sectors.
- 1.3 The Sub-Fund may parsimoniously invest its assets in bonds and/or other debt instruments. There are no sectorial, geographical and/or rating restrictions.
- 1.4 The Sub-Fund may use all types of FDI, traded on a regulated market and/or over the counter (OTC) for hedging and investment purposes.
- 1.5 Subject to the conditions set out in Section 5 Investment Restrictions under number 5.2.3. b this Sub-Fund may hold ancillary liquid assets up to 20% of its net assets. The 20% limit shall only be temporarily breached for a period of time strictly necessary when, because of exceptionally unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the Shareholders. The Sub-Fund may use FDI to reduce the market exposure.

#### **Ancillary liquid assets are defined as follows:**

- **Ancillary liquid assets should be limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41 (1) of the 2010 Law or for a period of time strictly necessary in case of unfavourable market conditions.**
- **Margin accounts do neither qualify as bank deposits under Article 41 (1) f) of the 2010 Law nor as ancillary liquid assets under Article 41 (2) b) of the 2010 Law.**

- 1.6 This Sub-Fund is actively managed on a discretionary basis without using a reference benchmark.

#### **Investment restrictions**

- 1.7 The Sub-Fund is subject to the investment restrictions laid down under Section 5 of the General Section.
- 1.8 Additionally, the Sub-Fund will comply with the following investment restrictions:

- 1.8.1 at least 40% of the Sub-Fund net assets must be invested in European equities, listed equity financial derivatives (options or future on equities and equity indices) and actively managed equity funds;
- 1.8.2 up to 60% of the Sub-Fund net assets can be invested in non-European countries. Of that percentage, up to 10% of the Sub-Fund's net assets can be invested in equities of emerging markets;
- 1.8.3 up to 10% of the Sub-Fund net assets can be invested in bonds and/or other debt instruments;
- 1.8.4 points 1.8.1 and 1.8.2 above are not applicable when the Sub-Fund invests in cash and cash equivalents as further detailed under point 1.5 above.

### **Global Exposure**

- 1.9 The Sub-Fund will use the commitment approach to monitor its global exposure.

## **2. SFDR – TAXONOMY REGULATION**

- 2.1 The Management Company classified the Sub-Fund under article 6.1 of SFDR. Investors are invited to refer to Section **Error! Reference source not found.** of the General Section for further information on the integration of Sustainability Risks in the portfolio management of the Sub-Fund.
- 2.2 Article 7 of Taxonomy Regulation applies to this Sub-Fund: The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

## **3. MANAGEMENT OF THE SUB-FUND**

The Sub-Fund is managed by the Investment Manager.

## **4. TERM OF THE SUB-FUND**

The Sub-Fund has been created for an unlimited period of time.

## **5. INVESTOR PROFILE**

- 5.1 The Sub-Fund is intended as a basic investment for private and institutional investors considering an investment in the Sub-Fund as a mean of participating in equity markets and who do not need regular income. As a result, this Sub-Fund is intended for investors who can afford, in principle, to set aside their capital as investment capital with a long-term horizon.

## **6. REFERENCE CURRENCY**

- 6.1 The Reference Currency of the Sub-Fund is EUR.

## **7. DEALING OF SHARES**

### **Valuation Day**

- 7.1 The Net Asset Value per Share will be determined as at (i) every Business Day of each week and (ii) any other day as the Board may determine on a case-by-case basis or generally from time to time. The Net Asset Value per Share will effectively be calculated on the Business Day following the relevant Valuation Day.

### **Subscription**

- 7.2 Subscriptions to the Sub-Fund's Shares must be made using the documents available from the registered offices of the Company or the relevant Distributor or sub-distributor, if any.
- 7.3 Subscriptions requests are accepted as of each Valuation Day if they are received before 4.00pm (Luxembourg time) on the Business Day preceding the Valuation Day.
- 7.4 Payments for subscriptions must be received in the relevant currency within two (2) Business Days after the relevant Valuation Day.

### **Redemption**

- 7.5 Redemptions requests are accepted as of each Valuation Day if they are received before 4.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day. Redemption requests must be sent in writing to the Administrator, or the relevant Distributor or sub-distributor, if any.
- 7.6 Redemptions will in principle be paid by the Depositary in the relevant currency within two (2) Business Days following the relevant Valuation Day.

### **Conversion**

- 7.7 Shares in the Sub-Fund may be converted as of each Valuation Day if they are received before 4.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day, subject to the limitations of each Class set out under Section 10 of the General Section.

## **8. SWING PRICING**

As of the date of this Prospectus, no swing pricing is applied for the Sub-Fund.

## **9. FEES**

<b>Class Type</b>	<b>A</b>	<b>I</b>	<b>C</b>	<b>Z</b>
<b>Management Fee (max. per annum of NAV per Class)</b>	1.5%	0.8%	0.9%	None
<b>Performance Fee (max. % per annum of NAV per Class)</b>	15%			
<b>Subscription Fee (max. of subscription amount)</b>	Up to 3%			
<b>Redemption/conversion fee</b>	None			

## **10. MANAGEMENT FEE AND PERFORMANCE FEE**

- 10.1 The Management Company will receive a Management Fee and a Performance Fee in accordance with Section 9. The Management Company may waive these fees in part or in whole at its sole discretion.
- 10.2 The Management Fee is payable monthly in arrears.
- 10.3 Further information on the remuneration of the Management Company is available at the registered office of the Management Company.

- 10.4 The Investment Manager is paid by the Management Company out of its Management Fee and/or Performance Fee.
- 10.5 The Performance Fee will be equal to 15% of the positive difference between:
- 10.5.1 The Net Asset Value per Share of the relevant Class (after accruals of all fees except Performance Fees) as of the Performance Fee Valuation Day (the last Valuation Day of the Performance Fee Period as defined below) (hereinafter the **Final NAV**); and
- 10.5.2 The High-Water Mark (as defined below).
- 10.6 The Performance Fee Period is yearly, ending on the last Valuation Day of each calendar year. For the year 2020, the Performance Fee Period starts on the launch date of the relevant Class and ends on 31 December 2020. The Performance Fee is payable yearly in arrears out of the Sub-Fund's assets.
- 10.7 The High-Water Mark at a given Valuation Day is equal to the greater of (1) the Initial Subscription Price and (2) the Net Asset Value per Share at the end of the last Performance Fee Period at which a Performance Fee has been paid (the **High-Water Mark** or **HWM**).
- 10.8 The calculated Performance Fee will be adjusted for subscriptions and redemptions during the period. In case of redemptions, the accrued Performance Fee attributable to the redeemed shares will be crystallized and paid to the Management Company. In case of subscriptions, the calculated Performance Fee will be adjusted to prevent these subscriptions affecting the Performance Fee accrual amount.
- 10.9 The calculation of the Performance Fee will be based on the Net Asset Value per Share of the relevant Class. The Performance Fee is accrued on each Valuation Day. If the Net Asset Value per Share of the relevant Class decreases during the calculation period, the accruals set aside for the Performance Fee shall be reduced accordingly. If these accruals are reduced to zero, no Performance Fee will be charged.
- 10.10 With respect to all Classes offered for subscription, examples of scenarios incorporating key elements of the Performance Fee based on a 15% rate:

Period	HWM	Final NAV	Performance	Performance Fee	Final NAV minus Performance Fee
1	100	110	10%	1,5	108,5
2	108,5	114	5,07%	0,83	113,17
3	113,17	110	-2,8%	0	110
4	113,17	113	2,73%	0	113
5	113,17	115	1,77%	0,27	114,73
6	114,73	118	2,85%	0,49	117,51

Investors are invited to note that the net asset values and performances mentioned in the above table are per Share.

## 11. PAST PERFORMANCE

- 11.1 Please refer to the relevant key investor information document of the Sub-Fund for information on the Sub-Fund's past performance.

## 12. SPECIFIC RISK WARNINGS

12.1 Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to Section 26 of the General Section.

12.2 The following is not exhaustive list of possible risks the Sub-Fund may be exposed to:

12.2.1 specific changes occurring at the issuer of equities;

12.2.2 changes in interest rates;

12.2.3 changes in foreign exchange rates;

12.2.4 changes affecting economic factors such as employment, public expenditure, indebtedness and/or inflation;

12.2.5 change in investor confidence in investment type (e.g., equities versus bonds or cash), markets, countries, industries and/or sectors;

12.2.6 risk linked to the use of FDIs;

12.2.7 emerging markets risks

- (a) Investments of the Sub-Fund might include investments in emerging market countries. The probable returns on securities of issuers from emerging market countries are generally higher than the returns on similar securities of equivalent issuers from developed, industrialized countries. However, the higher return should be viewed as compensation for the greater risk to which the investor is exposed.
- (b) Investment in emerging market countries involves risk factors and special considerations which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of emerging countries. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which investments may be made, including expropriation, nationalisation or other confiscation, could result in the loss to the Sub-Fund.
- (c) By comparison with more developed securities markets, most emerging market countries' securities markets are comparatively small, less liquid and more volatile. In addition, settlement, clearing, safe custody and registration procedures may be underdeveloped, enhancing the risks of error, fraud or default.
- (d) Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging market countries may not provide the same degree of investor information or protection as would generally apply in more developed markets.

## SPECIAL SECTION V – STRATEGIC SELECTION FUND – MULTI ASSETS

This Special Section is valid only if accompanied by the Prospectus. This Special Section only relates to Strategic Selection Fund – Multi Assets (the **Sub-Fund**).

### 1. INVESTMENT OBJECTIVES AND POLICY

#### **Investment objective and policy**

- 1.1 The Sub-Fund aims to preserve the Shareholder's capital while achieving long-term capital growth and best risk adjusted returns by implementing an investment strategy consisting in a direct and/or indirect long exposure to financial markets. The Sub-Fund also aims to minimize the volatility of its portfolio.
- 1.2 Based on the Management Company's expectations of the evolution of the economic and market conditions, the Sub-Fund flexibly and dynamically invests in equities (including, but not limited to, American and/or global depositary receipts), bonds, Money Market Instruments, UCITS and/or Other UCIs (including ETFs), ETNs and/or ETCs with no restriction in terms sector. The percentage of the portfolio invested in these different instruments may vary depending on the valuation of the various asset classes ("bottom-up approach") and the market situation based on fundamental analysis of the global macroeconomic environment and of its indicators (e.g., growth, inflation, public deficits, etc.) ("top down approach"). The Sub-Fund's portfolio may be positioned defensively if the Management Company expects the financial markets to evolve negatively.
- 1.3 The Sub-Fund may invest its assets in equities according to the "Value Investing Concept" and/or the "Growth Investing Concept". Stock selection is based on detailed fundamental analysis, assessment of daily news and statements from the issuers. Criteria used for stock selection are the value of the assets, dividends, growth rates and quality of the issuers' management.
- 1.4 The Management Company's decisions on the exposure to foreign exchange risk are intended to be made on the basis of a global macroeconomic analysis including the outlook for growth, inflation and monetary and fiscal policy of the different economic zones and countries.
- 1.5 Subject to the conditions set out in Section 5 Investment Restrictions under number 5.2.3. b this Sub-Fund may hold ancillary liquid assets up to 20% of its net assets. The 20% limit shall only be temporarily breached for a period of time strictly necessary when, because of exceptionally unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the Shareholders. Under exceptional market conditions, the Sub-Fund may hold temporarily up to 100% in cash and cash equivalents if the Management Company considers this to be in the best interest of the shareholders of the Sub-Fund.

#### **Ancillary liquid assets are defined as follows:**

- **Ancillary liquid assets should be limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41 (1) of the 2010 Law or for a period of time strictly necessary in case of unfavourable market conditions.**
  - **Margin accounts do neither qualify as bank deposits under Article 41 (1) f) of the 2010 Law nor as ancillary liquid assets under Article 41 (2) b) of the 2010 Law.**
- 1.6 The Sub-Fund is actively managed on a discretionary basis without using a reference benchmark.

## **Description of the asset classes**

### *Equities*

- 1.7 Up to 100% of the net assets of the Sub-Fund may be exposed to equities and other securities traded on European and/or international Regulated Markets.
- 1.8 Up to 25% of the net assets of the Sub-Fund may be exposed to equities and other securities in emerging countries, traded on an admissible Regulated Market.
- 1.9 The Management Company is allowed to invest the Sub-Fund into small, mid and large caps.

### *Bonds and Money Market Instruments*

- 1.10 Up to 25% of the net assets of the Sub-Fund may be invested in Money Market Instruments.
- 1.11 Up to 100% of the net assets of the Sub-Fund may be invested in treasury bills, government or private fixed or floating rate bonds and inflation-linked bonds.
- 1.12 Up to 30% of the net assets of the Sub-Fund may be invested in unrated bonds and/or in bonds with a rating below investment grade.
- 1.13 There are no restrictions in terms of duration of an individual instrument.
- 1.14 There is no restriction on the allocation between private and public issuers.

### *Currencies*

- 1.15 The Sub-Fund mainly invests in securities denominated in euro (EUR), US dollars (USD), Swiss francs (CHF), Danish krone (DKK), Swedish krona (SEK) and/or in pounds sterling (GBP).
- 1.16 The Sub-Fund may use currencies other than the Sub-Fund's valuation currency for exposure or hedging purposes.
- 1.17 The Sub-Fund may invest in FDIs to generate exposure to currencies other than its Reference Currency or to hedge the Sub-Fund against foreign exchange risks.

### *FDI*

- 1.18 The Sub-Fund may use all types of FDI (including, but not limited to, futures, options and forward contracts), traded on a regulated market and/or over the counter (OTC) for hedging and investment purposes.

### *Instruments with embedded derivatives*

- 1.19 The Sub-Fund may invest into convertible bonds, including those from issuers located or significantly exposed to emerging countries.
- 1.20 The Sub-Fund may also invest in instruments embedding derivatives including warrants, convertible bonds, credit-linked notes, EMTNs, share purchase warrants.
- 1.21 In all cases, the amounts invested in securities with embedded derivatives may not exceed 10% of the net assets.

### *UCITS and Other UCIs*



- 1.22 The Sub-Fund may invest up to 100% of its net assets in UCITS and Other UCIs, including ETFs, in compliance with paragraph 5.6 of the General Section and with the provisions set out in Art. 41(1) of the 2010 Act.

*ETNs and ETCs*

- 1.23 The Sub-Fund may invest up to 20% of its net assets in ETNs and ETCs, in compliance with the Art. 41(1) of the 2010 Act, the Art. 2 of the Grand-Ducal Regulation of 8 February 2008 as well as point 17 of the CESR/07-044b guidelines. These ETNs and ETCs will qualify as transferable securities, will provide “delta 1” exposure to the underlying assets, will not embed any derivatives instruments and do not involve physical delivery of the underlying assets.
- 1.24 ETN means Exchange Traded Notes. ETNs typically trade and settle like ETFs but are unsecured, unsubordinated debt securities of the issuer. ETNs are fully dependent on the credit worthiness of their issuer.
- 1.25 ETC means Exchange Traded Commodities. ETCs typically trade and settle like ETFs but are structured as debt instruments. They may track the performance of either broad or single commodity indices.

**Investment restrictions**

- 1.26 The Sub-Fund is subject to the investment restrictions laid down under Section 5 of the General Section.
- 1.27 Additionally, the Sub-Fund will comply with the following investment restrictions:
- 1.27.1 it will not open positions in FDIs to gain an exposure to an issuer which is not based in an OECD Member State;
- 1.27.2 it will not borrow cash for investment purposes.

**Global Exposure**

- 1.28 The Sub-Fund will use the commitment approach to monitor its global exposure.

**2. SFDR – TAXONOMY REGULATION**

- 2.1 The Management Company classified the Sub-Fund under article 6.1 of SFDR. Investors are invited to refer to Section **Error! Reference source not found.** of the General Section for further information on the integration of Sustainability Risks in the portfolio management of the Sub-Fund.
- 2.2 Article 7 of Taxonomy Regulation applies to this Sub-Fund: The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

**3. MANAGEMENT OF THE SUB-FUND**

The Sub-Fund is managed by the Management Company.

**4. TERM OF THE SUB-FUND**

The Sub-Fund has been created for an unlimited period of time.

## **5. INVESTOR PROFILE**

- 5.1 The Sub-Fund is suitable for investors who are prepared to take higher risks associated with investments in the stock markets in order to maximize the return. Thus, investors should have experience with volatile products and be able to accept significant temporary losses. A long-term investment horizon, at least five (5) years, is required to ride out potentially adverse market trends. Investors should further be aware that because of the investment strategy applied by this Sub-Fund, significant differences between the development of the Sub-Fund and that of the market may occur and may be prevalent for an extended period of time.
- 5.2 However, there is no guarantee investors will get back any of their original investment.

## **6. REFERENCE CURRENCY**

The Reference Currency of the Sub-Fund is EUR.

## **7. DEALING OF SHARES**

### **Valuation Day**

- 7.1 The Net Asset Value per Share will be determined as at (i) every Business Day of each week and (ii) any other day as the Board may determine on a case-by-case basis or generally from time to time. The Net Asset Value per Share will effectively be calculated on the Business Day following the relevant Valuation Day.

### **Subscription**

- 7.2 Subscriptions to the Sub-Fund's Shares must be made using the documents available from the registered offices of the Company or the relevant Distributor or sub-distributor, if any.
- 7.3 Subscriptions requests are accepted as of each Valuation Day if they are received before 2.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day.
- 7.4 Payments for subscriptions must be received in the relevant currency within three (3) Business Days after the relevant Valuation Day.

### **Redemption**

- 7.5 Redemptions requests are accepted as of each Valuation Day if they are received before 2.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day. Redemption requests must be sent in writing to the Administrator, or the relevant Distributor or sub-distributor, if any.
- 7.6 Redemptions will in principle be paid by the Depositary in the relevant currency within three (3) Business Days following the relevant Valuation Day.

### **Conversion**

- 7.7 Shares in the Sub-Fund may be converted as of each Valuation Day if they are received before 2.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day, subject to the limitations of each Share Class set out under Section 10 of the General Section.

## **8. SWING PRICING**

As of the date of this Prospectus, no swing pricing is applied for the Sub-Fund.

## 9. FEES

Class Type	A	I	C	Z
<b>Management Fee (max. per annum of NAV per Class)</b>	1.2%	0.1%	0.5%	None
<b>Performance Fee (max. % per annum of NAV per Class)</b>	None			
<b>Subscription Fee (max. of subscription amount)</b>	Up to 2%			
<b>Redemption/conversion fee</b>	None			

## 10. MANAGEMENT FEE

- 10.1 The Management Company will receive a Management Fee in accordance with Section 9. The Management Company may waive these fees in part or in whole at its sole discretion.
- 10.2 The Management Fee is payable monthly in arrears.
- 10.3 Further information on the remuneration of the Management Company is available at the registered office of the Management Company.

## 11. PAST PERFORMANCE

Please refer to the relevant key investor information document of the Sub-Fund for information on the Sub-Fund's past performance.

## 12. SPECIFIC RISK WARNINGS

- 12.1 Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to Section 26 of the General Section.
- 12.2 The following is not exhaustive list of possible risks the Sub-Fund may be exposed to:
- 12.2.1 specific changes occurring at the issuer of equities;
  - 12.2.2 changes in interest rates;
  - 12.2.3 changes in foreign exchange rates;
  - 12.2.4 changes affecting economic factors such as employment, public expenditure, indebtedness and/or inflation;
  - 12.2.5 change in investor confidence in investment type (e.g., equities versus bonds or cash), markets, countries, industries and/or sectors;
  - 12.2.6 Risk linked to the use of FDIs;
  - 12.2.7 Emerging markets risks
    - (a) Investments of the Sub-Fund might include investments in emerging market countries. The probable returns on securities of issuers from emerging market countries are generally higher than the returns on similar securities of equivalent issuers from developed, industrialized

countries. However, the higher return should be viewed as compensation for the greater risk to which the investor is exposed.

- (b) Investment in emerging market countries involves risk factors and special considerations which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of emerging countries. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which investments may be made, including expropriation, nationalisation or other confiscation, could result in the loss to the Sub-Fund.
- (c) By comparison with more developed securities markets, most emerging market countries' securities markets are comparatively small, less liquid and more volatile. In addition, settlement, clearing, safe custody and registration procedures may be underdeveloped, enhancing the risks of error, fraud or default.
- (D) Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging market countries may not provide the same degree of investor information or protection as would generally apply in more developed markets.

## SPECIAL SECTION VI – STRATEGIC SELECTION FUND - EURO SHORT DURATION BOND FUND

This Special Section is valid only if accompanied by the Prospectus. This Special Section only relates to Strategic Selection Fund - **Euro Short Duration Bond Fund** (the **Sub-Fund**).

### 1. INVESTMENT OBJECTIVES AND POLICY

- 1.1 The objective of the Sub-fund is to achieve a return comprising income and capital gains.
- 1.2 The Sub-Fund will predominately in EUR bonds and other debt instruments, such as those determined below. At least 80 % of the Net Asset Value of the Sub fund will be invested in Bonds, which should have a duration less than 2 years and Money Market Instruments.
- 1.3 The selection process involves a top-down approach (geographic and sector allocation) followed by a bottom-up approach, i.e., cherry picking of the best bonds in the designated geographic areas and sectors. The bottom-up approach consists in a quantitative and qualitative analysis of the issuers. Priority is given to the protection of the investor's capital but investment in the sub fund shall also on a mid to long term realize capital gains. To provide an adequate rate of return on the investments, the Sub-Fund may invest partially in in-depth securities with higher risks.
- 1.4 The Sub-fund intends to achieve the Investment Objective in accordance with the Investment Restrictions by investing mainly directly in Investment Grade (minimum BBB- at Standard & Poor's or the equivalent for other rating agencies) corporate and government bonds, performance linked bonds, convertible bonds, perpetual bonds, step-up notes, time deposits, commercial papers, contingent convertible bonds (CoCos) as described under 1.5 below, money market instruments, ETFs/ ETNs and UCITS or other UCIs investing in bonds.
- 1.5 The Sub-Fund may invest up to 20% of its assets in convertible bonds, which includes contingent convertible bonds (CoCos) or related instruments.
- 1.6 The Sub-Fund may hold maximum up to 50 % of the NAV of the Sub-Fund in Money Market Instruments.
- 1.7 The sub-fund may invest in UCI or UCITS managed directly or indirectly by European Capital Partners (Luxembourg) S.A or by a company with which European Capital Partners (Luxembourg) S.A is linked by common management or control or by a direct or indirect holding of more than 10% of the capital or votes. No issue or redemption fees for target funds or management fees may be debited from the SICAV's assets where such investments have been made.
- 1.8 The Sub-fund may invest up to 20% of its net assets in high yield bonds (rating lower than BBB- at Standard & Poor's or Non-rated. The Sub-fund may hold cash and deposits on an ancillary basis.
- 1.9 The Sub-fund may invest in bonds denominated in other European currencies (i.e.: CHF, GBP, NOK, SEK, DKK, etc.) and USD with an allocation restriction at 10% of the Sub-Fund's NAV per Bond denominated in non-EUR currency and 30% of the Sub-Fund's NAV for the sum of Bonds denominated in non-Euro currency.
- 1.10 There will be no sector restriction in the Sub-fund's portfolio asset allocation.
- 1.11 The Sub-fund may, but not obliged to, use financial derivative instruments to hedge foreign currencies.

1.12 This Sub-Fund is actively managed on a discretionary basis without using a reference benchmark.

1.13 Subject to the conditions set out in Section 5 Investment Restrictions under number 5.2.3. b this Sub-Fund may hold ancillary liquid assets up to 20% of its net assets. The 20% limit shall only be temporarily breached for a period of time strictly necessary when, because of exceptionally unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the Shareholders.

**Ancillary liquid assets are defined as follows:**

- **Ancillary liquid assets should be limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41 (1) of the 2010 Law or for a period of time strictly necessary in case of unfavourable market conditions.**
- **Margin accounts do neither qualify as bank deposits under Article 41 (1) f) of the 2010 Law nor as ancillary liquid assets under Article 41 (2) b) of the 2010 Law.**

1.14 **No Money Market Fund**

**Investors in the Sub-Fund should be aware that the Sub fund's investments will not comply with applicable rules governing the quality, maturity and diversification of securities held by money market funds.**

**Investment restrictions**

1.15 The Sub-Fund is subject to the investment restrictions laid down under Section 5 of the General Section.

1.16 Additionally, the Sub-Fund will comply with the following investment restrictions:

1.16.1 it will not invest more than 10% of its net assets in Other UCI or UCITS; and

1.16.2 it will not make use of EPM Techniques, SFT and TRS.

**Global Exposure**

1.17 The Sub-Fund will use the commitment approach to monitor its global exposure.

**2. SFDR – TAXONOMY REGULATION**

2.1 The Management Company classified the Sub-Fund under article 6.1 of SFDR. Investors are invited to refer to Section **Error! Reference source not found.** of the General Section for further information on the integration of Sustainability Risks in the portfolio management of the Sub-Fund.

2.2 Article 7 of Taxonomy Regulation applies to this Sub-Fund: The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

**3. MANAGEMENT OF THE SUB-FUND**

The Sub-Fund is managed by the Management Company.

**4. TERM OF THE SUB-FUND**

The Sub-Fund has been created for an unlimited period of time.

## 5. INVESTOR PROFILE

- 5.1 The Sub-Fund is intended as a basic investment for private and institutional investors considering an investment in the Sub-Fund as a mean of participating in bond markets and who do not need regular income. As a result, this Sub-Fund is intended for investors who can afford, in principle, to set aside their capital as investment capital with a long-term horizon.

## 6. REFERENCE CURRENCY

The Reference Currency of the Sub-Fund is EUR.

## 7. DEALING OF SHARES

### Valuation Day

- 7.1 The Net Asset Value per Share will be determined as at (i) each **Friday of each week and** (ii) any other day as the Board may determine on a case-by-case basis or generally from time to time. The Net Asset Value per Share will effectively be calculated on the Business Day following the relevant Valuation Day.

### Subscription

- 7.2 Subscriptions to the Sub-Fund's Shares must be made using the documents available from the registered offices of the Company or the relevant Distributor or sub-distributor, if any.
- 7.3 Subscriptions requests are accepted as of each Valuation Day if they are received before 2.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day.
- 7.4 Payments for subscriptions must be received in the relevant currency within three (3) Business Days after the relevant Valuation Day.

### Redemption

- 7.5 Redemptions requests are accepted as of each Valuation Day if they are received before 2.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day. Redemption requests must be sent in writing to the Administrator, or the relevant Distributor or sub-distributor, if any.
- 7.6 Redemptions will in principle be paid by the Depositary in the relevant currency within three (3) Business Days following the relevant Valuation Day.

### Conversion

- 7.7 Shares in the Sub-Fund may be converted as of each Valuation Day if they are received before 2.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day, subject to the limitations of each Class set out under Section 10 of the General Section.

## 8. SWING PRICING

As of the date of this Prospectus, no swing pricing is applied for the Sub-Fund.

## 9. FEES

Class Type	C
Management Fee (max. per annum of NAV per Class)	0,6%
Performance Fee (max. % per annum of NAV per Class)	None
Subscription Fee (max. of subscription amount)	Up to 2%
Redemption/conversion fee	None

## 10. MANAGEMENT FEE

- 10.1 The Management Company will receive a Management Fee in accordance with Section 9. The Management Company may waive these fees in part or in whole at its sole discretion.
- 10.2 The Management Fee is payable monthly in arrears.
- 10.3 Further information on the remuneration of the Management Company is available at the registered office of the Management Company.

## 11. PAST PERFORMANCE

Please refer to the relevant key investor information document of the Sub-Fund for information on the Sub-Fund's past performance.

## 12. SPECIFIC RISK WARNINGS

- 12.1 Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to Section 26 of the General Section.
- 12.2 The following is the not exhaustive list of possible risks the Sub-Fund may be exposed to the below risk:

The interest rate and credit risk should be considered, further additional risks associated with securities such as high-yield Fixed Income Securities have to be taken into account.

Fixed Income Securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk).

The Sub-Fund may invest in Fixed Income Securities which are interest rate sensitive. An increase in interest rates will generally reduce the value of Fixed Income Securities, while a decline in interest rates will generally increase the value of Fixed Income Securities. The performance of the Sub-Funds will therefore depend in part on the ability to anticipate and respond to such fluctuations on market interest rates, and to utilize appropriate strategies to maximize returns, while attempting to minimize the associated risks to investment capital.

Further Interest Rate Risk should be considered:



The values of Fixed Income Securities held by the Funds will vary with changes in interest rates and such variation may affect Share prices accordingly. The value of Fixed Income Securities will generally increase when interest rates fall and decrease when interest rates rise. Fixed Income Securities with greater interest rate sensitivity and longer maturities are usually subject to greater fluctuations in value in response to interest rate changes. The sub-fund might seek to reduce their exposure to interest rate risk through duration hedging. In case the sub-Fund is hedged the sub-fund may utilize hedging strategies to seek to limit their exposure to interest rate movements. Sensitivity to interest rate movements may vary. The sensitivity of the Sub-Funds to interest rate movements may affect the result of the duration hedging.

Such hedging strategies used may not eliminate exposure to such interest rate movements. There can be no guarantee that hedging strategies will be successful. Investors should be aware that certain market events or circumstances could result to be no longer be able to perform hedging transactions or that such strategies may no longer be economically viable. The use of hedging strategies may substantially limit shareholders in case the sub-Fund's duration is hedged from benefiting if interest rates fall. In addition, Credit Risk need to be considered:

The Sub fund might be subject to the risk that an issuer will fail to make timely payments of interest and principal. Issuers with higher credit risk typically offer higher yields for this added risk. Conversely, issuers with lower credit risk typically offer lower yields.

Generally, government securities are considered to be the safest in terms of credit risk, while corporate debt, especially those with poorer credit ratings, have the highest credit risk. Changes in the financial condition of an issuer, changes in economic and political conditions in general, or changes in economic and political conditions specific to an issuer, are all factors that may have an adverse impact on an issuer's credit quality and security values.

The Sub fund could be subject to greater credit and market risk than lower yielding securities, case the sub fund is investing in high yield bonds. Generally, lower rated securities pay higher yields than more highly rated securities to compensate investors for the higher risk.

Such securities are subject to the risk of an issuer's inability to meet principal and interest payments on its obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity and as a result may be less liquid than lower yielding securities.

Finally, potential negative Yield should be considered:

The Sub-Fund may invest in fixed income instruments which, in certain cases, may trade at a negative yield. When a Fund invests in a negative yielding fixed income instrument, the value of the Sub-Fund's investment will reduce daily by the amount of the negative yield and the Sub- Fund may not get back its full investment. Downgrading Risk The credit ratings given to Fixed Income Securities may be subject to changes. The downgrading of a rated Fixed Income Security could decrease the value and liquidity of the security, particularly in a thinly traded market, and also increase the price volatility. The Sub-Fund may continue to invest in securities that are downgraded after purchase.

## 12.3 risk related to CoCos

- (a) CoCos are unlimited, principally fixed-income bonds with a hybrid character which are issued as bonds with fixed coupon payments, but which upon a trigger event are mandatorily converted into company shares or written down, provided that respective trigger events are set out in the issuing terms of the CoCos. Coupon payments on certain CoCos may be entirely discretionary and may be cancelled by the issuer at any

point, for any reason, and for any length of time. Contrary to typical capital hierarchy, CoCos' investors may suffer a loss of capital before equity holders.

- (b) Most CoCos are issued as perpetual instruments which are callable at pre-determined dates. Perpetual CoCos may not be called on the predefined call date and investors may not receive return of principal on the call date or at any date. There are no widely accepted standards for valuing CoCos. The price at which bonds are sold may therefore be higher or lower than the price at which they were valued immediately before their sale. In certain circumstances finding a ready buyer for CoCos may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.
- (c) There are three types of CoCos with different percentage of risk weighted assets (RWA). The implemented legislation through the Capital Requirements Directive IV (CRD IV) and Capital Requirement Regulation (CRR) as with Basel III, mandates a change in the quantity of the highest quality capital layer Common Equity Tier 1 (CET1), increasing from what was effectively 2% to 4.5% of RWA. While the intent of the legislation is to ensure an increase in a bank's common equity, the regulation allows a financial institution to issue Additional Tier 1 (AT1) securities in non-CET1 capital but in the form of CoCos so that Tier 1 capital is at least 6% of RWA at all times. CoCos may also be issued as Tier 2 (T2) instruments so that total capital is at least 8% of RWA at all times.
- (d) CoCos are subject to certain predetermined conditions which, if triggered (commonly known as "trigger events"), will likely cause the principal amount invested to be lost on a permanent or temporary basis, or the CoCos may be converted to equity, potentially at a discounted price. Like many preferred securities, CoCos are issued for investment by institutional investors such as the Company. The Sub-Fund may invest in CoCos that are investment grade and may invest in CoCos offered worldwide by banks and, increasingly, insurance companies.
- (e) Coupon payments on CoCos are discretionary and may be deferred but also cancelled by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level or the share price of the issuer falling to a particular level for a certain period of time. Holders of CoCos may suffer a loss of capital when comparable equity holders do not. In addition, the risk of capital loss may increase in times of adverse market conditions. This may be unrelated to the performance of the issuing companies. There is no guarantee that the amount invested in CoCos will be repaid at a certain date as their termination and redemption is subject to prior authorisation of the competent supervisory authority.
- (f) In normal market conditions CoCos comprise mainly realisable investments which can be readily sold. The structure of the instruments is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform. In the event a single issuer activates a trigger or suspends coupons it is not known whether the market will view the issue as an idiosyncratic or systemic event. In the latter case, potential

price contagion and volatility to the entire asset class is possible. Furthermore, in an illiquid market, price formation may be increasingly stressed. While diversified from an individual company perspective the nature of the universe means that the Sub-Fund may be concentrated in a specific industry sector and the Net Asset Value of the Sub-Fund may be more volatile as a result of this concentration of holdings relative to a fund which diversifies across a larger number of sectors.

## SPECIAL SECTION VII – STRATEGIC SELECTION FUND – US DOLLAR SHORT DURATION BOND FUND

This Special Section is valid only if accompanied by the Prospectus. This Special Section only relates to Strategic Selection Fund – **US Dollar Short Duration Bond Fund** (the **Sub-Fund**).

### 1. INVESTMENT OBJECTIVES AND POLICY

- 1.1 The objective of the Sub-fund is to achieve a return comprising income and capital gains.
- 1.2 Sub-Fund will predominately in US Dollar denominated bonds and other debt instruments, such as those determined below. At least 80 % of the Net Asset Value of the Sub fund will be invested in Bonds which should have a duration less than 2 years and Money Market Instruments.
- 1.3 The selection process involves a top-down approach (geographic and sector allocation) followed by a bottom-up approach, i.e., cherry picking of the best bonds in the designated geographic areas and sectors. The bottom-up approach consists in a quantitative and qualitative analysis of the issuers. Priority is given to the protection of the investor's capital but investment in the sub fund shall also on a mid to long term realize capital gains. To provide an adequate rate of return on the investments, the Sub-Fund may invest partially in in-depth securities with higher risks.
- 1.4 The Sub-fund intends to achieve the Investment Objective in accordance with the Investment Restrictions by investing mainly directly in Investment Grade (minimum BBB- at Standard & Poor's or the equivalent for other rating agencies) corporate and government bonds, performance linked bonds, convertible bonds, perpetual bonds, step-up notes, time deposits, commercial papers, contingent convertible bonds (CoCos) as described under 1.5 below, money market instruments, ETFs/ ETNs and UCITS or other UCIs investing in bonds.
- 1.5 The Sub-Fund may invest up to 20% of its assets in convertible bonds, which includes contingent convertible bonds (CoCos) or related instruments.
- 1.6 The Sub-Fund may hold maximum up to 50 % of the NAV of the Sub-Fund in Money Market Instruments.
- 1.7 The Sub-fund may invest in UCI or UCITS managed directly or indirectly by European Capital Partners (Luxembourg) S.A or by a company with which European Capital Partners (Luxembourg) S.A is linked by common management or control or by a direct or indirect holding of more than 10% of the capital or votes. No issue or redemption fees for target funds or management fees may be debited from the SICAV's assets where such investments have been made.
- 1.8 The Sub-fund may invest up to 20% of its net assets in high yield bonds (rating lower than BBB- at Standard & Poor's or Non-rated). The Sub-fund may hold cash and deposits on an ancillary basis.
- 1.9 The Sub-fund may invest apart of the US-Dollar denominated Bonds also in bonds denominated in European currencies (i.e.: EUR, CHF, GBP, NOK, SEK, DKK, etc.) with an allocation restriction at 10% of the Sub-Fund's NAV per Bond denominated in non US Dollar currency and 30% of the Sub-Fund's NAV for the sum of Bonds denominated in non-US-Dollar currency.
- 1.10 There will be no sector restriction in the Sub-fund's portfolio asset allocation.

- 1.11 The Sub-fund may, but not obliged to, use financial derivative instruments to hedge foreign currencies.
- 1.12 This Sub-Fund is actively managed on a discretionary basis without using a reference benchmark.
- 1.13 Subject to the conditions set out in Section 5 Investment Restrictions under number 5.2.3. b this Sub-Fund may hold ancillary liquid assets up to 20% of its net assets. The 20% limit shall only be temporarily breached for a period of time strictly necessary when, because of exceptionally unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the Shareholders.

**Ancillary liquid assets are defined as follows:**

- **Ancillary liquid assets should be limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41 (1) of the 2010 Law or for a period of time strictly necessary in case of unfavourable market conditions.**
- **Margin accounts do neither qualify as bank deposits under Article 41 (1) f) of the 2010 Law nor as ancillary liquid assets under Article 41 (2) b) of the 2010 Law.**

**1.14 No Money Market Fund**

**Investors in the Sub-Fund should be aware that the Sub fund's investments will not comply with applicable rules governing the quality, maturity and diversification of securities held by money market funds.**

**Investment restrictions**

- 1.15 The Sub-Fund is subject to the investment restrictions laid down under Section 5 of the General Section.
- 1.16 Additionally, the Sub-Fund will comply with the following investment restrictions:
- 1.16.1 it will not invest more than 10% of its net assets in Other UCI or UCITS; and
- 1.16.2 it will not make use of EPM Techniques, SFT and TRS.

**Global Exposure**

- 1.17 The Sub-Fund will use the commitment approach to monitor its global exposure.

**2. SFDR – TAXONOMY REGULATION**

- 2.1 The Management Company classified the Sub-Fund under article 6.1 of SFDR. Investors are invited to refer to Section **Error! Reference source not found.** of the General Section for further information on the integration of Sustainability Risks in the portfolio management of the Sub-Fund.
- 2.2 Article 7 of Taxonomy Regulation applies to this Sub-Fund: The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

### 3. **MANAGEMENT OF THE SUB-FUND**

The Sub-Fund is managed by the Management Company.

### 4. **TERM OF THE SUB-FUND**

The Sub-Fund has been created for an unlimited period of time.

### 5. **INVESTOR PROFILE**

- 5.1 The Sub-Fund is intended as a basic investment for private and institutional investors considering an investment in the Sub-Fund as a mean of participating in bond markets and who do not need regular income. As a result, this Sub-Fund is intended for investors who can afford, in principle, to set aside their capital as investment capital with a long-term horizon.

### 6. **REFERENCE CURRENCY**

The Reference Currency of the Sub-Fund is US-Dollar.

### 7. **DEALING OF SHARES**

#### **Valuation Day**

- 7.1 The Net Asset Value per Share will be determined as at (i) each **Friday of each week** and (ii) any other day as the Board may determine on a case-by-case basis or generally from time to time. The Net Asset Value per Share will effectively be calculated on the Business Day following the relevant Valuation Day.

#### **Subscription**

- 7.2 Subscriptions to the Sub-Fund's Shares must be made using the documents available from the registered offices of the Company or the relevant Distributor or sub-distributor, if any.
- 7.3 Subscriptions requests are accepted as of each Valuation Day if they are received before 2.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day.
- 7.4 Payments for subscriptions must be received in the relevant currency within three (3) Business Days after the relevant Valuation Day.

#### **Redemption**

- 7.5 Redemptions requests are accepted as of each Valuation Day if they are received before 2.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day. Redemption requests must be sent in writing to the Administrator, or the relevant Distributor or sub-distributor, if any.
- 7.6 Redemptions will in principle be paid by the Depositary in the relevant currency within three (3) Business Days following the relevant Valuation Day.

#### **Conversion**

- 7.7 Shares in the Sub-Fund may be converted as of each Valuation Day if they are received before 2.00 pm (Luxembourg time) on the Business Day preceding the Valuation Day, subject to the limitations of each Class set out under Section 10 of the General Section.

## 8. SWING PRICING

As of the date of this Prospectus, no swing pricing is applied for the Sub-Fund.

## 9. FEES

Class Type	C
Management Fee (max. per annum of NAV per Class)	0,6%
Performance Fee (max. % per annum of NAV per Class)	None
Subscription Fee (max. of subscription amount)	Up to 2%
Redemption/conversion fee	None

## 10. MANAGEMENT FEE

- 10.1 The Management Company will receive a Management Fee in accordance with Section 9. The Management Company may waive these fees in part or in whole at its sole discretion.
- 10.2 The Management Fee is payable monthly in arrears.
- 10.3 Further information on the remuneration of the Management Company is available at the registered office of the Management Company.

## 11. PAST PERFORMANCE

Please refer to the relevant key investor information document of the Sub-Fund for information on the Sub-Fund's past performance.

## 12. SPECIFIC RISK WARNINGS

- 12.1 Investors are advised to carefully consider the risks of investing in the Sub-Fund and should refer in relation thereto to Section 26 of the General Section.
- 12.2 The following is the not exhaustive list of possible risks the Sub-Fund may be exposed to the below risk:

The interest rate and credit risk should be considered, further additional risks associated with securities such as high-yield Fixed Income Securities have to be taken into account.

Fixed Income Securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk).

The Sub-Fund may invest in Fixed Income Securities which are interest rate sensitive. An increase in interest rates will generally reduce the value of Fixed Income Securities, while a decline in interest rates will generally increase the value of Fixed Income Securities. The performance of the Sub-Funds will therefore depend in part on the ability to anticipate and respond to such fluctuations on market interest rates, and to utilize appropriate strategies to maximize returns, while attempting to minimize the associated risks to investment capital.

Further Interest Rate Risk should be considered:

The values of Fixed Income Securities held by the Funds will vary with changes in interest rates and such variation may affect Share prices accordingly. The value of Fixed Income Securities will generally increase when interest rates fall and decrease when interest rates rise. Fixed Income Securities with greater interest rate sensitivity and longer maturities are usually subject to greater fluctuations in value in response to interest rate changes. The sub-fund might seek to reduce their exposure to interest rate risk through duration hedging. In case the sub-Fund is hedged the sub-fund may utilize hedging strategies to seek to limit their exposure to interest rate movements. Sensitivity to interest rate movements may vary. The sensitivity of the Sub-Funds to interest rate movements may affect the result of the duration hedging.

Such hedging strategies used may not eliminate exposure to such interest rate movements. There can be no guarantee that hedging strategies will be successful. Investors should be aware that certain market events or circumstances could result to be no longer be able to perform hedging transactions or that such strategies may no longer be economically viable. The use of hedging strategies may substantially limit shareholders in case the sub-Fund's duration is hedged from benefiting if interest rates fall.

In addition, Credit Risk need to be considered:

The Sub fund might be subject to the risk that an issuer will fail to make timely payments of interest and principal. Issuers with higher credit risk typically offer higher yields for this added risk. Conversely, issuers with lower credit risk typically offer lower yields.

Generally, government securities are considered to be the safest in terms of credit risk, while corporate debt, especially those with poorer credit ratings, have the highest credit risk.

Changes in the financial condition of an issuer, changes in economic and political conditions in general, or changes in economic and political conditions specific to an issuer, are all factors that may have an adverse impact on an issuer's credit quality and security values.

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date as their termination and redemption is subject to prior authorisation of the competent supervisory authority.

- (f) In normal market conditions CoCos comprise mainly realisable investments which can be readily sold. The structure of the instruments is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform. In the event a single issuer activates a trigger or suspends coupons it is not known whether the market will view the issue as an idiosyncratic or systemic event. In the latter case, potential price contagion and volatility to the entire asset class is possible. Furthermore, in an illiquid market, price formation may be increasingly stressed. While diversified from an individual company perspective the nature of the universe means that the Sub-Fund may be concentrated in a specific industry sector and the Net Asset Value of the Sub-Fund may be more volatile as a result of this concentration of holdings relative to a fund which diversifies across a larger number of sectors.