

**THE INDEPENDENT UCITS PLATFORM**  
Société d'Investissement à Capital Variable  
Luxembourg

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**Sub-Fund “Zennor Japan Fund”**

## INTRODUCTION

**THE INDEPENDENT UCITS PLATFORM** (formerly denominated PRODIGY CAPITAL PARTNERS FUND) (the “Fund”) is a Luxembourg open-ended investment company established as from 5 September 2012 as a *société d’investissement à capital variable* (investment company with variable capital) formed as a *société anonyme* (public limited company) in accordance with the Luxembourg law of 17 December 2010 concerning undertakings for collective investment as amended (the “Law of 2010”).

The Fund is subject, in particular, to the provisions of Part I of the Law of 2010 which relate specifically to undertakings for collective investment in transferable securities as defined by the European Directive of 13 July 2009 (2009/65/EC) as may be amended from time to time (the “UCITS Directive”).

The Fund is registered on the official list of undertakings for collective investment pursuant to the Law of 2010. However, such registration shall not, under any circumstances, be described in any way whatsoever as a positive assessment made by the Luxembourg supervisory authority, the *Commission de Surveillance du Secteur Financier* (the “CSSF”), of the quality of the shares offered for sale by the Fund (the “Shares”).

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

Copies of the Prospectus and copies of the most recent annual and semi-annual reports of the Fund can be obtained during office hours on any Business Day from the registered office of the Fund at 4, rue Jean Monnet, L-2180 Luxembourg, as well as from the UCI Administrator of the Fund.

The Shares to be issued hereunder may be of several different classes or categories which relate to several separate Sub-Funds. For each Sub-Fund, the board of directors of the Fund (the “Board of Directors”) may decide at any time to issue different classes of Shares (individually a “Class”, collectively the “Classes”) or categories of Shares (individually a “Category”, collectively the “Categories”) whose assets will be invested jointly according to the Sub-Fund’s specific investment policy, but with specific features applicable to each Class or Category. Shares of the different Sub-Funds may be issued, redeemed and converted at prices computed on the basis of the net asset value per Share (the “Net Asset Value” or “NAV”) of the relevant Class, Category or Sub-Fund, as defined in the restated Articles of Incorporation of the Fund (the “Articles”).

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

The Fund currently offers one Sub-Fund:

- Zennor Japan Fund

The Board of Directors may, at any time, create additional Sub-Funds, whose investment objectives may differ from those of the Sub-Funds then existing. Upon creation of new Sub-Funds, the Prospectus will be updated accordingly. The same applies in case of creation of Classes or Categories.

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

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

The Shares have not been registered under the United States Securities Act of 1933, as amended (the "1933 Act"); they may therefore not be publicly offered, sold, transferred or delivered, directly or indirectly, in the USA, or in any of its territories subject to its jurisdiction or to or for the benefit of a US Person as such expression is defined by Article 10 of the Articles and hereinafter. The Shares are not being offered in the USA, and may be so offered only pursuant to an exemption from registration under the 1933 Act and with the consent of the Fund, and have not been registered with the Securities and Exchange Commission or any state securities commission nor has the Fund been registered under the Investment Company Act of 1940, as amended (the "1940 Act"). No transfer or sale of the Shares shall be made unless, among other things, such transfer or sale is exempt from the registration requirement of the 1933 Act and any applicable state securities laws or is made pursuant to an effective registration statement under the 1933 Act and such state securities laws and would not result in the Fund becoming subject to registration or regulation under the 1940 Act. Shares may furthermore not be sold or held either directly or indirectly by nor to the benefit of, among others, a citizen or resident of the USA, a partnership organized or existing in any state, territory or possession of the USA or other areas subject to its jurisdiction, an estate or trust the income of which is subject to United States federal income tax regardless of its source, or any corporation or other entity organized under the laws of or existing in the USA or any state, territory or possession thereof or other areas subject to its jurisdiction (a "US Person"). The sale and transfer of Shares to US Persons is restricted and the Fund may redeem Shares held by a US Person or refuse to register any transfer to a US Person as it deems appropriate to assure compliance with the 1933 Act and furthermore with the Foreign Account Tax Compliance Act ("FATCA"). For the purpose of compliance

with FATCA, the restriction on investors is to be understood as a restriction on (i) specified US Persons, (ii) Non-participating Foreign Financial Institutions, (iii) Passive Non-Financial Foreign Entities with one or more substantial US owners (collectively the “ineligible investors”). All purchasers must certify that the beneficial owner of such Shares is not a US Person respectively an ineligible investor and is purchasing such Shares for its own account, for investment purposes only and not with a view towards resale thereof.

The Prospectus may not be delivered to “US Persons”, ineligible investors or to any person who may not legally be able to receive it or in respect of whom a sales solicitation is unlawful (collectively the “unauthorised persons”).

The Board of Directors will demand the immediate refunding of the Shares bought or held by an unauthorised person, including by investors who would have become unauthorised persons after the acquisition of the Shares.

Shareholders shall notify the Fund and/or the Registrar and Transfer Agent i) if they become unauthorised persons or ii) if they hold Shares in the Fund in breach of the applicable laws and regulations, the Prospectus or the Articles, or iii) in any circumstances which may affect the taxation of and/or have legal and/or regulatory consequences for the Fund or the shareholders or which may otherwise have a negative impact on the Fund or the other shareholders.

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

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

All references in the Prospectus to:

- “EUR”, “Euro” or “euros” or “€” refer to the currency of the European Union Member States participating in the single currency;
- “CAD” refer to the currency of Canada;
- “HKD” refer to the currency of Hong Kong;
- “USD” refer to the currency of the United States of America;
- “CHF” refer to the currency of Switzerland;
- “DKK” refer to the currency of Denmark;
- “GBP” refer to the currency of the United Kingdom;
- “JPY” refers to the currency of Japan
- “NOK” refer to the currency of Norway;

- “RUB” refer to the currency of Russia;
- “SEK” refer to the currency of Sweden;
- “USD” refer to the currency of United States of America
- “Business Day” refer to any full day on which banks are open for business in Luxembourg.

Copies of the Prospectus can be obtained on the conditions indicated above from the Fund’s registered office or from the Management Company’s registered office.

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

### **Enquiries or Complaints**

Any investor enquiries or complaints should be submitted to the Management Company at the following address: [compliance@aaml.lu](mailto:compliance@aaml.lu) and any response will be made in writing.

The complaints handling policy established by the Management Company may be requested, free of charge, by contacting the Management Company at the email address [compliance@aaml.lu](mailto:compliance@aaml.lu) or through the following website: <https://www.andbank.com/luxembourg/en/gestion-dactifs/>.

### **Benchmark Regulation**

Regulation (EU) 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the ‘Benchmark Regulation’) came into full effect on 1 January 2018. The Benchmark Regulation introduces a new requirement for all benchmark administrators providing indices which are used or intended to be used as benchmarks in the EU to be authorized or registered by the competent authority. In respect of the Funds, the Benchmark Regulation prohibits the use of benchmarks unless they are produced by an EU administrator authorized or registered by the European Securities and Markets Authority (‘ESMA’) or are non-EU benchmarks that are included in ESMA’s public register under the Benchmark Regulation’s third country regime.

At the date of this Prospectus, the Sub-Fund does not use any benchmark.

### **Data protection**

Any information concerning Shareholders (the “Personal Data”) and other related natural persons (together “the Data Subjects”), provided to, or collected by or on behalf of the Fund and the Management Company (directly from Data Subjects or from publicly available sources) will be processed by the latter as joint data controllers (the “Controllers” – contact details available at the registered office of the Fund in compliance with applicable data protection laws, in particular Regulation (EU) 2016/679 of 27 April 2016, the “General Data Protection Regulation” (together the “Data Protection Legislation”).

Failure to provide certain requested Personal Data may result in the impossibility to invest or maintain Shares in the Fund.

Personal Data will be processed by the Controllers and disclosed to, and processed by, services providers acting as processors on behalf of the Controllers such as the UCI Administrator, the Paying Agent, the Auditor, legal and financial advisers and when applicable the Distributor and its appointed sub-distributors if any. (the "Processors") for the purposes of (i) offering and managing investments and performing the related services (ii) developing and processing the business relationship with the Processors, and (iii) if applicable direct or indirect marketing activities (the "Purposes").

Personal Data will also be processed by the Controllers and Processors to comply with legal or regulatory obligations applicable to them such as cooperation with, or reporting to, public authorities including but not limited to legal obligations under applicable fund and company law, anti-money laundering and counter terrorist financing ("AML-CTF") legislation, prevention and detection of crime, tax law such as reporting to the tax authorities under FATCA, the Common Reporting Standard ("CRS") or any other tax identification legislation to prevent tax evasion and fraud as applicable (the Compliance Obligations). The Controllers and/or the Processors may be required to report information (including name and address, date of birth and tax identification number ("TIN"), account number, balance on account, the ("Tax Data") to the Luxembourg tax authorities (Administration des contributions directes) which will exchange this information with the competent authorities in permitted jurisdictions (including outside the European Economic Area) for the purposes provided for in FATCA and CRS or equivalent Luxembourg legislation. It is mandatory to answer questions and requests with respect to the Data Subjects' identification and Shares held in the Fund and, as applicable, FATCA and/or CRS and failure to provide relevant Personal Data requested by the Controllers or the Processors in the course of their relationship with the Fund may result in incorrect or double reporting, prevent them from acquiring or maintaining their Shares in the Fund and may be reported to the relevant Luxembourg authorities.

In certain circumstances, the Processors may also process Personal Data of Data Subjects as controllers, in particular for compliance with their legal obligations in accordance with laws and regulations applicable to them (such as anti-money laundering identification) and/or order of any competent jurisdiction, court, governmental, supervisory or regulatory bodies, including tax authorities.

Communications (including telephone conversations and e-mails) may be recorded by the Controllers and Processors including for record keeping as proof of a transaction or related communication in the event of a disagreement and to enforce or defend the Controllers' and Processors' interests or rights in compliance with any legal obligation to which they are subject. Such recordings may be produced in court or other legal proceedings and permitted as evidence with the same value as a written document and will be retained for a period of 10 years starting from the date of the recording. The absence of recordings may not in any way be used against the Controllers and Processors.

Personal Data of Data Subjects may be transferred outside of the European Union (including to Processors), in countries which are not subject to an adequacy decision of the European Commission and which legislation does not ensure an adequate level of protection as regards the processing of personal data.

Insofar as Personal Data is not provided by the Data Subjects themselves the Shareholders represent that they have authority to provide such Personal Data of other Data Subjects. If the Shareholders are not natural persons, they undertake and warrant to (i) adequately inform any such other Data Subject about the processing of their Personal Data and their related rights as described

in the Prospectus and (ii) where necessary and appropriate, obtain in advance any consent that may be required for the processing of the Personal Data.

Personal Data of Data Subjects will not be retained for longer than necessary with regard to the Purposes and Compliance Obligations, in accordance with applicable laws and regulations, subject always to applicable legal minimum retention periods.

Detailed data protection information is contained in the information notice, in particular in relation to the nature of the Personal Data processed by the controllers and Processors, the legal basis for processing, recipients, safeguards applicable for transfers of Personal Data outside of the European Union and the rights of Data Subjects (including the rights to access to or have Personal Data about them rectified or deleted, ask for a restriction of processing or object thereto, right to portability, right to lodge a complaint with the relevant data protection supervisory authority and right to withdraw consent after it was given, etc.) and how to exercise them.

The full information notice is also available on demand at the registered office of the Fund or the Management Company at 4 rue Jean Monnet, L-2180 Luxembourg.

The Shareholders' attention is drawn to the fact that the data protection information contained herein and in the Prospectus is subject to change at the sole discretion of the Controllers.

### **Luxembourg Register of beneficial owners**

The Luxembourg Law of 13 January 2019 creating a Register of Beneficial Owners (the "Law of 13 January 2019") entered into force on 1 March 2019. The Law of 13 January 2019 requires all companies registered with the Luxembourg Company Register, including the Fund, to obtain and hold information on their beneficial owners ("Beneficial Owners") at their registered office. The Fund must register certain Beneficial Owner-related information with the Luxembourg Register of Beneficial Owners, which is established under the authority of the Luxembourg Ministry of Justice. The Law of 13 January 2019 broadly defines a Beneficial Owner, in the case of corporate entities such as the Fund, as any natural person(s) who ultimately owns or controls the Fund through direct or indirect ownership of a sufficient percentage of the shares or voting rights or ownership interest in the Fund, including through bearer shareholders, or through control via other means, other than a company listed on a regulated market that is subject to disclosure requirements consistent with European Union law or subject to equivalent international standards which ensure adequate transparency of ownership information.

A shareholding or ownership interest of more than 25 % in the Fund held by a natural person shall be an indication of direct ownership. A shareholding or ownership interest of more than 25% in the Fund held by a corporate entity, which is under the control of a natural person(s), or by multiple corporate entities, which are under the control of the same natural person(s), shall be an indication of indirect ownership.

In case the aforementioned Beneficial Owner criteria are fulfilled by an investor with regard to the Fund, this investor is obliged by law to inform the Fund in due course and to provide the required supporting documentation and information which is necessary for the Fund to fulfil its obligation under the Law of 13 January 2019. Failure by the Fund and the relevant Beneficial Owners to comply with their respective obligations deriving from the Law of 13 January 2019 will be subject to criminal fines. Should an investor be unable to verify whether they qualify as a Beneficial Owner, the investor may approach the Fund for clarification.

For both purposes the following e-mail address may be used: [compliance@aaml.lu](mailto:compliance@aaml.lu).

***Shares of the various Sub-Funds must be subscribed solely on the basis of the information contained in the Prospectus and the relevant Key Investor Information Document ("KIID"). The KIID is a pre-contractual document that contains key information for investors. It includes appropriate information about the essential characteristics of each Class of a particular Sub-Fund. As per Directive 2021/65/EC, the "key information document" subject to Regulation (EU) No 1286/2014 of the European Parliament and of the Council, which requires manufacturers of packaged retail and insurance-based investment products (PRIIPs), before making a PRIIP available to retail investors, to draw up and publish a key information document ("KID") for that product in order to enable such retail investors to understand and compare the key features and risks of the PRIIP, is to be considered to satisfy the requirements applicable to the KIID. In addition, for investors other than retail investors, the Fund should continue to draw up key investor information in accordance with Directive 2009/65/EC, unless they decide to draw up a KID as set out in Regulation (EU) No 1286/2014. In such cases, the Fund should not be required by competent authorities to provide a KIID.***

***If you are considering subscribing for Shares, you should first read the relevant KIID carefully together with the Prospectus and more particularly its Part B which includes in particular information on the various Sub-Funds' investment policies, and you should also consult the Fund's latest published annual and semi-annual reports, copies of which are available from the following websites: <https://www.andbank.com/luxembourg/en/gestion-dactifs/>; [www.independentucits.com](http://www.independentucits.com) for Zennor Japan Fund; from local agents, if any, or from the entities marketing the Shares, and may be obtained upon request, free of charge, at the Fund's registered office.***



## THE INDEPENDENT UCITS PLATFORM

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**THE INDEPENDENT UCITS PLATFORM**  
Société d'Investissement à Capital Variable  
R.C.S. Luxembourg N° B 171356

**Board of Directors:**

***Chairman***

Mr. Hugh Hunter  
Spring Capital Partners Limited

***Directors***

Mr. Alain Léonard  
Director, Andbank Asset Management Luxembourg

Mr. John McDonald  
Independent Director

Mrs. Susanne Petrie  
Spring Capital Partners Limited

**Registered Office:**

4, rue Jean Monnet, L-2180 Luxembourg

**Management Company:**

**Andbank Asset Management Luxembourg**  
4, rue Jean Monnet, L-2180 Luxembourg

**Domiciliary and Corporate Agent:**

**Andbank Asset Management Luxembourg**  
4, rue Jean Monnet, L-2180 Luxembourg

**Depository and Paying Agent:**

**Citibank Europe plc, Luxembourg Branch**  
31, Z.A. Bourmicht  
L-8070 Bertrange

**UCI Administrator:**

**Citibank Europe plc, Luxembourg Branch**  
31, Z.A. Bourmicht  
L-8070 Bertrange

**Auditors:**

**Deloitte Audit, S.à.r.l.**  
20 Boulevard de Kockelscheuer,  
L-1821 Luxembourg

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**PART A - FUND INFORMATION**

**I. INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS**

**A. General Provisions**

**1. The Fund's objectives**

The Fund intends to offer its shareholders investments in a selection of negotiable securities and other eligible financial assets combining high growth potential and a high degree of liquidity. The choice of assets will not be limited either geographically or as regards either the types of negotiable securities and other eligible financial assets or the currencies in which they are expressed, except for any applicable investment restrictions. The investment policy and more particularly the duration of investments will be adjusted in line with the current political, economic, financial and monetary outlook at any given time.

**2. The Fund's investment policy**

The Fund intends to achieve the above objectives mainly by the active management of portfolios of eligible financial assets. In accordance with the conditions and limits set out in Sections B to D below, and in compliance with the investment policy of each Sub-Fund as defined in Part B of the Prospectus, the eligible financial assets may consist of transferable securities, money market instruments, units of UCITS and/or UCIs, bank deposits and/or financial derivative instruments.

Each Sub-Fund may (a) use derivative instruments for investment, hedging and efficient portfolio management purposes, and (b) exploit the techniques and instruments relating to transferable securities and money market instruments for the purpose of efficient portfolio management, under the conditions and within the limits laid down by law, regulation and administrative practice, as well as under Part B of the Prospectus and the relevant Sections B to D below.

Each Sub-Fund has a different investment policy in terms of the type and proportion of eligible financial assets and/or in terms of geographical, industrial or sector diversification.

The investment policies and structure applicable to the various Sub-Funds created by the Board of Directors are described hereinafter in Part B of the Prospectus.

**3. The Fund's risk profile**

Each Sub-Fund's assets are subject to market fluctuations and the risks inherent in any investment in financial assets.

No guarantee can be given that the Fund's objectives will be achieved and that investors will recover the amount of their initial investment.

The conditions and limits laid down in Sections B to D below are intended however to ensure a certain portfolio diversification so as to reduce such risks.

The Sub-Funds are exposed to various risks, depending on their respective investment policies. The main risks to which Sub-Funds may be exposed are listed below.

### **Equity risks**

The equity markets may fluctuate significantly with prices rising and falling sharply or even be reduced to zero, and this will have a direct impact on the Sub-Fund's Net Asset Value. This also means that when the equity markets are extremely volatile the Sub-Fund's Net Asset Value may fluctuate substantially.

### **Liquidity risk**

When market conditions are unusual or a market is particularly thin the Sub-Fund may encounter difficulties in valuing and/or selling some of its assets, in particular to satisfy large-scale redemption requests.

From time to time, the counterparties with which the Fund effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Fund might be unable to enter into a desired transaction or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance.

### **Currency risk**

The Sub-Fund holds assets denominated in currencies other than its Reference Currency. It may be affected by changes in exchange rates between the Reference Currency and these other currencies or by changes to exchange control regulations. If the currency in which an asset is denominated appreciates against the Sub-Fund's Reference Currency, the security's equivalent value in the Reference Currency will also appreciate. Conversely, a depreciation in the currency will result in a fall in the security's equivalent value in the Reference Currency.

Exchange rate fluctuations may also occur between the trade date for a transaction and the date on which the currency is acquired to meet settlement obligations.

### **Fixed income securities risks**

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Lower rated securities will usually offer higher yields than higher rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry.

Price changes in fixed-interest securities are influenced predominantly by interest rate developments in the capital markets, which are explained by macro-economic factors.

Investors should note that credit ratings may not necessarily reflect the true risk of an investment and that the Investment Manager may use its own set of credit rating criteria to perform its credit analysis, which may differ from the criteria used by the credit rating agencies.

### **Interest rate risk**

The value of investments in bonds and other debt securities may rise or fall sharply as interest rates fluctuate. As a general rule, the value of fixed-rate instruments will increase when interest rates fall, and fall when interest rates increase.

### **Credit risk**

This risk is linked to the issuer's ability to settle its debts. If the rating of an issue or issuer is downgraded this may cause the value of the related debt securities in which the Sub-Fund has invested to fall.

The severity of the risk varies depending on the quality of the securities in the portfolio and whether they are "Investment Grade" (good quality) or "Below Investment Grade" (inferior quality).

### **Sovereign Bonds risk**

The Sub-Fund may invest in debt obligations issued or guaranteed by governments or their agencies (sovereign bonds). The governmental entity that controls the repayment of sovereign bonds may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their sovereign bonds.

Holders of sovereign bonds may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which sovereign bonds, on which a governmental entity has defaulted, may be collected in whole or in part.

### **Corporate Bonds risk**

The Sub-Fund may invest in corporate bonds. Corporate bonds are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation 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. When interest rates rise, the value of corporate bonds can be expected to decline. Corporate bonds with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities.

### **Investment Grade Rated Securities risk**

The Sub-Fund may invest in investment grade rated securities. Investment grade rated securities are assigned credit ratings by ratings agencies on the basis of the creditworthiness or risk of default of a bond issue. Rating agencies review, from time to time, such assigned ratings of the securities and may subsequently downgrade the rating if economic circumstances impact the relevant bond issues.

### **Sub-Investment Grade/High Yield risk**

The Sub-Fund may invest in sub-investment grade/high yield securities. These fixed income securities (rated BB+ or lower by Standard & Poor's, Ba1 or lower by Moody's or an equivalent rating from any other recognised rating agency) typically are subject to greater market fluctuations and to greater risk of loss of income and principal, due to default by the issuer, than are higher rated fixed income securities. Lower rated fixed income securities' values tend to reflect short term corporate, economic and market developments and investor perceptions of the issuer's credit quality to a greater extent than lower yielding higher rated fixed income securities' values. In addition, it may be more difficult to dispose of, or to determine the value of, high yield fixed income securities. There are fewer investors in lower rated securities, and it may be harder to buy and sell securities at an optimum time. Fixed income securities rated BB+ or Ba1 or lower, or an equivalent rating from any other recognised rating agency, are described by the ratings agencies as "predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions".

### **Convertible Bonds risk**

Investments in convertible bonds may, in addition to normal bond risks and fluctuations, be subject to fluctuations in response to numerous factors, including but not limited to, variations in the periodic operating results of the issuer, changes in investor perceptions of the issuer, the depth and liquidity of the market for convertible bonds and changes in actual or forecasted global or regional economic conditions. In addition, the global bond markets have from time to time experienced extreme price and volume fluctuations. Any such broad market fluctuations may adversely affect the trading price of convertible bonds.

### **Securitised Bonds risk**

The Sub-Fund may have a limited exposure (up to 10% of its net assets) to a wide range of asset backed securities (including asset pools in credit card loans, auto loans, residential and commercial mortgage loans, collateralised mortgage obligations and collateralised debt obligations), agency mortgage pass-through securities and covered bonds. The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other fixed income securities such as government issued bonds. Asset backed securities and mortgage backed securities are securities that entitle the holders thereof to receive payments that are primarily dependent upon the cash flow arising from a specified pool of financial assets such as residential or commercial mortgages, motor vehicle loans or credit cards. Asset backed securities and mortgage backed securities are often exposed to extension and prepayment risks that may have a substantial impact on the timing and size of the cash flows paid by the securities and may negatively impact the returns of the securities. The average life of each individual security may be affected by a large number of factors such as the existence and frequency of exercise of any optional redemption and mandatory prepayment, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets.

### **Global financial market crisis and governmental intervention**

The global financial markets are undergoing pervasive and fundamental disruptions and dramatic instability. The extent to which the underlying causes of instability are pervasive throughout global financial markets and have the potential to cause further instability is not unclear but these underlying causes have led to extensive and unprecedented governmental and regulatory intervention which has, in certain cases, been implemented on an “emergency” basis without much or any notice with the consequences, clarity of scope and application, resulting in confusion and uncertainty which is per se materially detrimental to the efficient functioning of the financial markets as well as previously successful investment strategies. It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on ability of the Sub-Fund to implement its investment objective/investment policy and that there is a likelihood that increased regulation of the global financial markets could be materially detrimental to the performance of the Sub-Fund.

### **Sub-Funds investing in Smaller Companies**

Sub-Funds which invest in smaller companies may fluctuate in value more than other Sub-Funds because of the greater potential volatility of share prices of smaller companies.

Smaller companies may find themselves unable to generate new funds to support their growth and development, they may lack vision in management, or they may develop products for new, uncertain markets.

### **Legal infrastructure**

The interpretation and application of decrees and legislative acts can be often contradictory and uncertain particularly in respect of matters relating to taxation.



Legislation could be imposed retrospectively or may be issued in the form of internal regulations not generally available to the public.

Judicial independence and political neutrality cannot be guaranteed.

State bodies and judges may not adhere to the requirements of the law and the relevant contract. There is no certainty that investors will be compensated in full or at all for any damage incurred.

Recourse through the legal system may be lengthy and protracted.

Company laws in some targeted countries are in their early stages. In the development of these, certain new laws might have a negative impact on the value of an investment which cannot be foreseen at the time the investment is made.

### **Market disruptions**

The Sub-Fund may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. Due to a cause-and-effect relationship, investment funds and other vehicles may suffer heavy losses although they may not necessarily be heavily invested in credit-related investments. A financial exchange may periodically suspend or limit trading rendering it difficult or impossible for the Sub-Fund to liquidate affected positions and thereby expose the Sub-Fund to losses. There is also no assurance that in such circumstances off-exchange markets will remain liquid enough for the Sub-Fund to close out positions.

### **Taxation risk**

The value of an investment may be affected by the application of tax laws in various countries, including withholding tax, or changes in government or economic or monetary policy in the countries concerned. As such, no guarantee can be given that the financial objectives will actually be achieved.

### **Risk related to Foreign Account Tax Compliance Act (FATCA)**

The withholding tax regime of FATCA became effective in phases since 1 July 2014. Although the Fund will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Fund will be able to satisfy these obligations. If the Fund becomes subject to a withholding tax as a result of the FATCA regime, the value of the Shares held by the shareholders concerned may be adversely impacted to a significant extent.

### **Risk related to Common Reporting Standard**

For exchange of information purpose, Shareholders are informed that their personal and account information (the Information as described in the Common Reporting Section) may be reported to the relevant tax authorities.

Any Shareholder that fails to comply with the Fund's Information or documentation requests may be held liable for penalties imposed on the Fund and attributable to such Shareholders' failure to provide

the Information or subject to disclosure of the Information by the Fund to the LTA In addition, as the case may be, the Fund may redeem Shares held such Shareholders.

### **Derivatives risk**

With a view to efficient portfolio management, the Investment Manager may, in the context of a Sub-Fund's overall investment policy and within the limits of the investment restrictions, conduct certain operations involving the use of financial derivative instruments, such as (i) put and call options on securities, indexes and currencies, including OTC options; (ii) futures on stock market indexes and interest rates and options on them; (iii) structured products, for which the security is linked to or derives its value from another security; (iv) warrants; (v) credit derivatives, in particular Credit Default Swaps ("CDS") and Contracts for Difference ("CFD").

The investor's attention is drawn to the fact that these derivatives include leveraging. Because of this, the volatility of the Sub-Fund may be increased.

In using derivatives the Sub-Fund may make OTC forward and spot transactions on indices and on other financial instruments, as well as on index swaps or other financial instruments with first-rate banks or brokerage houses specialising in this area, acting as counterparty.

### **Risks associated with emerging, frontier and less developed countries**

Investors' attention is drawn to the fact that the manner in which the markets of certain emerging and less developed countries operate and are supervised may differ from the standards that prevail in the major international markets.

The following statements are intended to illustrate some of the risks which in varying degrees are present in investing in emerging and less developed markets instruments, but are not exhaustive, nor do they offer advice on the suitability of investments.

1. country risks related to its legislation (i.e. limited regulation of the securities markets, possible imposition of exchange controls or other local governmental laws or restrictions, the possibility of limited legal recourse for the Fund), economic (i.e. international and regional political and economic developments), political (i.e. government involvement in the private sector) and social policies and tax system and to the quality of corporate management;
2. accounting practices (i.e. accounting, auditing and financial reporting system may not accord with international standards; even when reports have been brought into line with international standards, they may not always contain correct information; obligations on companies to publish financial information may also be limited).
3. shareholder risks (i.e. existing legislation may not yet be adequately developed to protect the rights of minority shareholders; liability for violation of what shareholder rights there are, may be limited);
4. risks related to the country's currency (i.e. currency fluctuations) and investment and repatriation restrictions;

These risks may result in substantial volatility of the securities, markets and currencies concerned, and consequently of the Sub-Fund's Net Asset Value.

Frontier markets are even smaller, less developed and less accessible emerging markets and involve additional risks.

### *Registration risk*

In some emerging market countries, evidence of legal title to shares is maintained in "book-entry" form only. The role of the registrar in such custodial and registration processes is crucial and there are higher risks associated with such form of registration. It is possible for the Sub-Fund to lose its registration through fraud, negligence or mere oversight on the part of the registrar without any effective recourse. If the company's register were to be destroyed or mutilated, the Sub-Fund's holding of the shares of the company could be substantially impaired, or in certain cases, deleted. Insurance for such eventualities is not common. Furthermore, the registrar or the relevant company could wilfully refuse to recognise the Sub-Fund as the registered holder of shares previously purchased by, or in respect of, the Sub-Fund due to the destruction of the company's register.

### *Taxation*

Investors should note in particular that the proceeds from the sale of securities in some markets or the receipt of any dividends and other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at source. Tax law and practice in certain countries into which the Fund invests or may invest in the future is not clearly established. It is therefore possible that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. As a result, the Fund could become subject to additional taxation in such countries that is not anticipated either at the date of the Prospectus or when investments are made, valued or disposed of.

### *Execution and Counterparty Risk*

In some markets there may be no secure method of delivery against payment which would minimise the exposure to counterparty risk. It may be necessary to make payment on a purchase or delivery on a sale before receipt of the securities or, as the case may be, sale proceeds.

### *Market and Settlement Risks*

- i. The securities markets in some countries lack the liquidity, efficiency and regulatory and supervisory controls of more developed markets.
- ii. Lack of liquidity may adversely affect the ease of disposal of assets. The absence of reliable pricing information in a particular security held by a Sub-Fund may make it difficult to assess reliably the market value of assets.
- iii. The share register may not be properly maintained and the ownership or interest may not be (or remain) fully protected. Registration of securities may be subject to delay and during the period of delay it may be difficult to prove beneficial ownership of the securities.

- iv. The provision for custody of assets may be less developed than in other more mature markets and thus provides an additional level of risk for the Sub-Funds.
- v. Settlement procedures may be less developed and still be in physical as well as in dematerialised form.

### **Non-Regulated Markets risk**

Some Sub-Funds may invest in securities of issuers in countries whose markets do not qualify as regulated markets due to their economic, legal or regulatory structure, and therefore these Sub-Funds may not invest more than 10% of their net assets in such securities.

The aforementioned information is not exhaustive. It is not intended to, and does not, constitute legal advice. If in doubt, potential investors should read the Prospectus carefully and consult their own professional adviser(s) as to the implications of subscribing for or otherwise dealing in the Shares.

### **Stock Connect Risk**

Certain Sub-Funds, subject to their investment objectives, strategies and restrictions as set out in Part B of the Prospectus, may invest and have direct access to certain eligible China "A" Shares via the Stock Connects (as defined below).

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited ("**HKEx**"), Shanghai Stock Exchange ("**SSE**") and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"). The Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEx, Shenzhen Stock Exchange ("**SZSE**") and ChinaClear (the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and any other similar programme(s) which may be introduced from time to time, being collectively referred to as the "**Stock Connects**"). The aim of the Stock Connects is to achieve mutual stock market access between the People's Republic of China (the "PRC", and for the purpose of this Prospectus, PRC shall exclude Hong Kong and Macau) and Hong Kong.

The Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including the Sub-Funds), through their Hong Kong brokers and a securities trading service company established by the Stock Exchange of Hong Kong Limited ("**SEHK**"), may be able to trade eligible China "A" Shares listed on SSE by routing orders to SSE.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the Sub-Funds), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China "A" Shares listed on the SZSE by routing orders to SZSE.

### *Eligible Securities*

- (i) Shanghai-Hong Kong Stock Connect

Under the Shanghai-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Sub-Funds) are able to trade selective stocks listed on the SSE market (i.e. "**SSE Securities**"). These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China "A" Shares that are not included as constituent stocks of the relevant indices but which have corresponding shares issued by PRC companies and traded on the SEHK (the "H Shares") listed on SEHK, except the following:

- SSE-listed shares which are not traded in RMB; and
- SSE-listed shares which are included in the "risk alert".

(ii) Shenzhen-Hong Kong Stock Connect

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Sub-Funds) are able to trade selective stocks listed on the SZSE market (i.e. "**SZSE Securities**"). These include all the constituent stocks of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed China "A" Shares which have corresponding H Shares listed on SEHK, except the following:

- SZSE-listed shares which are not traded in RMB; and
- SZSE-listed shares which are included in the "risk alert" or under delisting arrangement.

It is expected that both lists of SSE Securities and SZSE Securities will be subject to review and approval by the relevant regulatory bodies from time to time.

Further information about the Stock Connects is available online at the website: <http://www.hkex.com.hk/mutualmarket>.

Where a Sub-Fund invests through the Stock Connects, such Sub-Fund will be subject to the following risks associated with the Stock Connects:

*Quota limitations risk* – The Stock Connects are subject to quota limitations. Trading under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect will be subject to a daily quota respectively ("Daily Quota"). The Daily Quota will apply on a "net buy" basis. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call auction session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict a Sub-Fund's ability to invest in China "A" Shares through the Stock Connects on a timely basis, and the Sub-Fund may not be able to effectively pursue its investment strategies.

*Suspension risk* – Each of the SEHK, SSE and SZSE reserves the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through the Stock Connects is effected, a Sub-Fund's ability to access the PRC market will be adversely affected.

*Differences in trading days* – The Stock Connects only operate on days when both the PRC and Hong Kong Stock Exchanges are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore it is possible that there are occasions when it is a normal trading day for the PRC Stock Exchanges but Hong Kong Stock Exchanges or banks are closed and overseas investors (such as a Sub-Fund) cannot carry out any China "A" Shares trading. Due to the differences in trading days, a Sub-Fund may be subject to a risk of price fluctuations in China "A" Shares on a day that the PRC Stock Exchanges are open for trading but the Hong Kong Stock Exchanges is closed.

*Operational risk* – The Stock Connects provide a channel for investors from Hong Kong and overseas to access the PRC Stock Exchanges directly.

The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in these programs subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

Market participants generally have configured and adapted their operational and technical systems for the purpose of trading China "A" Shares through the Stock Connects. However, it should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the programs to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connects requires routing of orders across the border. SEHK has set up an order routing system ("**China Stock Connect System**") to capture, consolidate and route the cross-boundary orders input by exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. A Sub-Fund's ability to access the China "A" Shares market (and hence to pursue its investment strategy) will be adversely affected.

*Restrictions on selling imposed by front-end monitoring* – PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China "A" Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Generally, if a Sub-Fund desires to sell certain China "A" Shares it holds, it must transfer those China "A" Shares to the respective accounts of its brokers before the market opens on the day of selling ("**Trading Day**") unless its brokers can otherwise confirm that the Sub-Fund has sufficient China "A" Shares in the accounts. If it fails to meet this deadline, it will not be able to sell those shares on the Trading Day. Because of this requirement, the Sub-Fund may not be able to dispose of holdings of China "A" Shares in a timely manner.

However, a Sub-Fund may request a custodian to open a special segregated account ("**SPSA**") in CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK) to maintain its holdings in China "A" Shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique "Investor ID" by CCASS for the purpose of

facilitating China Stock Connect System to verify the holdings of an investor such as the Sub-Fund. Provided that there is sufficient holding in the SPSA when a broker inputs the Sub-Fund's sell order, the Sub-Fund will be able to dispose of its holdings of China "A" Shares (as opposed to the practice of transferring China "A" Shares to the broker's account under the current pre-trade checking model for non-SPSA accounts). Opening of the SPSA accounts for a Sub-Fund will enable it to dispose of its holdings of China "A" Shares in a timely manner.

*Recalling of eligible stocks* – When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Sub-Fund, for example, when the Investment Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

*Custody, clearing and settlement risk* – The Hong Kong Securities Clearing Company Limited ("**HKSCC**"), a wholly-owned subsidiary of HKEx, will be responsible for the clearing, settlement and the provision of depository, intermediary and other related services of the trades executed by Hong Kong market participants and investors. The China "A" Shares traded through Stock Connects are issued in scripless form, so Investors will not hold any physical China "A" Shares. Hong Kong and overseas investors (including the Sub-Funds) who have acquired SSE Securities or SZSE Securities through Northbound trading should maintain the SSE Securities or SZSE Securities with their brokers' or custodians' stock accounts with CCASS.

HKSCC and ChinaClear have established the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, a Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

*Participation in corporate actions and shareholders' meetings* – Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE/SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities or SZSE Securities (as the case may be).

HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("**CCASS participants**") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them. The HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles

of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements. Hong Kong and overseas investors (including the Sub-Funds) are holding SSE Securities and SZSE Securities traded via the Stock Connects through their brokers or custodians, and they will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be very short. Therefore, it is possible that a Sub-Fund may not be able to participate in some corporate actions in a timely manner.

*intermediary arrangements in holding China "A" Shares* – HKSCC is the intermediary holder of the SSE Securities and SZSE Securities acquired by Hong Kong and overseas investors (including the Sub-Funds) through the Stock Connects. The current Stock Connects rules expressly provide for the concept of a "intermediary holder" and there are other laws and regulations in the PRC which recognise the concepts of "beneficial owner" and "intermediary holder". Although there is reasonable ground to believe that an investor may be able to take legal action in its own name to enforce its rights in the courts in the PRC if it can provide evidence to show that it is the beneficial owner of SSE Securities/SZSE Securities and that it has a direct interest in the matter, Investors should note that some of the relevant PRC rules related to intermediary holder are only departmental regulations and are generally untested in the PRC. There is no assurance that a Sub-Fund will not encounter difficulties or delays in terms of enforcing its rights in relation to China "A" Shares acquired through the Stock Connects. However, regardless of whether a beneficial owner of SSE Securities under Shanghai-Hong Kong Stock Connect or SZSE Securities under Shenzhen-Hong Kong Stock Connect is legally entitled to bring legal action directly in the PRC courts against a listed company to enforce its rights, HKSCC is prepared to provide assistance to the beneficial owners of SSE Securities and SZSE Securities where necessary.

*Currency risk* – Where a Sub-Fund is denominated in US dollars or other foreign currency, the performance of the Sub-Fund may be affected by movements in the exchange rate between RMB (i.e. the currency in which SSE Securities and SZSE Securities are traded and settled) and USD or other foreign currency. A Sub-Fund may, but is not obliged to, seek to hedge foreign currency risks. However, even if undertaken, such hedging may be ineffective. On the other hand, failure to hedge foreign currency risks may result in the Sub-Fund suffering from exchange rate fluctuations. For further details on exchange risk, please see risk factor "Currency Risk" above).

*No Protection by Investor Compensation Fund* – Investments through the Stock Connects are conducted through brokers, and are subject to the risks of default by such brokers' in their obligations.

A Sub-Fund's investments through Northbound trading under the Stock Connects are not covered by the Hong Kong's Investor Compensation Fund, which is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Therefore a Sub-Fund is exposed to the risks of default of the broker(s) it engages in its trading in China "A" Shares through the Stock Connects. Further, since the Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, it is not protected by the China Securities Investor Protection Fund in the PRC.



*Regulatory risk* – The Stock Connects are novel in nature, and the Stock Connects will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connects.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connects will not be abolished. A Sub-Fund, which may invest in the PRC Stock Exchanges through the Stock Connects, may be adversely affected as a result of such changes.

*Risks associated with the Small and Medium Enterprise Board of the SZSE ("SME Board") and/or ChiNext Board of the SZSE ("ChiNext Board")*

A Sub-Fund may have exposure to stocks listed on SME Board and/or ChiNext Board of SZSE.

*Higher fluctuation on stock prices* - Listed companies on the SME Board and/or ChiNext Board are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SZSE ("**Main Board**").

*Over-valuation risk* - Stocks listed on SME Board and/or ChiNext Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

*Differences in regulation* - The rules and regulations regarding companies listed on ChiNext Board are less stringent in terms of profitability and share capital than those in the Main Board and SME Board.

*Delisting risk* - It may be more common and faster for companies listed on the SME Board and/or ChiNext Board to delist. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.

Investments in the SME Board and/or ChiNext Board may result in significant losses for the Sub-Fund and its Investors.

### **PRC Tax risk**

#### **(i) Dividends**

Pursuant to the "Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect" (Caishui [2014] No. 81) ("Notice No. 81") promulgated by the Ministry of Finance of the PRC, the State Administration of Taxation of the PRC and the CSRC on 14 November 2014, the relevant Sub-Funds are subject to a withholding income tax at 10 per cent on dividends received from China "A" Shares traded via Shanghai-Hong Kong Stock Connect, unless reduced under a double tax treaty with the PRC upon application to and obtaining approval from the competent PRC authority.

Pursuant to the "Notice on the tax policies related to the Pilot program of Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No.127) ("Notice No. 127") promulgated by the Ministry of Finance of the PRC, the State Administration of Taxation of the PRC and the CSRC on 5 November 2016, the relevant Sub-Funds are subject to a withholding tax at 10 per cent on dividends received from China "A" Shares traded via Shenzhen-Hong Kong Stock Connect.

### (ii) Capital gains

Pursuant to Notice No. 81 and Notice No. 127, PRC corporate income tax will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the relevant Funds) on the trading of China "A" Shares through the Stock Connects. It is noted that Notice No. 81 and Notice No. 127 both state that the corporate income tax exemption effective from 17 November 2014 and from 5 December 2016 respectively is temporary. As such, as and when the PRC authorities announce the expiry date of the exemption, the relevant Sub-Funds may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Net Asset Value of such Sub-Funds.

### **Sustainability risk**

The Management Company reviews and assesses potential sustainability risks within the meaning of the EU Regulation 2019/2088 dated March 10, 2021 on the sustainability related disclosures in the financial services sector and related technical standards (the "SFDR") as part of its decision-making processes with respect to the investments made and/or to be made by the Investment Manager of the Fund and will integrate such review within its internal procedures and policies. Such review will be performed by the risk management team of the Management Company and the risk management process is currently under review. Thereafter, during the ex-ante risk assessment process the Investment Manager will consider those risks and assess if those will have a relevant impact on the investment. If those risks are relevant, the risk management team also performs a regular (ex-post) review of those risks as part of the discharge of its duties.

More information regarding the sustainability risks management approach can be found under the sustainability risk policy available on the website of the Management Company on <https://www.andbank.com/luxembourg/en/gestion-dactifs/>

As part of a first review performed, the investments made and/or to be made by the Investment Manager are not likely to be affected by sustainability risks and that if any such sustainability risk arises, it is not likely to have a more materially adverse effect on the Fund's returns than any other normal market or external risk. Investors should note that it is very difficult to assess with any reasonable certainty whether there exists, or the likely outcome of, any sustainability risk on the investments and/or the risk of occurrence of any such risk. The sustainability risk exposure assessment of the financial product will be performed on a periodic basis to ensure that the Management Company is able to identify a risk becoming relevant and affect the Fund's return. Based on this assessment, if a sustainability risk is identified as being relevant and having an impact on the financial return, the present Prospectus will be adapted accordingly.

As part of the delegation of the portfolio management to the Investment Manager, the Investment Manager is responsible for the consideration of the principal adverse impact of the investment decision on the sustainability factors as disclosed in the Part B of this Prospectus describing the

particularities of the Sub-Fund(s) and in the Part C of this prospectus consisting of the pre-contractual annex in compliance with EU Regulation 2022/1288 dated 6 April 2022.

Therefore, the Investment Manager considers, in addition to financial criteria, ESG criteria without being the single determining factor in the investment management's decision. The objective is to identify sustainable risks, which may negatively impact the performance of the sub-fund. Such ESG criteria may exclude or limit investments in (i) certain controversial sectors of activities such as controversial weapons and pornographic content and (ii) investments presenting sustainability risks (such as climate change, governance issues, companies with breach issues / serious criminal or tax penalties, etc) or risks arising from misalignments with or breaches of internationally recognized guidelines (such as the United Nations-supported Principles for Responsible Investments or the OECD guidelines). The ESG data sources used to assess and monitor the sustainability risks are mainly companies' public information.

**Further to the entry into force of EU Regulation 2022/1288 dated 6 April 2022 supplementing SFDR with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in precontractual documents, on websites and in periodic reports (the "SFDR Level II"), Shareholders are informed about the environmental or social characteristics available in the "Part C" of this Prospectus.**

#### **4. The Fund's risk management**

The Management Company will employ a risk-management process which will enable it to monitor and measure at any time the risk of the positions of the Sub-Fund(s) and their contribution to the overall risk profile of the Sub-Fund(s).

The method retained by the Management Company in order to determine the global risk exposure of each Sub-Fund is set out for each Sub-Fund in Part B of the Prospectus.

#### **B. Eligible Financial Assets**

The various Sub-Funds must invest exclusively in:

##### **Transferable securities and money market instruments**

- a) transferable securities and money market instruments admitted to or dealt in on a market within the meaning of article 4(1)14 of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC and/or any other market which is regulated, operates regularly and is recognised and open to the public, located in EU Member States or non-EU Member States ("Regulated "Market");

- b) transferable securities and money market instruments dealt in on another market in an EU Member State, which is regulated, operates regularly and is recognised and open to the public;
- c) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-EU Member State or dealt in on another Regulated Market in a non-EU Member State;
- d) recently issued transferable securities and money market instruments, provided that (i) the issue terms and conditions include an undertaking that application will be made for admission to official listing on a stock exchange or on another Regulated Market and that (ii) such admission is secured within one year of issue at the latest;
- e) money market instruments other than those dealt in on a Regulated Market, provided that the issue or the issuer of these instruments is itself subject to regulations intended to protect investors and savings and that these instruments are:
  - issued or guaranteed by a central, regional or local authority, by a central bank of an EU Member State, by the European Central Bank, by the EU or by the European Investment Bank, by a third State or, in the case of a Federal State, by one of the members composing the federation, or by an international public organisation to which one or more EU Member States belong; or
  - issued by a company any securities of which are dealt in on the Regulated Markets referred to under points a), b) or c) above; or
  - issued or guaranteed by an establishment subject to prudential supervision in accordance with the criteria defined by Community 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 Community law; or
  - issued by other entities belonging to the categories approved by the CSSF provided that the investments in these instruments are subject to investor protection rules which are equivalent to those set out in the first, second or third indents, and that the issuer is a company which has capital and reserves of at least ten million euros (EUR 10,000,000.-) and which draws up and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies including one or several listed companies, is dedicated to financing the group or is an entity which is dedicated to financing securitisation vehicles benefiting from a bank credit line.

Moreover, any Sub-Fund may invest its net assets up to 10% maximum in transferable securities and money market instruments other than those indicated under a) to e) above.

### **Units of undertakings for collective investment**

- f) units of undertakings for collective investment in transferable securities ("UCITS") and/or other undertakings for collective investment ("UCIs") within the meaning of article 1(2), first and second indents of the Directive 2009/65/EC, whether or not established in an EU Member State, provided that:

- such other UCIs are authorised in accordance with legislation stipulating that these undertakings are subject to a supervision that the CSSF considers as equivalent to that provided for by Community law and that there are sufficient guarantees of cooperation between the authorities;
- the level of protection guaranteed to unitholders of such other UCIs is equivalent to that provided for UCITS unitholders and, in particular, that the rules relating to the segregation of assets, borrowing, loans and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the Directive 2009/65/EC;
- the activities of such other UCIs are reported in half-yearly and annual reports, which enable investors to assess their assets and liabilities, as well as the income and transactions for the period under review;
- the proportion of assets of the UCITS or these other UCIs, which it is planned to acquire which, in accordance with their instruments of incorporation, can be invested overall in units of other UCITS or other UCIs does not exceed 10%.

### **Deposits with credit institutions**

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

### **Financial derivative instruments**

- h) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market of the type referred to under points a), b) and c) above, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
  - the underlying consists of instruments described under points a) to g) above, financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to the investment objectives and policies applicable to the relevant Sub-Fund;
  - the counterparties to OTC derivatives transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF; and
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative.

The Fund may hold ancillary liquid assets.

### **C. Investment Restrictions**

Except to the extent that more restrictive rules are provided for in connection with a specific Sub-Fund in Part B of the Prospectus, the investment policy of the Sub-Funds shall comply with the rules and restrictions laid down hereafter.

#### **Transferable securities and money market instruments**

1. The Fund shall not invest its net assets in transferable securities and money market instruments of the same issuer in a proportion which exceeds the limits set out below, it being understood that (i) these limits are to be respected within each Sub-Fund and that (ii) companies that are grouped together for account consolidation purposes are to be considered as a single entity for the purpose of calculating the limits described under points a) to e) below.

- a) A Sub-Fund may not invest more than 10% of its net assets in transferable securities or money market instruments issued by the same entity.

In addition, the total value of the transferable securities and money market instruments held by the Sub-Fund in issuers in which it invests more than 5% of its net assets shall not exceed 40% of the value of its net assets. This limit does not apply to deposits and OTC derivatives transactions made with financial institutions subject to prudential supervision.

- b) A Sub-Fund may invest cumulatively up to 20% of its net assets in transferable securities and money market instruments within the same group.
    - c) The 10% limit referred to under point a) above may be increased to a maximum of 35% when the transferable securities or money market instruments are issued or guaranteed by an EU Member State, by its public local authorities, by a non-EU Member State or by public international bodies of which one or more EU Member States belong.
    - d) The 10% limit referred to under point a) above may be increased to a maximum of 25% in respect of covered bonds as defined in Article 3(1) of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (the "Directive (EU) 2019/2162"), and for certain bonds issued before 8 July 2022 where they are issued by a credit institution having its registered office in an EU Member State and being subject by law, to specific public supervision intended to protect bondholders. In particular, the sums raised from the issue of those bonds must be invested, in accordance with the law, in assets which adequately cover, throughout the life of the bonds, the resultant obligations and allocated in priority to the repayment of the capital and the payment of accrued interest in the event of the issuer's bankruptcy. If a Sub-Fund invests more than 5% of its net assets in these bonds which are issued by the same issuer, the total value of these investments may not exceed 80% of the value of its net assets.

- e) The transferable securities and money market instruments referred to under points c) and d) above shall not be taken into consideration for the application of the 40% limit stipulated under point a) above.
- f) By way of derogation, each Sub-Fund is authorised to invest, according to the principle of risk-spreading, up to 100% of its net assets in different transferable securities and money market instruments issued or guaranteed by an EU Member State, by its local authorities, by a State which is a member of the OECD or by public international bodies of which one or more EU Member States are members.

If a Sub-Fund avails itself of this last possibility, it must then hold securities belonging to at least six different issues and the securities belonging to the same issue may not account for more than 30% of its total assets.

- g) Without prejudice to the limits established under point 8. below, the 10% limit referred to under point a) above is increased to a maximum of 20% for investments in stocks and/or debt securities issued by the same entity, when the Sub-Fund's investment policy is to replicate the composition of a specific stock or debt security index that is recognised by the CSSF, on the following basis:
  - the composition of the index is sufficiently diversified,
  - the index represents an adequate benchmark for the market to which it refers,
  - it is published in an appropriate manner.

The 20% limit is increased to 35% when such is justified by exceptional market conditions, in particular in Regulated Markets where certain transferable securities or certain money market instruments are highly dominant. Investment up to this limit is authorised for only one issuer.

### **Deposits with credit institutions**

- 2. The Fund may not invest more than 20% of the net assets of each Sub-Fund in deposits made with the same entity. Companies that are grouped together for account consolidation purposes are to be considered as a single entity for the purpose of calculating this limit.

### **Financial derivative instruments**

- 3.
  - a) The counterparty risk exposure in an OTC derivative transaction may not exceed 10% of the net assets of the Sub-Fund if the counterparty is one of the credit institutions referred to in Section B point g) above, or 5% of its net assets in all other cases.
  - b) Investments in financial derivative instruments are authorised provided that, overall, the risks to which the underlying assets are exposed do not exceed the investment limits laid down under points 1. a) to e), 2., 3. a) above and 6. and 7. below. When the Fund invests in financial derivative instruments based on an index, such investments are not necessarily combined with the limits set out under points 1. a) to e), 2., 3. a) above and 6. and 7. below.

- c) When a transferable security or a money market instrument includes a financial derivative instrument, the latter must be taken into consideration for the application of the provisions set out under points 3. d) and 7. below, as well as for the assessment of the risks related to transactions in financial derivative instruments, so that the overall risk related to financial derivative instruments does not exceed the total net value of assets.
- d) Each Sub-Fund shall ensure that the overall risk related to financial derivative instruments does not exceed the total net value of its portfolio. The exposure is calculated by taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements, and the time available to liquidate the positions.

### **Units of undertakings for collective investment**

- 4. a) The Fund may not invest more than 20% of the net assets in each Sub-Fund in units of a single UCITS or other UCI, such as defined in Section B point f) above.
- b) Investments in units of UCIs other than UCITS may not exceed in total 30% of the Sub-Fund's net assets.
- c) When a Sub-Fund invests in the units of other UCITS and/or other UCIs which are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription or redemption fees on account of the Sub-Fund's investment in the units of such other UCITS and/or other UCIs.

To the extent that this UCITS or UCI is a legal entity with multiple compartments where the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured, each compartment is to be considered as a separate issuer for the application of the above risk-spreading rules.

When a Sub-Fund has acquired units of UCITS and/or other UCIs, the assets of these latters do not have to be combined for the purposes of the calculation of the investment limits applicable to the Sub-Fund.

### **Shares of Sub-Funds of the Fund**

- 5. Each Sub-Fund may subscribe, acquire and/or hold Shares issued or to be issued by one or more Sub-Funds of the Fund under the conditions however that:
  - The target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this target Sub-Fund; and
  - No more than 10% of the net assets of the target Sub-Funds may be invested in units of other UCITS or other UCIs; and



- Voting rights attached to the Shares are suspended for as long as they are held by the relevant Sub-Fund; and
- In any event, for as long as these Shares are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purpose of verifying the minimum capital imposed by the 2010 Law; and
- There is no duplication of management/subscription or redemption fees between those at the level of the Sub-Fund having invested in the target Sub-Fund, and this target Sub-Fund.

### Combined limits

6. Notwithstanding the individual limits set under points 1. a), 2. and 3. a) above, a Sub-Fund shall not combine:
- investments in transferable securities or money market instruments issued by the same entity,
  - deposits made with the same entity, or
  - risks resulting from OTC derivatives transactions undertaken with that single entity,
- that exceed 20% of its net assets.
7. The limits stipulated under points 1. a), 1. c), 1. d), 2., 3. a) and 6. shall not be combined and, accordingly, investments in the same issuer made in accordance with points 1. a), 1. c), 1. d), 2., 3. a) and 6. may not, in any event, exceed in total 35% of the net assets of the relevant Sub-Fund.

### Limits on control

8. a) The Fund may not acquire any shares carrying voting rights which would enable it to exercise a significant influence over the management of an issuer.
- b) The Fund shall not acquire more than 10% of the non-voting shares of any single issuer.
- c) The Fund shall not acquire more than 10% of the debt securities of any single issuer.
- d) The Fund shall not acquire more than 10% of the money market instruments of any single issuer.
- e) The Fund shall not acquire more than 25% of the units of any single UCITS or other UCI.

It is accepted that the limits stipulated under points 8. c) to e) above may be disregarded at the time of acquisition if, at that time, the gross amount of the debt securities or money market instruments, or the net amount of the instruments in issue, cannot be calculated.

The limits stipulated under points 8. a) to e) above do not apply in the case of:

- transferable securities and money market instruments issued or guaranteed by an EU Member State or by its local authorities;

- transferable securities and money market instruments issued or guaranteed by a non-EU Member State;
- transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
- shares held in the capital of a company incorporated in a non-EU Member State, on condition that (i) the company in question invests its assets mainly in the securities of issuing bodies having their registered office in that State where, (ii) under the legislation of that State, such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State, and (iii) in its investment policy the company from the non-EU Member State complies with the rules on risk diversification, counterparties and control limits laid down in points 1. a), 1. c), 1. d), 2., 3. a), 4. a) and b), 6., 7. and 8. a) to e) above;
- shares held in the capital of subsidiary companies carrying on the business of management, advice or marketing exclusively on the Fund's behalf in the country where the subsidiary is established as regards to the redemption of units at the request of shareholders.

### **Borrowing**

9. Each Sub-Fund is authorised to borrow up to 10% of its net assets provided that such borrowing is on a temporary basis. Each Sub-Fund may also acquire foreign currency by means of back-to-back loans.

Commitments under options contracts, purchases and sales of forward contracts are not considered as borrowing for the purpose of calculating this investment limit.

### **Finally, the Fund shall ensure that the investments of each Sub-Fund respect the following rules:**

10. The Fund may not grant loans to or act as a guarantor for third parties. This restriction shall not prevent it from acquiring transferable securities, money market instruments or other financial instruments which are not fully paid.
11. The Fund may not carry out short sales on transferable securities, money market instruments, or other financial instruments as mentioned in Section B above.
12. The Fund may not acquire movable and immovable property unless such is essential for the direct pursuit of its activity.
13. The Fund may not acquire commodities, precious metals or even certificates representing them.
14. The Fund may not use its assets to guarantee securities.

15. The Fund may not issue warrants or other instruments entitling the holder to acquire Shares in the Fund.

**Notwithstanding all the aforementioned provisions:**

16. It is accepted that the limits stipulated previously may not be respected when exercising subscription rights in respect of transferable securities or money market instruments, which are part of the assets of the Sub-Fund concerned.
17. When the maximum percentages above are exceeded for reasons beyond the Fund's control or as a result of the exercise of subscription rights, the Fund must give priority when making sales to regularising the situation taking into account the interests of its shareholders.

While ensuring observance of the principle of risk spreading, each Sub-Fund may derogate to the limits set forth above for a period of six months following the date of its authorisation.

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

**D. Techniques and Instruments relating to transferable securities and money market instruments**

As at the date of the Prospectus, the Sub-Funds are not investing in total return swaps and do not conclude securities' lending/borrowing transactions neither repurchase agreements nor reverse repurchase transactions within the meaning of Regulation (EU/2015/2365) on transparency of securities financing transactions and of reuse (the "SFT Regulation").

Should a Sub-Fund intend to use them, the Prospectus will be updated in accordance with the SFT Regulation.

**1. Collateral management**

When calculating the counterparty risk limits laid down by article 43 of the Law of 2010, the risk exposure arising from OTC financial derivative transactions and efficient portfolio management techniques shall be combined.

The collateral used to reduce the counterparty risk exposure, when entering into OTC financial derivative transactions and efficient portfolio management techniques, should comply with the following criteria:

a. *Liquidity* – any collateral received other than cash shall be highly liquid and traded on a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received shall also comply with the provisions of article 48 of the Law of 2010.

b. *Valuation* – the collateral received shall be valued on at least a daily basis and assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place.

- c. *Issuer credit quality* – the collateral received shall be of high quality.
- d. *Correlation* – the collateral received by the Fund shall be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- e. *Collateral diversification (asset concentration)* – collateral shall 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 Fund, for a Sub-Fund, receives from a counterparty of efficient portfolio management and OTC financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its Net Asset Value. When the Fund is exposed to different counterparties, the different baskets of collateral shall be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation the Fund, for a Sub-Fund, may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. The Fund for such Sub-Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Fund's Net Asset Value.
- f. The Risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the risk management process.
- g. Where there is a title transfer, the collateral received shall be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- h. The collateral received shall be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.
- i. Non-cash collateral received shall not be sold, re-invested or pledged.
- j. Cash collateral received shall only be:
- placed on deposit with entities prescribed in article 41(1)(f) of the Law of 2010;
  - invested in high-quality government bonds;
  - used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis;
  - invested in short-term money market funds as defined in the CESR/10-049 Guidelines on a common definition of European money market funds.

Re-invested cash collateral shall be diversified in accordance with the diversification requirements applicable to non-cash collateral.

Subject to the above criteria, the eligible collateral includes:

- (i) cash denominated in the Reference Currency of the Fund (or relevant Sub-Fund) and money market instruments with an external credit rating AA- or above of the issuer;
- (ii) marketable securities representing claims on or claims guaranteed by central banks of eligible jurisdictions, non-central government public sector entities, the Bank for International Settlements, the International Monetary Fund, the European Commission, given that they are traded in large, deep and active markets characterized by a low level of concentration;
- (iii) marketable securities representing claims on or claims guaranteed by eligible jurisdictions, their central banks, non-central government public sector entities or multilateral development banks, with a credit rating of A- or above;
- (iv) shares or units issued by money market UCIs complying with the CESR/10-049 Guidelines on a common definition of European money market funds, offering a daily liquidity, calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- (v) shares or units issued by UCITS offering a daily liquidity and investing mainly in bonds or shares fulfilling the two requirements below;
- (vi) debt instruments with an external rating at least equivalent to “investment grade”;
- (vii) shares and convertible bonds dealt on a Regulated Market, on the condition that these shares are included in a main index.

For the valuation of the collateral the following haircuts will be applicable.

### **Collateral Haircut**

## THE INDEPENDENT UCITS PLATFORM

Collateral Type	Applied Haircut		
1. Cash in Reference Currency of the Fund	0%		
2. Cash in non-Reference Currencies	1% - 10%		
3. Money markets instruments with an external credit rating AA- or above <sup>1</sup>	0.5% - 2%		
4. Debt Instruments <sup>2</sup>	Residual maturity		
	Less than 1 year	1-5 years	More than 5 years
Bonds issued or guaranteed by a EU Member State with an external rating at least equivalent to AA-	0.25% - 3%	2% - 5%	5% - 10%
Sovereign debt instruments with an external rating AA or above	0.25% - 3%	2% - 5%	5% - 10%
Debt instruments with an external rating A or above	1% - 5%	6% - 12%	10% - 15%
5. Shares dealt on a Regulated Market and included in a main index (European and US index)	15% - 25%		

At any time, relative to market conditions, if deemed necessary for the best interest of the Fund, the Management Company reserves the right to amend the above haircut level.

Cash as collateral may only be placed in:

- (i) high quality eligible sovereign debt and/or debt guaranteed by an eligible jurisdiction subject to a AAA-equivalent rating;
- (ii) any other government bonds generally considered risk-free in reference to AAA-equivalent rating;
- (iii) short term money market funds subject to a AAA-equivalent rating;
- (iv) plain vanilla corporate bonds or plain vanilla money market instruments with a short maturity (generally 3 months) from issuers in OECD member countries subject to AAA-equivalent rating.

<sup>1</sup> If money market instruments are traded above the par value, a haircut will be applied to the face value of the MMI.

<sup>2</sup> If debt instrument are traded above par value, a haircut will be applied to the face value of the instruments.

The above provisions are in line with the ESMA 2014/937 Guidelines on ETFs and other UCITS issues. The Management Company shall at all times make sure to comply with any new requirement or amendments of the ESMA requirements upon their entering into force.

### II. BOARD OF DIRECTORS

The Board of Directors has the broadest powers to act in any circumstances on behalf of the Fund, without prejudice of the powers expressly assigned by Luxembourg law to the shareholders' meeting.

The Board of Directors is responsible for the administration and management of the assets of the Fund. It may carry out all acts of management and administration on the Fund's behalf.

### III. MANAGEMENT COMPANY

The Board of Directors has appointed, under its responsibility and its supervision, **Andbank Asset Management Luxembourg** as the management company of the Fund (the "Management Company").

Andbank Asset Management Luxembourg is a public limited company incorporated under the laws of Luxembourg, set up for an unlimited period in Luxembourg on 13 July 2009. It has its registered office at 4, rue Jean Monnet, L-2180 Luxembourg. Its fully paid-up capital is EUR 3,000,000.-.

Andbank Asset Management Luxembourg is governed by chapter 15 of the Law of 2010 and as such is responsible for the collective management of the Fund's portfolios.

In accordance with the laws and regulations currently in force, Andbank Asset Management Luxembourg is authorised to delegate all or part of its duties and powers to any person or company which it may consider appropriate (the "representative(s)"). Andbank Asset Management Luxembourg will remain entirely liable for the actions of such representative(s).

At the date of the Prospectus, the central administration (except for the domiciliary and corporate agency function) and the management of the Fund are delegated.

The Management Company has established a remuneration policy for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profiles of the Management Company or the Fund, that are consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles or the Fund's Articles.

The remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company and the Fund and of its shareholders, and includes measures to avoid conflicts of interest.

The variable remuneration is granted on the basis of the results of the performance assessment process. It shall be based on relevant, pre-determined and measurable criteria linked to the

Management Company's corporate values, business strategy goals, long-term interests of its shareholders and clients, and risk management.

The remuneration policy also ensures that 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.

This remuneration policy takes into account the principle of proportionality, which allows procedures, mechanisms and organizational structure to be calibrated to the nature, scale and complexity of the Management Company business and to the nature and range of activities carried out in the course of its business.

**Disclosure in the Annual Report:**

Information relating to the remuneration policy shall be available in the Annual Report of the Management Company, as well as the Annual Report of the Fund.

The up-to-date remuneration policy of the Management company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee, are available at <https://www.andbank.com/luxembourg/en/gestion-dactifs/> and a paper copy will be made available free of charge upon request at the Management Company's registered office.

## IV. THE SHARES

The Fund may issue Shares of different Classes or Categories reflecting the various Sub-Funds which the Board of Directors may decide to open. Within a Sub-Fund, Classes or Categories may be defined from time to time by the Board of Directors so as to correspond to (i) a specific distribution policy, such as entitling to distributions or not entitling to distributions, and/or (ii) a specific subscription and redemption fee structure, and/or (iii) a specific management, performance or advisory fee structure, and/or (iv) a specific distribution fee structure, and/or (v) specific types of investors entitled to subscribe the relevant Classes/Categories, and/or (vi) a specific currency, and/or (vii) any other specific features applicable to one Class/Category. If Classes or Categories are defined within a Sub-Fund, such Classes or Categories will be described in the specific information relating to the relevant Sub-Fund contained in Part B of the Prospectus.

Shares in any Sub-Fund will be issued in a dematerialised form or a registered form. The form of Shares authorised in a Sub-Fund/Class or Category will be specified in Part B of the Prospectus.

Registered Shares will be registered in the register of shareholders. Registered shareholders will only receive a written confirmation of registration in the register of shareholders. No registered share certificates will be issued to shareholders.

Dematerialised Shares are represented by an entry in the securities account in the name of their owner or holder with an authorised account holder or a provider of settlement services.



If dematerialised Shares are issued, registered Shares may be converted into dematerialised Shares and dematerialised Shares may be converted into registered Shares at the request of the holder of such Shares. A conversion of registered Shares into dematerialised Shares will be effected by cancellation of the registered share certificate, if any, and by an entry in the securities account in lieu thereof, and an entry shall be made into the register of shareholders to evidence such cancellation. A conversion of dematerialised Shares into registered Shares will be effected, if applicable, by issuance of a written confirmation or of a registered share certificate in lieu thereof, and an entry shall be made into the register of shareholders to evidence such issuance. The costs of any such conversion will be borne by the shareholder requesting it.

Fractions of Shares will be issued up to three decimal places. Such fractional Shares shall not be entitled to vote but shall be entitled to a participation in the net results and in the proceeds of liquidation or of any other distribution attributable to the Shares in the relevant Sub-Fund on a pro rata basis.

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

If the Shares of a Sub-Fund are listed on the Luxembourg Stock Exchange, it will be specified in Part B of the Prospectus.

## **V. PROCEDURE FOR SUBSCRIPTION, CONVERSION AND REDEMPTION**

### **A. Subscription for Shares**

The Board of Directors is authorised to issue Shares of each Sub-Fund and of each Class/Category at any time and without limitation.

After the Initial Subscription Period of any Class/Category within a Sub-Fund, if any, or of any Sub-Fund (as defined in Part B of the Prospectus), the subscription price per Share in the relevant Class/Category or Sub-Fund (the "Subscription Price") is the total of the Net Asset Value per Share and the subscription fee, if any, as stated in Part B of the Prospectus. The Subscription Price is available for inspection at the registered office of the Fund.

A dilution levy may be charged on net investments over a threshold amount as described in detail for any Sub-Fund in Part B of the Prospectus (if any). The dilution levy (if any) will be credited to the relevant Sub-Fund for the benefit of its existing shareholders.

Subscriptions in any Class/Category or in any Sub-Fund may be subject to a minimum investment amount and/or a minimum holding requirement as stated in Part B of the Prospectus, as the case may be.

Investors whose applications are accepted will be allotted Shares issued on the basis of the Net Asset Value per Share determined as of the Valuation Day (as defined in this Part A) following receipt of the subscription form provided that such application is received by the UCI Administrator within the relevant time limit as stated in Part B of the Prospectus. Applications received by the UCI Administrator after the relevant time limit will be dealt with on the following Valuation Day.

Investors may be required to complete a subscription form or any other documentation satisfactory to the Fund.

Payments for Shares will be made in the Reference Currency of the relevant Class, Category or Sub-Fund.

Payments for subscriptions must be made within the time limits set out for each Sub-Fund in Part B of the Prospectus. Shares will usually only be issued once the Depositary has confirmed actual receipt of the Subscription Price. If payment for a subscription request is received after the relevant time limit as stated in Part B of the Prospectus, the Board of Directors or its agent may process the request by (i) applying an increase which notably reflects interest owed at the usual market rates; or (ii) cancelling the Share allotment, as the case may be, accompanied by a request for compensation for any loss owing to failure to make payment before the stipulated time limit.

The Fund may agree to issue Shares as consideration for a contribution in kind of securities or other permitted assets, in compliance with the conditions set forth by Luxembourg law, in particular the obligation for the Auditors of the Fund to deliver a valuation report and provided that such assets comply with the investment policy and restrictions of the relevant Sub-Fund. Any costs incurred in connection with a contribution in kind of securities or other permitted assets shall be borne by the relevant shareholders.

Written confirmations of shareholding will be sent to shareholders.

No Shares in any Sub-Fund will be issued during any period when the calculation of the Net Asset Value per Share in such Sub-Fund is suspended by the Fund, pursuant to the powers reserved to it by Article 12 of the Articles. In the case of suspension of dealings in Shares, the application will be dealt with on the first Valuation Day following the end of such suspension period.

### **B. Money Laundering Prevention**

In order to contribute to the fight against money laundering and terrorist financing, the Fund will at all times comply with any obligations imposed by any applicable laws, rules, regulations and circulars with respect to the prevention of money laundering and terrorist financing obliging investors to prove their identity to the Fund.

Before accepting a subscription, the Fund may undertake any additional investigations in accordance with national and international rules in force concerning anti-money laundering and terrorist financing.

### **C. Conversion of Shares**

Unless otherwise stated in Part B of the Prospectus, shareholders have the right, subject to the provisions hereinafter specified, to convert Shares from one Sub-Fund for Shares of another Sub-Fund and to convert Shares of a given Class/Category to Shares of the same Class/Category of another Sub-Fund (if applicable). The Board of Directors may refuse to accept a conversion application if it is detrimental to the interests of the Fund, the Sub-Funds and the Classes/Categories concerned or the relevant shareholders.

The rate at which Shares of a given Class/Category or Sub-Fund (the “original Sub-Fund or Class/Category”) shall be converted into Shares of another Class/Category or Sub-Fund (the “new Sub-Fund or Class/Category”) will be determined as precisely as possible and in accordance with the following formula:

<b><math>A = \frac{B \times C \times E}{D}</math></b>	
A	being the number of Shares to be allocated in the new Sub-Fund or Class/Category;
B	being the number of Shares of the original Sub-Fund or Class/Category to be converted;
C	being the prevailing Net Asset Value of the original Sub-Fund or Class/Category on the Valuation Day in question;
D	being the prevailing Net Asset Value of the new Sub-Fund or Class/Category on the Valuation Day in question; and
E	being the exchange rate applicable at the time of the transaction between the Reference Currencies of the two Sub-Funds or Classes/Categories concerned.

Conversions of Shares in any Class/Category or Sub-Fund may be subject to a fee based on the respective Net Asset Value of the relevant Shares as stated in Part B of the Prospectus, as the case may be. However, this amount may be increased if the subscription fee applied to the original Class/Category or Sub-Fund was less than the subscription fee applied to the Class/Category or Sub-Fund in which the Shares will be converted. In such cases, the conversion fee may not exceed the amount of the difference between the subscription fee applied to the Class/Category or Sub-Fund in which the Shares will be converted and the subscription fee applied to the initial subscription. This amount will be payable to the sales agents.

A dilution levy may be charged on conversions into or out of any relevant Sub-Fund, as described in detail for any Sub-Fund in Part B of the Prospectus (if any). The dilution levy (if any) will be credited to the relevant Sub-Fund for the benefit of the existing or remaining shareholders, as the case may be.

Shares may be tendered for conversion on any Valuation Day.

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

No conversion of Shares will be effected until a duly completed request for conversion of Shares has been received by the UCI Administrator.

Fractions of Shares will be issued on conversion up to three decimal places.

Written confirmations of shareholding will be sent to shareholders together with the balance resulting from such conversion, if any.

In converting Shares of a Class/Category or Sub-Fund for Shares of the same Class/Category of another Sub-Fund or of another Sub-Fund, a shareholder must meet the applicable minimum initial investment requirements imposed by the new Sub-Fund, if any.

If, as a result of any request for conversion, the investment held by any shareholder in a Class/Category or Sub-Fund would fall below the minimum amount, if any, indicated in Part B of the Prospectus under the specific information for each Sub-Fund, the Fund may treat such request as a request to convert the entire shareholding of such shareholder.

### Conversion restrictions

No Shares shall be converted into a given Sub-Fund, Class or Category throughout the period when the calculation of the Net Asset Value of the Shares of the said Sub-Fund, Class or Category has been temporarily suspended by the Board of Directors pursuant to the powers conferred on it by Article 12 of the Articles.

In accordance with Article 9 of the Articles, in the case of important conversion applications representing more than 10% of the net assets of a given Sub-Fund, the Board of Directors reserves the right to convert the Shares only at a price as determined once it has been able to sell the necessary assets as soon as possible in the interests of the shareholders of the Sub-Fund as a whole, and it has received the proceeds of such sales. In such cases, a single price shall be calculated for all the redemption, subscription and conversion applications presented at the same time for the Sub-Fund in question.

### **D. Redemption of Shares**

Each shareholder may at any time request the Fund to redeem on any Valuation Day all or any of its Shares in any of the Classes/Categories or Sub-Funds.

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

Redemption requests should contain the following information (if applicable): the identity and address of the shareholder requesting the redemption, the number of Shares to be redeemed, the relevant Class/Category or Sub-Fund, the name in which such Shares are registered and details as to whom payment should be made.

Shareholders whose requests for redemption are accepted will have their Shares redeemed on any Valuation Day provided that the requests have been received by the UCI Administrator within the relevant time limit as stated in Part B of the Prospectus. Requests received by the UCI Administrator after the relevant time limit will be dealt with on the following Valuation Day.

Shares will be redeemed at a price based on the Net Asset Value per Share in the relevant Class/Category or Sub-Fund determined on the first Valuation Day following receipt of the redemption request, potentially decreased by a redemption fee as stated in Part B of the Prospectus, as the case may be (the "Redemption Price").

A dilution levy may be charged on net redemptions over a threshold amount as described in detail for any Sub-Fund in Part B of the Prospectus (if any). The dilution levy (if any) will be credited to the relevant Sub-Fund for the benefit of the remaining shareholders.

The Redemption Price shall be paid within the time limits set out for each Sub-Fund in Part B of the Prospectus.

Payment will be made by transfer bank order to an account indicated by the shareholder, at such shareholder's expense and risk.

Payment of the Redemption Price will be made in the Reference Currency of the relevant Class/Category or Sub-Fund.

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

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

All redeemed Shares by the Fund will be cancelled.

### Redemption restrictions

No Shares shall be redeemed in a given Sub-Fund, Class or Category throughout the period when the calculation of the Net Asset Value of the Shares of the said Sub-Fund, Class or Category has been temporarily suspended by the Fund under the powers conferred on it by Article 12 of the Articles. In accordance with Article 8 of the Articles, in the case of important redemption requests representing more than 10% of the net assets of a given Sub-Fund, the Board of Directors reserves the right to redeem the Shares only at a Redemption Price as determined once it has been able to sell the necessary assets as soon as possible in the interests of the shareholders of the Sub-Fund as a whole, and it has received the proceeds of such sales. In such cases, a single price shall be calculated for all the redemption, subscription and conversion applications presented at the same time for the Sub-Fund in question.

### Compulsory redemption

Redemption of Shares may be carried out in the manner described in this Part A in Chapter XV "General Information" Section D. "Liquidation, Merger and Split of Sub-Funds, Classes or Categories".

The Articles contain at Article 10 provisions enabling the Fund to compulsorily redeem Shares held by US persons.

## **E. Protection against Late Trading and Market Timing practices**

The Board of Directors does not authorise Market Timing activities as defined in CSSF circular 04/146, nor does it authorise active trading and excessive trading practices ("Active Trading"), defined as the rapid subscription, redemption and conversion of Shares from the same Sub-Fund,

as applicable in large amounts, in order to make a short-term profit. Active Trading and Market Timing practices are harmful to other shareholders since they affect the Sub-Fund's performance and disrupt asset management.

The Board of Directors reserves the right to reject all subscription and conversion orders suspected to reflect Active Trading or Market Timing practices. The Board of Directors may take all necessary measures to protect the Fund's other shareholders when such practices are suspected.

The investors do not know the Net Asset Value per Share at the time of their request for subscription, redemption or conversion.

### **F. Suspension and rejection of subscriptions**

The Board of Directors may suspend or interrupt, without prior notice, the issue of the Shares in one, several or all of the Sub-Funds, Classes or Categories at any time. It may do so particularly in the circumstances described under Chapter VI. "Determination of the Net Asset Value", Section B "Temporary Suspension of the Calculation". Moreover, it reserves the right, without having to give reasons for its decision, to:

- reject any subscription;
- redeem at any time Shares in the Fund that were unlawfully subscribed or are unlawfully held.

In the case of important applications for subscription representing more than 10% of the net assets of a given Sub-Fund, the Board of Directors reserves the right to issue the Shares only at a Subscription Price as determined once it has been able to identify the relevant investments as soon as possible in the interests of the shareholders of the Sub-Fund as a whole. In such cases, a single price shall be calculated for all the redemption, subscription and conversion applications presented at the same time for the Sub-Fund in question.

When, after a suspension of the issue of Shares of one or more Sub-Funds for any period of time, the Board of Directors decides to resume such issue, all pending subscriptions will be processed on the basis of the same Net Asset Value per Share determined after calculation of the Net Asset Value is resumed.

## **VI. DETERMINATION OF THE NET ASSET VALUE**

### **A. Calculation and Publication**

The Net Asset Value per Share of each Class/Category in respect of each Sub-Fund or of each Sub-Fund (the "NAV" or the "Net Asset Value") is calculated in Luxembourg by the UCI Administrator. The Net Asset Value of each Class/Category in respect of each Sub-Fund or of each Sub-Fund shall be determined in the Reference Currency of that Class/Category or Sub-Fund as specified in Part B of the Prospectus.

The Net Asset Value is calculated on the day specified for each Sub-Fund in Part B of the Prospectus ("Valuation Day") on the basis of the prices available on that Valuation Day, as published by the

stock exchanges or Regulated Markets concerned and with reference to the value of assets owned on behalf of the relevant Sub-Fund, according to Article 11 of the Articles.

The Net Asset Value per Share shall be determined by dividing the net assets of the Fund attributable to such Class/Category in that Sub-Fund or to such Sub-Fund (being the value of the portion of assets less the portion of liabilities attributable to such Class/Category or to such Sub-Fund on any such Valuation Day), as determined in accordance with applicable generally accepted Luxembourg accounting principles, by the total number of Shares in the relevant Class/Category in a Sub-Fund or in the relevant Sub-Fund then outstanding.

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

The Net Asset Value is determined on the basis of the value of the underlying investments of the relevant Sub-Fund, as follows:

- (a) The value of any cash on hand or on deposit, bills and demand notes payable and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.
- (b) The value of any security or other asset which is quoted or dealt in on a stock exchange will be based on its last available price in Luxembourg on the stock exchange which is normally the principal market for such security.
- (c) The value of any security or other asset which is dealt in on any other Regulated Market will be based on its last available price in Luxembourg.
- (d) In the event that any assets are not listed nor dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange or on any other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (b) or (c) is not, in the opinion of the Board of Directors, representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.
- (e) Units of undertakings for collective investment will be valued at their last determined and available net asset value or, if such price is not, in the opinion of the Board of Directors, representative of the fair market value of such assets, then the price shall be determined by the Board of Directors on a fair and equitable basis.

- (f) The liquidating value of futures, spot, forward or options contracts not traded on stock exchanges nor on other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, spot, forward or options contracts traded on stock exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on stock exchanges and Regulated Markets on which the particular futures, spot, forward or options contracts are traded by the Fund; provided that if a futures, spot, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable. Swaps will be valued at their market value.
- (g) The value of money market instruments not traded on stock exchanges nor on other Regulated Markets and with a remaining maturity of less than 12 months and of more than 90 days is deemed to be the nominal value thereof, increased by any interest accrued thereon. Money market instruments with a remaining maturity of 90 days or less will be valued by the amortized cost method, which approximates market value.
- (h) Interest rate swaps will be valued at their market value established by reference to the applicable interest rates' curve.
- (i) All other securities and other assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.

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

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

***As regard relations among the shareholders themselves and between the shareholders and third parties, each Sub-Fund shall be considered as a separate entity and shall only be responsible for the liabilities which are attributable to such Sub-Fund.***

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

The Board of Directors, in its discretion but in accordance with applicable generally accepted Luxembourg accounting principles, may permit some other methods of valuation to be used if it considers that such valuation better reflects the fair value of any assets of the Fund.

The Net Asset Value and the issue, redemption and conversion prices for the Shares in each Sub-Fund may be obtained during business hours at the registered office of the Fund, and will be



published in such newspapers as determined for each Sub-Fund by the Board of Directors and specified in Part B of the Prospectus, as the case may be.

**B. Temporary Suspension of the Calculation of the Net Asset Value and the issue, redemption and conversion of Shares**

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

- a) during any period when any of the principal stock exchanges or other markets on which a substantial portion of the investments of the Fund attributable to the relevant Sub-Fund from time to time are quoted or dealt in, is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or
- b) during the existence of any state of affairs which constitutes an emergency in the opinion of the Board of Directors as a result of which disposal or valuation of assets owned by the Fund attributable to the relevant Sub-Fund would be impracticable; or
- c) during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of the relevant Sub-Fund or the current price or value on any stock exchange or other market in respect of the assets attributable to such Sub-Fund; or
- d) during any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Sub-Fund or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; or
- e) when for any other reason beyond the control and responsibility of the Board of Directors the prices of any investments owned by the Fund attributable to such Sub-Fund cannot promptly or accurately be ascertained; or
- f) upon the notification or publication of a notice convening a general meeting of shareholders for the purpose of resolving the winding-up of the Fund; or
- g) during any period when the market of a currency in which a substantial portion of the assets of the Sub-Fund is denominated is closed otherwise than for ordinary holidays, or during which dealings therein are suspended or restricted; or
- h) during any period when political, economic, military, monetary or fiscal circumstances which are beyond the control and responsibility of the Fund prevent the Fund from disposing of the assets, or determining the Net Asset Value of the Sub-Fund in a normal and reasonable manner; or
- i) during any period when the calculation of the net asset value per unit of a substantial part of undertakings for collective investment in which the Sub-Fund is investing in, is suspended and this suspension has a material impact on the Net Asset Value in the Sub-Fund.

Any such suspension shall be notified by the Fund to all the shareholders, if appropriate, and may be notified to shareholders having made an application for subscription, redemption or conversion of Shares for which the calculation of the Net Asset Value has been suspended.

Such suspension as to any Sub-Fund shall have no effect on the calculation of the Net Asset Value, the issue, redemption and conversion of Shares of any other Sub-Fund not affected by the same circumstances.

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

**C. Indemnification rights in case of Net Asset Value calculation errors, breaches of investment restrictions or other errors for investors subscribing through financial intermediaries**

The investors' attention is drawn to the fact that the indemnification rights of any investors subscribing to Shares in the Fund through financial intermediaries, i.e., where investors are not registered themselves in their own name in the register of the Fund, may be affected in the context of compensation paid in case of errors or non-compliance at the level of the Fund because the payment of indemnifications may be influenced by the arrangements established with the intermediary. Consequently, investors are encouraged to consult the relevant intermediary through which they subscribed for Shares in the Fund to receive information on the arrangements made with the Fund regarding the indemnification process in the event of a Net Asset Value calculation error, a breach of investment restriction or another type of error.

## VII. DISTRIBUTION POLICY

The distribution policy of each Sub-Fund will be described in the specific information contained in Part B of the Prospectus.

However the Board of Directors may at any time and at its own discretion decide to create within a Sub-Fund or within a Class two Categories, one Category entitling the holders thereof to receive a distribution and another Category capitalizing its entire earnings. These Categories will be indicated in the specific information contained in Part B of the Prospectus.

**A. Principle**

The general meeting of shareholders shall decide, upon proposal of the Board of Directors and after closing the annual accounts, whether and to what extent distributions are to be paid out of investment income, realised gains and potentially net assets in the relevant Sub-Fund(s). The payment of distributions shall not result in the Net Asset Value of the Fund falling below the minimum capital amount prescribed by law.

The Board of Directors may, at its discretion, pay interim dividends.

**B. Payment**

Shareholders shall be paid by bank transfer in accordance with their instructions.

Payment will be made in the Reference Currency of the relevant Sub-Fund and/or Class or Category.

Entitlements to distributions and allocations not claimed within five years of the due date shall be forfeited and the corresponding assets returned to the relevant Sub-Fund(s). If the Sub-Fund in question has already been liquidated, the distributions and allocations will accrue to the remaining Sub-Funds of the Fund in proportion to their respective net assets.

**VIII. CHARGES AND EXPENSES**

**A. General**

The Fund pays out of its assets all expenses payable by the Fund which shall include but not be limited to formation expenses, fees payable to the relevant supervisory authorities, fees payable to its Management Company, Investment Managers and Advisors (unless otherwise indicated in Part B of the Prospectus), including performance fees, if any, fees and expenses payable to its Depositary and correspondents, Domiciliary and Corporate Agent, UCI Administrator, Listing Agent, any Paying Agent, any permanent representatives in places of registration, as well as any other agent employed by the Fund, the remuneration (if any) of the Directors and officers of the Fund and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with Board meetings, the costs charged by the Management Company and third-party service providers/data vendors in relation to SFDR regulatory matters, management, risk and the compliance monitoring services as well as for the provision of the black-lists for ethical checks and for the indications relating to Socially Responsible Principles Investments, fees and expenses for legal and auditing services, any expenses incurred in connection with obtaining legal, tax and accounting advice and the advice of other experts and consultants, any expenses incurred in connection with legal proceedings involving the Fund, any fees and expenses involved in registering and maintaining the registration of the Fund with any governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country, any costs related to any new regulations the Fund or the Management Company should comply with, reporting and publishing expenses, including the costs of preparing, printing, translating, advertising and distributing prospectuses, key (investor) information documents, SFDR regulatory documents, explanatory memoranda, periodical reports or registration statements, share certificates, and the costs of any reports to shareholders, all taxes, duties, governmental and similar charges, expenses in relation of the marketing, promotion and development of the Fund i.e. “marketing costs”, setting up costs, all other operating expenses, including the cost of buying and selling assets, interest, bank and brokerage charges, postage and telephone charges and winding-up costs, and any amendments or supplements thereto. The Fund may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount rateable for yearly or other periods.

Additionally, the Fund pays out of its assets all expenses payable by the Fund, which shall include but not be limited to formation expenses, taxes on the assets and income of the Sub-Funds, usual brokerage fees on transactions involving portfolio securities, Legal expenses incurred by the

Management Company or Depositary while acting in the interest of Shareholders, costs related to promoting the Fund, accounting, bookkeeping, public notices, publication of Share prices, and other administrative charges.

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

### **B. Formation Expenses**

Expenses incurred in connection with the incorporation of the Fund including those incurred in the preparation and publication of the first Prospectus and constitutive documents, as well as the taxes, duties and any other incorporation and publication expenses have been amortized.

Expenses incurred in connection with the creation of any additional Sub-Fund shall in principle be borne by the relevant Sub-Fund and will then be written off over a period of five years. Hence, the additional Sub-Funds shall not bear a pro rata of the costs and expenses incurred in connection with the creation of the Fund and the initial issue of Shares, which have not already been written off at the time of the creation of the new Sub-Fund(s).

### **C. Investment Research**

The Fund may incur charges for investment research in order to contribute to better investment decisions.

The Fund will, in addition, bear the costs charged by the Investment Manager and third-party service providers/data vendors in relation to SFDR regulatory matters, research, management risk and compliance monitoring services as well as for the provision of the black-lists for ethical checks and for the indications relating to Socially Responsible Principles investments and benchmark's needs or licenses.

### **D. Fees to be paid to the service providers**

#### **1. Fees of the Management Company**

The Management Company is entitled to receive from each Sub-Fund a management company fee as determined in Part B of the Prospectus for each Sub-Fund.

The Management Company is entitled to receive from each Sub-Fund a client communication fee as determined in Part B of the Prospectus for each Sub-Fund (the "Client Communication Fee").

#### **2. Client Communication Fee**

The Management Company is entitled to receive from the Fund a fee of EUR 5.000 per annum + EUR 1.000 per annum for any additional sub-fund.

#### **3. Fees of the Investment Managers / Investment Advisors**

The Investment Managers / Investment Advisors as the case may be are entitled to receive an investment management fee / investment advisory fee and a performance fee (as the case may be) as determined in Part B of the Prospectus for each Sub-Fund.

#### **4. Fees of the Depositary**

The Depositary will receive, out of the assets of each Sub-Fund, a remuneration calculated in accordance with customary banking practice in Luxembourg and expressed as a percentage per annum of the average monthly net assets thereof during the month under review and payable monthly in arrears.

The Depositary is currently paid at the following rate:

- 0.020% per annum on the average net assets of each Sub-Fund during the relevant month with a minimum of USD 2,000.- per month and per Sub-Fund.

#### **5. Fees of the Domiciliary and Corporate Agent**

The Domiciliary and Corporate Agent will receive from the Fund a remuneration in accordance with customary banking practice in Luxembourg and expressed as a flat fee payable yearly in advance.

The actual fee amounts to EUR 10,000.- per annum for the Fund.

#### **6. Fees of the UCI Administrator**

For the administrative functions the UCI Administrator will receive from the Management Company at the charge of the Fund, out of the assets of each Sub-Fund, a remuneration calculated in accordance with customary banking practice in Luxembourg and expressed as a percentage per annum of the average monthly net assets thereof during the month under review and payable monthly in arrears.

The UCI Administrator is currently paid at the following rate:

- Up to 0.07% per annum on the average net assets of each Sub-Fund during the relevant month with a minimum of EUR 1,900.- per month for the Sub-Fund Zennor Japan Fund;
- EUR 350.- per month per hedged Class in each relevant Sub-Fund.

For the registrar and transfer agent function, the UCI Administrator will receive from the Management Company at the charge of the Fund, out of the assets of each Sub-Fund, a remuneration calculated in accordance with customary banking practice in Luxembourg and expressed as flat fees payable monthly in arrears.

The UCI Administrator is currently paid at the following tariffs:

- a maintenance fee of EUR 180.- per Class per month for the Sub-Fund Zennor Japan Fund;
- a shareholder servicing fee of EUR 110.- per shareholder account per annum; and
- a transaction fee of up to EUR 30.- per transaction.

## **7. Other expenses**

The Management Company, the Investment Manager, the Depositary, the Domiciliary and Corporate Agent, the UCI Administrator are entitled to be reimbursed by the Fund for their reasonable out-of-pocket expenses and disbursements.

Their remuneration will be accrued in the accounts of the Fund on each Valuation Day.

### **E. Dilution levy**

The dilution levy is a charge which may be applied to a relevant Sub-Fund, at the sole discretion of the Board of Directors, with respect to subscriptions, redemptions and conversions of Shares of such Sub-Fund on any Valuation Day. The effect of the dilution levy is that the estimated transaction costs and dilution effects that arise when the portfolio manager has to trade assets of the relevant Sub-Fund as a result of capital activity will not be incurred by the existing or remaining shareholders of the relevant Sub-Fund, but by the subscribing investors and converting or redeeming shareholders only.

The purpose of the dilution levy is to protect existing or remaining shareholders in the Sub-Fund. The Board of Directors may charge a discretionary dilution levy on any subscription, conversion or redemption of Shares if, in their opinion, the existing shareholders (for purchases) or continuing shareholders (for redemptions) might otherwise materially be adversely affected. A dilution levy may be imposed only in a manner that, so far as practicable, is fair to all shareholders or potential shareholders. In order to reduce inconsistency in the application of any dilution levy in relation to a particular Valuation Day, the Board of Directors may take into account (i) the trend of the relevant Sub-Fund's portfolio to expand or to contract and (ii) the transactions in Shares of such Sub-Fund in relation to such Valuation Day.

## **IX. DEPOSITARY AND PAYING AGENT**

### ***Introduction and key duties***

The Fund has, under the terms of the Depositary Agreement, engaged Citibank Europe plc, Luxembourg Branch (the "Depositary") as depositary of the Fund's assets. The Depositary shall also be responsible for the oversight of the Fund to the extent required by and in accordance with applicable law, rules and regulations. The Depositary shall exercise the supervisory duties in accordance with applicable law, rules and regulations as well as the Depositary Agreement.

The key duties of the Depositary are to perform on behalf of the Fund the depositary duties referred to in the law of 2010 essentially consisting of:

- (i) monitoring and verifying the Fund's cash flows;
- (ii) safekeeping of the Fund's assets, including *inter alia* holding in custody financial instruments that may be held in custody and verification of ownership of other assets;

- (iii) ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with the Articles and applicable Luxembourg law, rules and regulations;
- (iv) ensuring that the value of the Shares is calculated in accordance with the Articles and applicable Luxembourg law, rules and regulations;
- (v) ensuring that in transactions involving Fund's assets any consideration is remitted to the Fund within the usual time limits;
- (vi) ensuring that the Fund's income is applied in accordance with the Articles, and applicable Luxembourg law, rules and regulations; and
- (vii) carrying out instructions from the Management Company unless they conflict with the Articles applicable Luxembourg law, rules and regulations.

### ***Background of the Depositary and Paying Agent***

Citibank Europe plc, Luxembourg branch, is the depositary of the Fund.

The Depositary is a public limited company domiciled in Ireland with registered number 132781 whose registered office is at 1 North Wall Quay, Dublin 1. The Depositary conducts its principal business in Luxembourg from its office at 31, Z.A.I. Bourmicht, L-8070 Bertrange, Grand Duchy of Luxembourg. Its Luxembourg branch was established on 20 August 2015 and is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under number B 0200204. Its Luxembourg branch is authorised to provide such services in accordance with the Luxembourg law of 5 April 1993 on the financial sector, as amended, and is specialised in fund custody and administration services. The Depositary is authorised by the Central Bank of Ireland but in respect of its services as depositary in Luxembourg is regulated by the CSSF.

As paying agent, Citibank Europe plc, Luxembourg Branch is responsible for the payment of dividends (if any) to the Shareholders. The Depositary shall in addition be responsible for the processing of the transfer of the redemption proceeds of the Shares.

### ***Delegation and Conflicts of Interest***

Under the terms of the Depositary Agreement and in accordance with the Law of 2010, the Depositary has power to delegate certain of its depositary functions. As of the date of this Prospectus, the Depositary has entered into written agreements delegating the performance of its safekeeping function in respect of certain of the Fund's assets to delegates. The list of such delegates and sub-delegates is available on [www.andbank.com](http://www.andbank.com) and is made available to investors free of charge upon request.

In order to discharge its responsibility in this regard, the Depositary must exercise due skill, care and diligence in the selection, continued appointment and ongoing monitoring of a third party as a safekeeping agent so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned; maintain an appropriate level of supervision over the safekeeping agent; and make appropriate inquiries from time to time to confirm that the obligations of the agent continue to be competently discharged.

The liability of the Depositary will not be affected by the fact that it has delegated to a third party certain of its safekeeping in respect of the Fund's assets.

Without prejudice to the section "Conflicts of Interest" below, from time to time actual or potential conflicts may arise between the Depositary and its delegates or sub-delegates, for example where an appointed delegate or sub-delegate is an affiliated group company which receives remuneration for another custodial service it provides to the Fund.

Included in the Depositary's conflict of interest policy are procedures to identify, manage and monitor on an on-going basis any actual or potential conflict of interest involving its delegates or sub-delegates.

The Depositary will ensure that any such delegates or sub-delegates who are its affiliates are appointed on terms which are not materially less favorable to the Fund than if the conflict or potential conflict had not existed.

In certain jurisdictions, where the local law requires that financial instruments are held by a local entity and no local entity satisfies the delegation requirements to which the Depositary is subject, the Depositary may delegate its functions to a local entity for as long as there are no local entities which satisfy the requirements. The Depositary will only do so where the Management Company has instructed it to do so and Shareholders are notified of such delegation prior to their investment, the reasons for it and the risks involved in the delegation.

### ***Conflicts of Interest***

Actual or potential conflicts of interest may also arise between the Fund, the Shareholders or the Management Company on the one hand and the Depositary on the other hand.

For example, such actual or potential conflict may arise because the Depositary is part of a legal entity or is related to a legal entity which provides other products or services to the Fund or the Management Company. In particular, depositary and administration services are provided by the same legal entity, Citibank Europe plc, Luxembourg Branch. In practice, however, the depositary and administration lines of business are functionally and hierarchically separated and operate on an arm's length basis. In addition, the Depositary may have a financial or business interest in the provision of such products or services, or receives remuneration for related products or services provided to the Fund, or may have other clients whose interests may conflict with those of the Fund, the Shareholders or the Management Company.

The Depositary and any of its affiliates may effect, and make a profit from, transactions in which the Depositary (or its affiliates, or another client of the Depositary or its affiliates) has (directly or indirectly) a material interest or a relationship of any description and which involves or may involve a potential conflict with the Depositary's duty to the Fund. This includes circumstances in which the Depositary or any of its affiliates or connected persons: acts as market maker in the investments of the Fund, provides broking services to the Fund and/or to other funds or companies; acts as financial adviser, banker, derivatives counterparty or otherwise provides services to the issuer of the investments of the Fund; acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of the Fund; or earns profits from or has a financial or business interest in any of these activities.

The group-wide conflict of interest policy provides that Citi manages conflicts through various policies, procedures and/or processes, which may, depending upon the conflict, include prevention or avoidance of conflicts, or appropriate disclosures, establishing information barriers, restructuring transactions, products or processes, and/or changing compensation incentives.

The Depositary has a conflict of interest policy in place to identify, manage and monitor on an on-going basis any actual or potential conflict of interest. The Depositary has functionally and



hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Depositary issues to be properly identified, managed and monitored.

Up-to-date information on delegations and sub-delegations and related conflicts of interest may be requested from the Depositary by Shareholders.

### ***Termination of the Depositary Agreement***

The Depositary Agreement provides that it will continue in force unless and until terminated by either party giving not less than 90 days' prior written notice to the other, although termination may be immediate in certain circumstances, such as the insolvency of the Depositary. Upon an (envisaged) removal or resignation of the Depositary, the Fund shall with due observance of the applicable requirements of the CSSF and in accordance with applicable law, rules and regulations, appoint a successor depositary. The Depositary may not be replaced without the approval of the CSSF.

### ***Liability of the Depositary***

The Depositary is liable to the Fund or to the Shareholders for the loss by the Depositary or a third party to whom the custody of financial instruments that can be held in custody has been delegated. In the case of such a loss of a financial instrument held in custody, the Depositary shall return a financial instrument of identical type or the corresponding amount to the Fund without undue delay. The Depositary is not liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Depositary is also liable to the Fund or the Shareholders for all losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfill its obligations. In case of direct liability of the Depositary vis-à-vis the Shareholders they shall, in line with the terms of the Depositary Agreement, not exercise any claims on the Depositary directly but shall request the Management Company to do so on their behalf. Only in a case where the Management Company does not accept such request (for whatever reason) shall the Shareholders be allowed to exercise any such claim directly vis-à-vis the Depositary. The Depositary Agreement contains indemnities in favour of the Depositary excluding matters arising by reason of its failure to satisfy its obligation of due skill, care and diligence, or by reason of its negligence, intentional failure or fraud.

### ***Other provisions of the Depositary Agreement***

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

## **X. DOMICILIARY AND CORPORATE AGENT, UCI ADMINISTRATOR**

The Management Company acts as the domiciliary and corporate agent (the "Domiciliary and Corporate Agent") for the Fund. In such capacity, it will be responsible for all corporate agency duties required by Luxembourg law, and in particular for providing and supervising the mailing of statements, reports, notices and other documents to the shareholders.

The Management Company acts as client communication agent (the “Client Communication Agent”) for the Fund in accordance with the client communication agreement. The Management Company has delegated, under its control and responsibility, the following client communication functions to Citibank Europe Plc, Luxembourg Branch as UCI Administrator:

- Drawing-up of financial reports and other documents intended for investors;
- Correspondence and dispatch of offering documents, financial reports and other documents intended for investors detailing, in accordance with regulatory requirements, necessary information regarding compartments and/or share classes, when applicable;
- Drawing-up of the subscription or redemption contract notes and the certificates of title and the dispatch of such documents to the individual investors.

The Management Company is responsible for the maintenance of adequate records of the UCI’s activity relating to the client communication function and the oversight of the functions performed by Citibank Europe Plc as delegate.

The Management Company has delegated, under its control and responsibility, its other central administration functions consisting of administrative and registrar and transfer agency functions in accordance with the provisions of article 110 of the Law of 2010.

The Management Company has appointed **Citibank Europe plc, Luxembourg Branch** as the administrative agent (the “UCI Administrator”) for the Fund. In such capacity, it will be responsible for all administrative duties required by Luxembourg law, and in particular for the bookkeeping and the calculation of the Net Asset Value per Share of any Class/Category within each Sub-Fund or of any Sub-Fund.

The Management Company has also appointed **Citibank Europe plc, Luxembourg Branch** as the registrar and transfer agent for the Fund. In such capacity, it will be responsible for all administrative duties required by Luxembourg law, and in particular for the registrar function, the Net Asset Value calculation and accounting function, and the client communication function.

The registrar function encompasses all tasks necessary to the maintenance of the Fund register. The reception and execution of orders relating to shares subscriptions and redemptions, and the distribution of income (including the liquidation proceeds) and the safekeeping of the register of shareholders of the Fund are part of the registrar function.

The registrar function includes performance of registrations, alterations, or deletions necessary to ensure its regular update and maintenance.

The Net Asset Value calculation and accounting function is responsible for the correct and complete recording of transactions to adequately keep the Fund’s books and records in compliance with applicable legal, regulatory and contractual requirements as well as corresponding accounting principles. It is also responsible for the calculation and production of the Net Asset Value of the Fund in accordance with the applicable regulation in force.

The client communication function is comprised of the production and delivery of the confidential documents intended for investors.

## **XI. INVESTMENT MANAGER AND INVESTMENT ADVISOR**

The Management Company is responsible for the management of the Sub-Funds. In order to carry out the investment policy of any Sub-Fund, the Management Company may, if and when it deems it opportune, appoint one or several investment managers for each Sub-Fund (individually the “Investment Manager” and collectively the “Investment Managers”) who may, subject to the prior approval of the Management Company, sub-delegate their powers, in which case the Prospectus shall be updated accordingly.

In addition, the Management Company and/or the Investment Manager(s) may be assisted by one or several investment advisors for each Sub-Fund (individually the “Investment Advisor” and collectively the “Investment Advisors”). An Investment Advisor may so be designated to provide investment advice on any particular category of assets of any Sub-Fund when it is considered that such an investment advisor has specific knowledge and skills in the contemplated assets. The Management Company nor the Investment Manager as the case may be, will never be bound by the advice provided by the Investment Advisor as the case may be.

The appointment of an Investment Manager and/or of an Investment Advisor will be indicated in the specific information concerning the relevant Sub-Fund(s) contained in Part B of the Prospectus.

## **XII. DISTRIBUTORS**

The Management Company may decide to appoint distributors (including capital introducers)/ financial intermediaries for the purpose of assisting it in the distribution of the Shares in the countries in which they are marketed.

Distribution agreements may be entered into by the Management Company and various distributors (including capital introducers)/ financial intermediaries.

The distributor will carry out activities of marketing, placement and sale of Shares of the Fund. As the case may be, the distributor may intervene in the relationship between the investors and the Fund in collecting subscription orders for Shares. The distributor may be authorised to receive the subscription, redemption and conversion orders from the investors for the account of the Fund, and to offer Shares at a price based on the applicable Net Asset Value per Share increased, as the case may be, by a subscription fee. In such case, the distributor will transmit to the UCI Administrator any application for subscription, redemption and conversion of Shares and may also be entitled to receive and execute the payment of the issue, redemption and conversion orders of Shares.

The financial intermediary will be recorded in the register of shareholders instead of the clients who have invested in the Fund. The terms and conditions of the distribution agreement will stipulate, amongst other things, that a client who has invested in the Fund via a financial intermediary may, at any time, require that the Shares thus subscribed be transferred to his/her/its name, as a result of which the client will be registered under his/her/its own name in the register of shareholders with effect from the date on which the transfer instructions are received from the financial intermediary.

Investors may subscribe for Shares by applying directly to the Fund without having to subscribe through one of the distributors (including capital introducers)/ financial intermediary, unless a financial intermediary's services are essential or mandatory under the applicable laws or regulations or for practical reasons.

The distributors (including capital introducers)/ financial intermediary so appointed will be mentioned in the annual and semi-annual reports of the Fund.

### XIII. AUDITORS

Deloitte Audit, S.à.r.l. has been appointed as the Fund's Auditors and shall fulfil all duties prescribed by the Law of 2010.

### XIV. TAXATION

***The following summary is based on the law and practice currently in force and is subject to any future changes.***

***The information is not exhaustive and does not constitute legal or tax advice.***

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

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

#### **A. Taxation of the Fund**

The Fund is not liable to any Luxembourg tax on profits or income. The Fund is, however, liable in Luxembourg to a tax (*taxe d'abonnement*) of 0.05% per annum of its Net Asset Value. This tax is reduced to 0.01% per annum of its Net Asset Value allocated to Classes intended for institutional investors. Such tax is payable quarterly on the basis of the value of the aggregate net assets of the Sub-Funds at the end of the relevant calendar quarter. However, the portion of assets which are invested in units of UCITS and UCIs shall be exempt from such tax as far as those UCITS and UCIs are already submitted to this tax in Luxembourg.

No stamp duty or other tax is payable in Luxembourg on the issue of Shares.

No Luxembourg tax is payable on the realised capital appreciation of the assets of the Fund.

Interest, dividend, capital gains and other income realised by the Fund on the sale of securities of non-Luxembourg issuers, may be subject to withholding and other taxes levied in the jurisdictions in which the income is sourced. It is impossible to predict the rate of foreign tax the Fund will pay since the amount of the assets to be invested in various countries and the ability of the Fund to reduce or recover such taxes is not known.

### **B. Taxation of the shareholders**

Under current legislation, shareholders are not normally subject to any capital gains, income, withholding, estate, inheritance or other taxes in Luxembourg, except for (i) those shareholders domiciled, resident or having a permanent establishment in Luxembourg, or (ii) non-residents of Luxembourg who hold 10% or more of the issued share capital of the Fund and who dispose of all or part of their holdings within six months from the date of acquisition or (iii) in some limited cases some former residents of Luxembourg, who hold 10% or more of the issued share capital of the Fund.

Luxembourg resident corporate Investors will be subject to corporate taxation at the rate of 23.87% as from fiscal year 2025 on capital gains realised upon disposal of Shares and on the distributions received from the Fund.

### **C. Common Reporting Standard**

On 9 December 2014, the Council of the EU adopted the Directive 2014/107/EU amending the Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation. The adoption of the aforementioned directive, and of the Luxembourg bill of law for transposition of such directive (the “CRS Law”), together with the signature of the Multilateral Competent Authority Agreement on the Automatic exchange of Financial Account Information (“MCAA”) on 29 October 2014 implement the CRS from 1<sup>st</sup> January 2016.

Under the terms of the CRS Law the Fund is likely to be considered as a Luxembourg Reporting Financial Institution (“FI”).

As such, as of 30 June 2017 and without prejudice to other applicable data protection provisions as set out in the Fund documentation, the Fund will be required to annually report to the LTA, personal and financial information related, inter alia, to the identification of, holdings by and payments made to (i) certain Shareholders as per the CRS Law (the “Reportable Persons”) and (ii) Controlling Persons<sup>3</sup> of certain non-financial entities (“NFEs”) which are themselves Reportable Persons. This information, as exhaustively set out in Annex I of the CRS Law (the “Information”), will include Personal Data related to the Reportable Persons.

The Fund’s ability to satisfy its reporting obligations under the CRS Law will depend on each prospective investor and each Shareholder providing the Fund with the Information, along with the

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<sup>3</sup> Controlling Persons are the natural persons who exercise control over an entity. In the case of a trust, the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term (“Controlling Persons”) must be interpreted in a manner consistent with the Financial Action Task Force Recommendations.

required supporting documentary evidence. In this context, Shareholders are hereby informed that, as data controller, the Fund will process the Information for the purposes as set out in the CRS Law. Shareholders also undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Fund.

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

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

### **XV. GENERAL INFORMATION**

#### **A. Corporate Information**

The Fund was incorporated as an open-ended exempted company for an unlimited period of time under the laws of the Cayman Islands on 3 May 2001 and was registered with the Cayman Islands Monetary Authority as a mutual fund between 27 June 2001 and 5 September 2012, on which date it was de-registered as a mutual fund in connection with its transfer by continuation to Luxembourg. The Fund has been transformed as an open-ended investment company in Luxembourg on 5 September 2012 and is now governed by the Luxembourg law of 10 August 1915 on commercial companies, as amended, and by the Law of 2010. An extraordinary general meeting of the shareholders held in Luxembourg on 5 September 2012 has resolved to change the nationality of the Fund and its denomination, to transfer its registered office in Luxembourg and to restate its Articles. An extraordinary general meeting of the shareholders held in Luxembourg on 18 February 2014 has resolved to change the denomination of the Fund into "THE INDEPENDENT UCITS PLATFORM".

The registered office of the Fund is now established at 4, rue Jean Monnet, L-2180 Luxembourg.

The Fund is registered at the "*Registre de Commerce et des Sociétés*" with the District Court of Luxembourg under the number B 171356.

The Articles have been restated for the last time on 28 August 2018 and related modifications published in the *Recueil Electronique des Sociétés et Associations* ("RESA") and have been filed with the Chancery of the District Court of Luxembourg. Any interested person may inspect this document on the Chancery of the District Court of Luxembourg website at [www.rcsl.lu](http://www.rcsl.lu).

The minimum capital of the Fund as provided by law, which must be achieved within 6 months from the date on which the Fund has been authorised as an undertaking for collective investment under Luxembourg law, is EUR 1,250,000.- or its equivalent. The capital of the Fund is represented by fully paid-up Shares of no par value.

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

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

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

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

### **B. Meetings of, and Reports to, shareholders**

Notice of any general meeting of shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the Fund) shall be mailed to each registered shareholder at least eight days prior to the meeting and shall be published to the extent required by Luxembourg law in the *RESA* and in any Luxembourg and other newspaper(s) that the Board of Directors may determine. Such notices will indicate the date and time of the meeting as well as the agenda, the quorum requirements and the conditions of admission.

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

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

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

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

The accounting year of the Fund commences on the first of January and terminates on the thirty first of December of the same year.

The Fund's financial statements will be prepared and the Net Asset Value calculated in accordance with LUXGAAP.

The annual general meeting of shareholders takes place in Luxembourg City at a place and time as decided by the Board of Directors but no later than six months from the end of the Fund's previous accounting year.

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

In accordance with the conditions laid down in the Luxembourg laws and regulations, the convening notice to any general meeting of shareholders of the Fund may provide that the quorum and the majority requirements applicable to the general meeting shall be determined according to the Shares issued and outstanding at a certain date and a certain time prior to the date set for the general meeting (the "Record Date"). The right of a shareholder to attend a meeting and to exercise the voting rights attaching to its Shares is determined in accordance with the Shares held by this shareholder at the Record Date.

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

### **C. Dissolution and Liquidation of the Fund**

#### **1. Introduction**

The Fund may be dissolved on a compulsory or voluntary basis.

The Fund shall, after the dissolution, be deemed to exist for the purpose of liquidation. In case of a voluntary liquidation, the Fund remains subject to the supervision of the CSSF.

Liquidation proceeds which cannot be distributed to their beneficiaries upon the implementation of the liquidation will be deposited with the Depositary for a period of nine months as from the date of the decision on liquidation; after such period, the assets shall be deposited with the *Caisse de Consignation* on behalf of the persons entitled thereto. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of Luxembourg law.

#### **2. Voluntary liquidation**

Should the Fund be voluntarily liquidated, its liquidation will be carried out in accordance with the provisions of the Law of 2010 and the Luxembourg law of 10 August 1915 on commercial companies, as amended. These laws specify the procedure to be followed and the steps to be taken.

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

Moreover, if the capital of the Fund falls below two-thirds of the minimum capital, i.e. currently EUR 1,250,000.- or its equivalent, the Board of Directors must submit the question of the dissolution of the Fund to the general meeting of shareholders for which no quorum will be required and which will decide by a simple majority of the Shares represented at the meeting and voting. If the capital of



the Fund falls below one quarter of the required minimum, the Board of Directors must submit the question of the dissolution of the Fund to the general meeting of shareholders for which no quorum will be required; dissolution may be decided by the shareholders holding one quarter of the Shares represented at the meeting and voting. The meeting must be convened so that it is held within a period of forty days as from ascertainment that the net assets have fallen below two-thirds or one quarter of the legal minimum, as the case may be.

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

### **3. Compulsory liquidation**

Should the Fund be compulsorily liquidated, its liquidation will be carried out exclusively in accordance with the provisions of the Law of 2010. This law specifies the procedure to be followed and the steps to be taken.

#### **D. Liquidation, Merger and Split of Sub-Funds, Classes or Categories**

##### **1. Liquidation of Sub-Funds, Classes or Categories**

The Board of Directors may decide to liquidate a Sub-Fund or a Class/Category by carrying out a compulsory redemption of all the Shares issued in such Sub-Fund or such Class/Category at the Net Asset Value per Share (taking into account the costs of liquidation but free of any charge) applicable on the Valuation Day at which such decision shall take effect if the net assets of the said Sub-Fund or the said Class/Category have decreased to, or have not reached, an amount under which the Sub-Fund can no longer be managed efficiently or if a change in the economic or political situation relating to the Sub-Fund or the Class/Category concerned has an influence on that Sub-Fund or that Class/Category, justifying such a liquidation or in order to proceed to an economic rationalization.

Such a liquidation decision shall be published and notified to the shareholders of the Sub-Fund or of the Class/Category before the effective date for the compulsory redemption. The notice shall indicate the reasons for, and the procedure of the liquidation. Owners of registered Shares shall be notified in writing and the Fund shall inform holders of dematerialised Shares by publication of a notice in one or more Luxembourg newspapers and in one or more national newspapers in the countries where the Shares are distributed, as determined by the Board of Directors. Unless the Board of Directors decides otherwise in the interest of shareholders or to ensure an equitable treatment between them, the shareholders of the Sub-Fund or of the Class/Category concerned may continue to request the redemption or conversion of their Shares, free of charge, before the liquidation coming into force on the basis of the applicable Net Asset Value per Share, taking into account an estimation of the liquidation costs.

The Fund shall reimburse each shareholder proportionally to the number of Shares held in the Sub-Fund or in the Class/Category.

Liquidation proceeds which cannot be distributed to their beneficiaries upon the implementation of the liquidation will be deposited with the Depositary for a period of nine months as from the date of

the decision on liquidation; after such period, the assets shall be deposited with the *Caisse de Consignation* in Luxembourg on behalf of the persons entitled thereto.

### **2. Merger of Sub-Funds, Classes or Categories**

Under the same circumstances as those described under Sub-Section 1. above, the Board of Directors may decide, in the interest of shareholders, to close a Sub-Fund or a Class/Category by merging it with another Sub-Fund or Class/Category of the Fund. This decision shall be published and notified in the same manner as described above. The notice shall besides indicate the information relating to the new Sub-Fund or the new Class/Category. The relevant notice shall be published and notified at least one month before the merger comes into force in order to enable the shareholders to request the redemption or conversion of their Shares, free of charge. At the end of that period, the remaining shareholders shall be bound by the decision.

Under the same circumstances as those described under Sub-Section 1. above, the Board of Directors may decide, in the interest of shareholders, to close a Sub-Fund or a Class/Category by merging it with another Luxembourg undertaking for collective investment organised under the provisions of Part I of the Law of 2010 or with a sub-fund or a class/category of such other Luxembourg undertaking for collective investment. Such decision shall be published and notified in the same manner as that described above. In addition, the notice shall contain information relating to that undertaking for collective investment. The relevant notice shall be published and notified at least one month before the merger comes into force in order to enable shareholders to request the redemption or conversion of their Shares, free of charge. At the end of that period, the remaining shareholders shall be bound by the decision.

In the case of a merger with another Luxembourg undertaking for collective investment established in the form of a contractual type ("*Fonds Commun de Placement*") or with a foreign based undertaking for collective investment, the decision shall be binding only on those shareholders who have voted in favour of such merger; the other shareholders will be considered to have asked for the redemption of their Shares.

### **3. Split of Sub-Funds, Classes or Categories**

Under the same circumstances as those described under Sub-Section 1. above, the Board of Directors may reorganise, in the interest of shareholders, a Sub-Fund or a Class/Category by splitting it into two or more new Sub-Funds or Classes/Categories. Such decision shall be published and notified in the same manner as that described under Sub-Section 2. above. In addition, the notice shall contain information relating to that split. The relevant notice shall be published and notified at least one month before the date on which the split becomes effective in order to enable shareholders to request the redemption or conversion of their Shares, free of charge. At the end of that period, the remaining shareholders shall be bound by the decision.

**PART B - SPECIFIC INFORMATION**

*This specific Part B describes the particularities of the Sub-Fund(s) of THE INDEPENDENT UCITS PLATFORM. It is part of the Prospectus. Therefore, all information given herein should be considered in connection with the Prospectus and its Part A.*

**I. ZENNOR JAPAN FUND**

**A. Investment Objective, Strategy, Policy, Specific Risk factors and Risk Management of the Sub-Fund**

**1. Investment Objective**

The investment objective of the Sub-Fund is to achieve long term capital growth and aims to generate excess returns against the broad Japanese market by mainly investing in companies listed, domiciled and operating in Japan. The Sub-Fund will be actively managed without reference to any benchmark.

The Sub-Fund will focus on special situation opportunities within the Japanese market and aims to have a high active share against the broad market. The Sub-Fund will focus on special situations in the market by investing in companies which have strong catalysts to add value to the portfolio, for example as a result of parent/subsidiary consolidation, corporate merger and acquisition activity or earnings growth that is superior to the broader market.

**2. Investment Strategy and Policy**

The Sub-Fund seeks to achieve its objective through a flexible approach by investing in equities and equity-linked instruments (including but not limited to ordinary or preferred shares, ETF's, REIT's, warrants, convertible bonds, equity derivatives and equity index derivatives).

The Sub-fund will mainly invest in companies listed, domiciled and operating in Japan. The Sub fund may invest up to 20% in securities issued by companies with exposure to Japan that are listed on other eligible stock exchanges. The portfolio will hold positions regarded by the Investment Manager as Special Situations. This refers to investments considered to be high quality, under-researched companies which may benefit from corporate activity or consolidation, for example arising from parent/subsidiary organizational changes.

The Sub-Fund will invest in small, medium and large capitalisation companies with no currency or location restrictions.

The Sub-Fund may be invested in bonds (including but not limited to fixed or floating-rate, zero-coupon bonds and inflation linked), and money market instruments issued by corporate and sovereign issuers. The Sub-Fund will invest in investment grade bonds rated by one or more of the main agencies (Moody's, Standard & Poor & Fitch) or, in its absence, by a professional

recognized rating agency registered and/or regulated by ESMA. The Sub-Fund will not invest in asset backed securities or in mortgage backed securities.

The Sub-Fund will not invest more than 10% of its assets in UCITS or other UCIs.

The Sub-Fund may use financial derivative instruments for both hedging and/or investment purposes. The types of derivatives may include, but are not limited to, single stock and equity index futures and options, currency futures and forwards. The Sub-Fund gross notional exposure will not exceed 100% of the assets under management.

The Sub-Fund may hold on an ancillary basis up to 20% of its assets in cash and cash equivalents such as sight bank deposits, in accordance with the provisions of Article 41(2) of the Law of 17 December 2010. Notwithstanding the above provision, the above mentioned 20% limit shall only be temporarily breached for a period of time strictly necessary when, because of exceptionally unfavourable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors.

Notwithstanding the above provisions and if justified, the Sub-Fund may invest for cash diversification up to 100% of its net assets in cash and cash equivalents, term deposits, debt securities and money market instruments dealt in on a Regulated Market and whose maturity does not exceed 12 months, monetary UCITS and UCIs. In general terms, the Sub-Fund will comply with the investment restrictions and the principle of risk spreading set forth under Part A of the Prospectus.

The Investment Manager will apply an investment approach which is both top down (macro-economic) and bottom up (company research) employing a rigorous research-driven methodology. The investment philosophy will combine both a deep value approach and a GARP (growth at a reasonable price) approach. The Investment Manager aims to identify businesses that trade at significant discounts to their intrinsic value and that have acceptable “margins of safety”. The margin of safety refers to a company’s balance sheet and the extent to which the company’s market valuation falls below that of its intrinsic value. Stocks which trade below their break-up value or intrinsic value may offer upside potential or downside protection. Typical safety characteristics for companies may include large amounts of net cash, unrealised gains on land and/or long term investment securities, and low levels of debt.

Companies with improving earnings forecasts and cash flow generation are favoured, as are companies with large cash holdings and relatively lower gearing.

Macro-economic and sectoral trends are analysed in both a domestic and global context. Thematic top-down views are combined with bottom-up company specific analysis with the intention of creating excess returns. Focussing on both value and growth at a reasonable price enables the Investment Manager to take a multi-dimensional approach which is both flexible and continuously responsive to current and expected conditions. Rigorous balance sheet analysis is incorporated into the company research discipline to help minimise the risk of permanent capital loss.

This Sub-Fund has been classified as promoting environmental or social characteristics under Article 8 of the SFDR. The Sub-Fund seeks to promote environmental or social criteria through

the application of its investment process, but it does not have sustainable investment as its primary objective.

### **3. Investment Restrictions**

The Sub-Fund is subject to the investment restrictions set out in Part A of the Prospectus under chapter I, sections B and C.

The investment restrictions may not be complied with during a transitional period of 6 months from the date on which the Sub-Fund has been authorised, provided that the Sub-Fund will endeavour to ensure, at all times, an appropriate level of diversification of risk within the portfolio of the Sub-Fund.

### **4. Risk Management**

The method retained by the Management Company for the determination of the global risk exposure of the Sub-Fund is the Commitment Approach.

### **5. Risk Profile**

No guarantee can be given that the Sub-Fund's objective will be achieved and that investors will recover the amount of their initial investment. The main risks to which the Sub-Fund may be exposed are as follows:

#### **Equity Risk**

The equity markets may fluctuate significantly with prices rising and falling sharply or even be reduced to zero, and this will have a direct impact on the Sub-Fund's Net Asset Value. This also means that when the equity markets are extremely volatile the Sub-Fund's Net Asset Value may fluctuate substantially.

#### **Interest rate risk**

The value of investments in bonds and other debt securities may rise or fall sharply as interest rates fluctuate. As a general rule, the value of fixed-rate instruments will increase when interest rates fall, and fall when interest rates increase.

#### **Sovereign Bonds risk**

The Sub-Fund may invest in debt obligations issued or guaranteed by governments or their agencies (sovereign bonds). The governmental entity that controls the repayment of sovereign bonds may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be

dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their sovereign bonds.

Holders of sovereign bonds may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which sovereign bonds, on which a governmental entity has defaulted, may be collected in whole or in part.

### **Corporate Bonds risk**

The Sub-Fund may invest in corporate bonds. Corporate bonds are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation 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. When interest rates rise, the value of corporate bonds can be expected to decline. Corporate bonds with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities.

### **Convertible Bonds risk**

Investments in convertible bonds may, in addition to normal bond risks and fluctuations, be subject to fluctuations in response to numerous factors, including but not limited to, variations in the periodic operating results of the issuer, changes in investor perceptions of the issuer, the depth and liquidity of the market for convertible bonds and changes in actual or forecasted global or regional economic conditions. In addition, the global bond markets have from time to time experienced extreme price and volume fluctuations. Any such broad market fluctuations may adversely affect the trading price of convertible bonds.

### **Currency risk**

The Sub-Fund holds assets denominated in currencies other than its Reference Currency. It may be affected by changes in exchange rates between the Reference Currency and these other currencies or by changes to exchange control regulations. If the currency in which an asset is denominated appreciates against the Sub-Fund's Reference Currency, the security's equivalent value in the Reference Currency will also appreciate. Conversely, a depreciation in the currency will result in a fall in the security's equivalent value in the Reference Currency.

Exchange rate fluctuations may also occur between the trade date for a transaction and the date on which the currency is acquired to meet settlement obligations.

## **Market risk**

Some of the stock exchanges, Regulated Markets and Other Regulated Markets on which a Sub-Fund may invest may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the timing and price at which a Sub-Fund may liquidate positions to meet redemption requests or other funding requirements.

## **6. SFDR**

Further to the entry into force of SFDR Level II, Shareholders are informed about the environmental or social characteristics promoted by this Sub-Fund in the pre-contractual annex available in the “Part C” of this Prospectus.

## **7. Profile of targeted investors**

The Sub-Fund is intended for both retail and institutional investors. The Sub-Fund may be suitable for investors looking for a Japanese equity strategy to complement an existing core portfolio. The Sub-Fund may be suitable for investors with at least a 3-year investment horizon.

## **B. Generalities of the Sub-Fund**

### **1. Shares**

#### **a) Classes of Shares**

The Sub-Fund actually offers thirteen Classes of Shares:

Class	Currency	Accumulating/ Distributing	Maximum Investment Management Fee	Minimum Initial Investment Amount
I	JPY	Acc	0.85%	JPY 100 million
I	GBP	Acc	0.85%	GBP 1 million
I	EUR	Acc	0.85%	EUR 1 million
I	USD	Acc	0.85%	USD 1 million
F	JPY	Acc	0.50%	At discretion of Directors
F	EUR	Acc	0.50%	At discretion of Directors
F	GBP	Acc	0.50%	At discretion of Directors
P	EUR	Acc	0.95%	EUR 10,000
P	GBP	Acc	0.95%	GBP 10,000
P	JPY	Acc	0.95%	JPY 1 million
P	USD	Acc	0.95%	USD 10,000
R	JPY	Acc	1.50%	JPY 500,000
R	EUR	Acc	1.50%	EUR 5,000

- I class shares are available only to institutional investors.

## THE INDEPENDENT UCITS PLATFORM

- F class shares are designated as Founder shares and are intended for investors prepared to support the fund with substantial investments at an early stage. Access to the Founder share classes will be limited and at the discretion of the Board. The Directors may at their discretion decide to close the Founder share classes to further investors. Existing investors already holding Founder shares will be able to continue to invest further in Founder shares.
- P Classes of shares are available to all types of investors.
- R classes of shares are available to all types of investors.

The following share classes are currently unavailable however, at the discretion of the Directors, some or all of the following share classes may be made available in the future:

Class	Currency	Accumulating/ Distributing	Maximum Investment Management Fee	Minimum Investment Amount	Initial
P	JPY Hedged	Acc	0.95%	JPY 1 million	
P	JPY	Distr	0.95%	JPY 1 million	
P	JPY Hedged	Distr	0.95%	JPY 1 million	
P	EUR	Acc	0.95%	EUR 10,000	
P	EUR Hedged	Acc	0.95%	EUR 10,000	
P	EUR Hedged	Distr	0.95%	EUR 10,000	
P	GBP Hedged	Acc	0.95%	GBP 10,000	
P	GBP	Distr	0.95%	GBP 10,000	
P	GBP Hedged	Distr	0.95%	GBP 10,000	
P	USD Hedged	Acc	0.95%	USD 10,000	
P	USD	Distr	0.95%	USD 10,000	
P	USD Hedged	Distr	0.95%	USD 10,000	
P	CHF	Acc	0.95%	CHF 10,000	
P	CHF Hedged	Acc	0.95%	CHF 10,000	
P	CHF	Distr	0.95%	CHF 10,000	
P	CHF Hedged	Distr	0.95%	CHF 10,000	
I	JPY	Dist	0.85%	JPY 100 million	
I	EUR Hedged	Acc	0.85%	EUR 1 million	
I	EUR	Dist	0.85%	EUR 1 million	
I	EUR Hedged	Dist	0.85%	EUR 1 million	
I	GBP Hedged	Acc	0.85%	GBP 1 million	
I	GBP	Distr	0.85%	GBP 1 million	
I	GBP Hedged	Dist	0.85%	GBP 1 million	
I	USD Hedged	Acc	0.85%	USD 1 million	
I	USD	Dist	0.85%	USD 1 million	
I	USD Hedged	Dist	0.85%	USD 1 million	
F	EUR Hedged	Acc	0.50%	At discretion of Directors	
F	GBP Hedged	Acc	0.50%	At discretion of Directors	
F	USD Hedged	Acc	0.50%	At discretion of Directors	
R	JPY	Dist	1.50%	JPY 500,000	
R	EUR Hedged	Acc	1.50%	EUR 5,000	



## THE INDEPENDENT UCITS PLATFORM

R	EUR	Dist	1.50%	EUR 5,000
R	EUR Hedged	Dist	1.50%	EUR 5,000
RR	USD	Acc	1.50%	USD 5,000
R	USD Hedged	Acc	1.50%	USD 5,000
R	USD	Dist	1.50%	USD 5,000
R	USD Hedged	Dist	1.50%	USD 5,000
R	GBP	Acc	1.50%	GBP 5,000
R	GBP	Distr	1.50%	GBP 5,000
R	CHF	Acc	1.50%	CHF 5,000
R	CHF	Distr	1.50%	CHF 5,000

Classes of Shares may be available only to certain types of Investors or registered for distribution only in certain jurisdictions. Hedged share classes will be hedged against movements between the currency of the Share Class and the investment currency (JPY).

I class shares are available only to institutional investors.

F class shares are designated as Founder shares and are intended for investors prepared to support the fund with substantial investments at an early stage. Access to the Founder share classes will be limited and at the discretion of the Board. The Directors may at their discretion decide to close the Founder share classes to further investors. Existing investors already holding Founder shares will be able to continue to invest further in Founder shares.

P Classes of shares are available to all types of investors.

R classes of shares are available to all types of investors.

### **b) Distribution Policy**

The distribution of dividends for distributing Classes may be proposed by the Board of Directors to the annual general meeting of shareholders. Accumulating Classes will not distribute income.

### **c) Form of Shares**

Shares will be issued in registered form only.

## **2. Current Subscriptions**

After the Initial Subscription Period, the Subscription Price corresponds to the Net Asset Value per Share on the relevant Valuation Day.

No subscription fee will be applied in respect of Class F or Class I. At the discretion of the Directors, a subscription fee of up to 5% may be applied to Class R shares.

In order to be dealt with on the basis of the Net Asset Value per Share established on a Valuation Day, duly completed and signed subscription forms must be received by the UCI Administrator in Luxembourg no later than 12.00 pm (noon), Luxembourg time, on the Business Day preceding that Valuation Day and must be accepted. Subscription forms received after this time and date will take effect on the next following Valuation Day.

Subscriptions will be accepted only for currency amounts to be invested or for numbers of Shares. Payment shall be received no later than 3 Business Days following the applicable Valuation Day for the account of the Fund referencing the Sub-Fund and the relevant Class.

The corresponding Shares will be issued only upon receipt of the payment.

### **3. Redemptions**

The Redemption Price corresponds to the Net Asset Value per Share on the relevant Valuation Day.

In order to be dealt with on the basis of the Net Asset Value per Share established on a Valuation Day, written redemption requests must be received by the UCI Administrator in Luxembourg no later than 12.00 pm (noon), Luxembourg time, on the Business Day preceding that Valuation Day. Redemption requests received after this time and date will take effect on the next following Valuation Day.

The Redemption Price shall be the Net Asset Value per Share on the relevant Valuation Day.

The Redemption Price shall be paid no later than 3 Business Days following the applicable Valuation Day.

Redemption fee: None

### **4. Conversions**

The Shares of a Class of the Sub-Fund may be converted into Shares of an eligible Class of the Sub-Fund or Shares of an eligible Class of another Sub-Fund of the Fund according to the procedure described in Part A of the Prospectus.

The conversion list will be closed under the same terms and conditions as applicable to redemptions in the Sub-Fund.

### **5. Reference Currencies**

The Sub-Fund is consolidated in GBP.

### **6. Frequency of the Net Asset Value per Share (NAV) calculation and Valuation Day**

The "Valuation Day" is each Business Day. In respect of each Valuation Day, the Net Asset Value per Share will be dated that Valuation Day and calculated and published on the same Luxembourg bank business day.

## **7. Publication of the NAV**

The Net Asset Value and the issue and redemption prices of the Shares will be available at the registered office of the Fund.

## **8. Listing on the Luxembourg Stock Exchange**

The Shares of the Sub-Fund are not actually admitted to official listing on the Luxembourg Stock Exchange.

## **9. Taxation**

The Sub-Fund is liable to a tax of 0.05% per annum of its Net Asset Value (*taxe d'abonnement*), such tax being payable quarterly on the basis of the value of the aggregate net assets of the Sub-Fund at the end of the relevant calendar quarter. This tax is reduced to 0.01% per annum of its Net Asset Value allocated to the Classes intended for institutional investors only. The portion of assets which are invested in units of UCITS and UCIs shall be exempt from such tax as far as those UCITS and UCIs are already submitted to this tax in Luxembourg.

## **C. Investment Manager**

The Management Company has appointed, at the expense of the Sub-Fund, Zennor Asset Management LLP, an English limited liability partnership having its registered office at 86 Duke of York Square, London, SW3 4LY, United Kingdom as investment manager of the Sub-Fund (the "Investment Manager").

The Investment Manager was established on 12 July 2002 in England and Wales as a limited liability partnership with partnership number OC302614.

the Investment Manager will keep the investments of the Sub-Fund under constant review and will be active in connection with the selection of the assets and the investment and reinvestment of the Sub-Fund's portfolio.

### **1. Management Company Fee and Investment Management Fees**

#### **a) Management Company Fee**

Pursuant to the Collective Portfolio Management Agreement, the Sub-Fund will pay a management company fee (the "Management Company Fee") to the Management Company in remuneration for its services. Such Management Company Fee is- 0.08% per annum of the average net assets of the Sub-Fund, with a minimum of EUR 24,000 per annum.

Such fees are accrued on each Valuation Day and payable quarterly in arrears.

#### **b) Investment Management Fees**

Pursuant to the Investment Management Agreement, the Management Company will pay, at the expense of the Sub-Fund, an investment management fee (the "Investment Management Fee")

to the Investment Manager in remuneration for its services. Such Investment Management Fee is equal to

- Up to 0.5 % per annum of the average net assets of the Sub-Fund attributable to Founder (F) Share Classes
- Up to 0.85 % per annum of the average net assets of the Sub-Fund attributable to Institutional (I) Classes.
- Up to 0.95% per annum of the average net assets of the Sub-Fund attributable to Retail (P) Classes
- Up to 1.50% per annum of the average net assets of the Sub-Fund attributable to Retail (R) Classes

Such fee is accrued on each Valuation Day and payable monthly in arrears.

The Investment Manager may, at its sole discretion, pay a portion of the Investment Management Fee to intermediaries or placement agents.

MISCELLANEOUS

**A. Documents available**

Copies of the following documents can be obtained during office hours on any Business Day from the registered office of the Fund at 4, rue Jean Monnet, L-2180 Luxembourg:

- (i) the restated Articles of Incorporation of the Fund;
- (ii) the agreement with the Depositary and Paying Agent on services referred to under the heading "Depositary and Paying Agent";
- (iii) the agreements with the Domiciliary and Corporate Agent, UCI Administrator on services referred to under the heading "Domiciliary and Corporate Agent, UCI Administrator";
- (iv) the agreement with the Management Company referred to under the heading "Management Company";
- (v) the agreements with the Investment Managers and Investment Advisors referred to under the heading "Investment Manager and Investment Advisor";
- (vi) the latest reports and accounts referred to under the heading "General Information", Section B. "Meetings of, and Reports to, shareholders".

Copies of the Prospectus, KID and latest published annual and semi-annual reports may also be consulted from the following websites: <https://www.andbank.com/luxembourg/en/gestion-dactifs/> and [www.independentucis.com](http://www.independentucis.com) for Zennor Japan Fund.

**B. Subscription forms**

Subscription forms may be obtained from the Fund's registered office on request.

**C. Official Language**

The official language of the Prospectus and of the Articles of Incorporation is English. However, the Board of Directors, the Depositary, the Management Company, the Domiciliary and Corporate Agent, the UCI Administrator may, on their own behalf and on the Fund's behalf, consider it essential that these documents be translated into the languages of the countries in which the Fund's Shares are offered and sold. Unless contrary to local law in the jurisdiction concerned, in the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall always prevail.

**D. Additional information for investors in the Federal Republic of Germany for Zennor Japan Fund**

**Facility Agent in Germany**

## THE INDEPENDENT UCITS PLATFORM

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In accordance with UCITS Directive, as amended by Directive 2019/1160, The Independent UCITS Platform has appointed the following entity for Zennor Japan Fund to fulfil the functions and duties listed under Article 92 paragraph 1, points (b) to (f):

PwC Société coopérative – GFD (“Facility Agent in Germany”)  
2, rue Gerhard Mercator B.P. 1443  
L-1014 Luxembourg  
Luxembourg  
Email: lu\_pwc.gfd.facsvs@pwc.com

In this context, PwC GFD performs the following tasks in German:

- (b) inform investors how the orders mentioned under number 1 can be issued and how redemption proceeds are paid out;
- (c) facilitates and provides information on access to procedures and precautions pursuant to Section 28 paragraph 2 number 1 KAGB in relation to the exercise of investor rights from investments in UCITS within the scope of the KAGB;
- (d) provide investors with the sales documents specified in Section 297 paragraph 4 sentence 1 KAGB and with the documents and information specified in Section 298 paragraph 1 KAGB, and § 301 provided for viewing and making copies;
- (e) provides investors with relevant information about the tasks that the facility performs on a durable medium;
- (f) acts as a contact point for communication with the BaFin.

In addition, in accordance with UCITS Directive, as amended by Directive 2019/1160, The Independent UCITS Platform has appointed the following entity to fulfil the functions and duties listed under Article 92 para 1, points (a) (“process subscription, repurchase and redemption orders and make other payments to unit-holders relating to the units of the UCITS”).

**Citibank Europe plc - Luxembourg Branch** (« Citibank Luxembourg »)  
31, Z.A. Bourmicht  
L-8070 Bertrange  
Luxembourg

Applications for the redemption and conversion of Shares may be sent to Citibank Luxembourg. All payments to investors, including redemption proceeds and potential distributions, may, upon request, be paid through Citibank Luxembourg.

The Memorandum and Articles of Association, the Prospectus, the Key Investor Information Documents and the latest annual and semi-annual reports of the Company are available, free of charge, from the Facility Agent in Germany.

Any other information to the Shareholders, the issue, redemption and conversion prices of Shares will be published on the website of the Management Company (<https://www.andbank.com/luxembourg/gestion-dactifs/nos-fonds/>).

In addition, communications to investors in the Federal Republic of Germany are published in German on the Federal Gazette (*Bundesanzeiger*) (§ 167 Investment Code) in the following cases:

1. suspension of the redemption of the Shares,
2. termination of the management of the Company/Sub-fund or its liquidation,
3. any amendments to the Articles of Association which are inconsistent with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the asset pool,
4. merger of the Company/Sub-fund with one or more other funds and
5. the change of the Company/Sub-fund into a feeder fund or the modification of a master fund.

### **E. Additional information for investors in Switzerland for Zennor Japan Fund**

#### **Offering restrictions**

The shares of the Sub-Fund shall be offered or advertised in Switzerland exclusively to qualified investors as defined by Article 10 of the Collective Investment Schemes Act, as amended from time to time ("CISA") ("Qualified Investors"). The Sub-Fund has not been approved by the Swiss Financial Market Supervisory Authority ("FINMA") for offering in Switzerland to non-qualified investors.

#### **Swiss Representative**

Waystone Fund Services (Switzerland) SA, Av. Villamont 17, 1005 Lausanne, Switzerland has been appointed as Swiss Representative of the Sub-Fund.

#### **Paying Agent in Switzerland**

Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva, Switzerland, has been appointed as Paying Agent of the Fund in Switzerland.

#### **Place where the relevant documents may be obtained**

Any Fund Documentation, including the Prospectus, the Articles of Incorporation and annual reports issued by the Fund from time to time may be obtained free of charge from the Swiss Representative in Lausanne.

#### **Third-party compensation**

Third-party compensation are payments and other soft commissions paid by the Sub-Fund management company or its representatives to third-party placement agents or partners in compensation for offering the shares of the Sub-Fund. Such compensation is mostly paid out from the management fee charged to the Sub-Fund.

In respect of the offering of the Sub-Fund's shares in Switzerland, the Fund management company and its representatives do not pay any third-party compensation to placement agents or partners.

#### **Rebates**

Rebates are payments by the Fund management company and their representatives directly to investors from a fee or cost charged to the Sub-Fund with the purpose of reducing the said fee or cost to a contractually agreed amount.

In respect of the offering of the Sub-Fund's shares in Switzerland, the Fund management company and their representatives do not pay any rebates to investors.

### **Place of Execution And Jurisdiction**

The place of execution and jurisdiction for any disputes relating to the distribution of shares of the Sub-Fund in and from Switzerland shall be the registered office of the Representative in Switzerland.



**PART C - PRECONTRACTUAL DOCUMENTS AS PER EU REGULATION 2022/1288**

**Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Zennor Japan Fund

**Legal entity identifier:**  
549300TTKLP8T8OEM43

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

<p><input checked="" type="radio"/> <input type="radio"/> <b>Yes</b></p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____%</p> <div style="margin-left: 40px;"> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> </div> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%</p>	<p><input checked="" type="radio"/> <input type="radio"/> <b>No</b></p> <p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments</p> <div style="margin-left: 40px;"> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> </div> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

Zennor Japan Fund (the “Sub-Fund”) main objective is to achieve long term capital growth by investing in the broad Japanese market. The Sub-Fund is actively managed without reference to any benchmark. The Management Company has appointed Zennor Asset Management LLP as the Investment Manager of the Sub-Fund (the “Investment Manager”). According to the Investment Manager ESG policy, the Sub-Fund promotes some ESG characteristics in compliance with Article 8 of SFDR but does not have sustainable investments as its objective.

While the Sub-Fund does not have a specific thematic approach, it promotes ESG characteristics by applying sectorial exclusion and by selecting the investment after the ESG assessment through the use of an ESG screening developed by the Investment Manager. On the environmental front, the Sub-Fund is committed to contribute to the goals of the Paris Agreement, it considers biodiversity, water footprint and waste footprint. On the social front, the Sub-Fund invests accordingly to the UN Global Compact, OECD Guidelines for Multinational Enterprises, it supports respect for human rights and promotes the respect for gender equality in the investee companies.

No benchmark has been designated for the purpose of attaining the environmental and social characteristics of this Sub-Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Sub-Fund uses the Investment Manager proprietary ESG Sustainability screening, which is comprised of the following elements:

**Environment:** Includes screening for Waste Reduction policies ; Emission reduction policies ; Water policies ; Total Green House gasses ; Environmental Disclosures and Climate Risk discussions reported in company accounts

**Social:** Includes screening for the percentage of Women in management ; the percentage of Employee Turnover ; Anti-Bribery Ethics policies ; Business Ethics policies ; Employee protection/ Whistle Blower policies ; Human Rights policies and Health and Safety policies

**Governance:** Includes screening for Poison Pill Plans ; Unequal Voting Rights ; presence of Independent Chairperson ; the percentage of Independent Directors ; presence of Independent Nomination Committee Chairperson ; presence of Independent Audit Committee Chairperson and the percentage of Women on the Board.

Zennor utilises a variety of data sources for the assessment PAIs and stewardship activities. Zennor's Sustainability screening tool sources data from Bloomberg and identifies multiple factors to provide E, S & G ratings, and an overall score, as described in the below section "*What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*". Zennor currently subscribes to Clarity AI for PAI screening and reporting and Glass Lewis for Proxy Voting. Periodic reviews of available products on the market will be carried out to assess if better data quality can be accessed.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:* Not applicable.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

- ✘ Yes, the Sub-Fund considers the following principal adverse impacts (PAIs) on sustainability factors, in line with the PAIs considered by the Investment Manager:

### **Climate and other environment related indicators**

1. GHG Emissions;
2. Carbon Footprint;
3. GHG Intensity of Investment Companies;
4. Exposure to Companies active in the fossil fuel sector;
5. Share of non-renewable energy consumption and production;
6. Energy consumption intensity per high impact climate sector;
  - Direct engagement with key high emitters in the portfolio tracked with a proprietary tool which records all initial engagements and follow ups with investee companies whether via meetings or letters to management. For companies in high emitting sectors, the Sub-Fund will actively oppose and vote against agenda item that do not sufficiently address the impact of climate change .Companies that derive 30% or more of their revenues from thermal coal are excluded from the investment universe.
7. Activities negatively affecting biodiversity: the Investment Manager is currently collecting data on investee companies in order to evaluate their impact on biodiversity;
8. Emissions to water: companies are screened for potential violations and in case they cause significative impact to local water supplies or in violation of UN Global Compact Principle 7, the Sub-Fund will engage further or exclude the company;
9. Hazardous waste ratio: companies are screened for potential violations and in case they cause significative impact to local water supplies or in violation of UN Global Compact Principle 7, the Sub-Fund will engage further or exclude the company;
10. Investing in companies without carbon emission reduction initiatives:

### **Social indicators**

11. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
12. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises;
  - The Sub-Fund invests by respecting the International Labour Organisation standards, the United Nation Guiding Principles, the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. In case a severe breach is identified, an engagement with the investee company will follow. If adequate steps to improve the situation are not taken in the following 3 years, the Sub-Fund will divest the company. The Sub-Fund expects companies to formally commit to respect human rights

and have in place human rights due diligence processes and ensure that victims of human rights abuses have access to remedy. For companies that do not take adequate steps to mitigate their human rights impact and are linked to social controversies, the Sub-Fund will vote against the agenda items relevant to these issues.

13. Unadjusted gender pay gap: gender pay gap disclosure are generally not mandatory, however the Sub-Fund supports shareholders' initiative for the disclosure;
14. Board gender diversity: the Sub-Fund actively engages with the investee companies on diversity, inclusion and equal pay. In the election of a director, the Sub-Fund will vote against if there is no gender diversity;
15. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons): the Sub-Fund excludes from the investment universe companies which derive any turnover from the production or distribution of banned weapons according to the Ottawa Treaty, the Oslo Convention and the UN Conventions UN BWC and UN CWC;
16. Lack of a human rights policy: the Sub-Fund expects companies that are faced with significant human rights issues to conduct due diligence to respect to human rights. For companies that do not take adequate steps to mitigate their human rights impact and are linked to social controversies, the Sub-Fund will vote against the agenda items relevant to these issues.

The Investment Manager has subscribed to Clarity AI for PAIs screening and reporting and Glass Lewis for proxy voting. Both tools are web-based, Clarity AI uses machine learning to analyze data points frequently to ensure reliability. It provides detailed granularity for screening and monitoring investee companies as well as regulatory reporting compliance. Glass Lewis provides software that enables us to streamline our proxy voting and communicate efficiently with stakeholders. All votes are time-stamped and logged so voting history can be tracked effectively.

Further information on principal adverse impacts will be provided in an annex to the Sub-Fund's annual report.

No



## What investment strategy does this financial product follow?

The Sub-Fund main investment objective is to achieve a long term capital growth by investing in the Japanese market. In particular, the Sub-Fund focuses on special situation opportunities such as parent/subsidiary consolidation, corporate merger and acquisition activity.

The Investment Manager applies systematically an ESG prior screening on all investments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The investment strategy follows a three-steps binding approach:

### **First step: application of exclusion criteria**

The Sub-Fund excludes from its investment universe companies involved in the following activities, according to the turnover they generate from those activities:

Activity	Excluded if the turnover from the excluded activity exceeds
Controversial weapons	Total exclusion

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

<b>Production/distribution of military hardware</b>	10%
<b>Production/distribution of coal</b>	30%
<b>Production of tobacco</b>	5%
<b>Serious violation of UN Global Compact</b>	Total exclusion

### **Second step: ESG Scoring**

The Investment Manager conducts the day-to-day investment decision-making process by using its proprietary ESG scoring model which accounts for the most material ESG considerations, through consideration of the disclosure in investee companies' annual reports and with reference to third party data providers.

In particular, the proprietary scoring system measure:

- **Quantitative scoring tool**: The Zennor Sustainability Score (ZSS) is calculated as the Average of the summed E, S and G ranking based on 20 factor rankings.

E = Zennor Environmental % rank based on 6 factor rankings, listed in the above section *"What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?"*.

S = Zennor Social % rank based on 7 factor rankings, listed in the above section *"What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?"*.

G = Zennor Governance % rank based on 7 factor rankings, listed in the above section *"What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?"*.

E, S and G factors will bear all the same weight during the assessment.

Where no data is available the ranking score is 0. This does not mean there is No policy but that it is not disclosed or that the data coverage is low.

- **Qualitative assessment**: in order to be eligible by the Sub-Fund, the investee companies shall have a ZSS score of 0.2/1.

Companies with an ESG score below 0.2 are still invested when there is a realistic prospect, through direct engagement with the company, of improvement.

Engagements are tracked and monitored via the Investment Manager's inhouse Engagement Tracking tool. Ongoing engagement may be via meetings, or letters to follow up on points that have been raised with companies. This engagement process is one of the key functions of active managers and is supportive of their ability to access superior returns. Through constructive engagement with company management the team can promote stronger, sustainable growth, better governance and reduce risks to the business. All these factors are likely to create a better company and stronger share price

### **Third step: PAIs considerations**

Finally, the Investment Manager considers PAIs of every investment decision on sustainability factors as part of its investment due diligence process as further described above..

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund has no committed minimum rate.

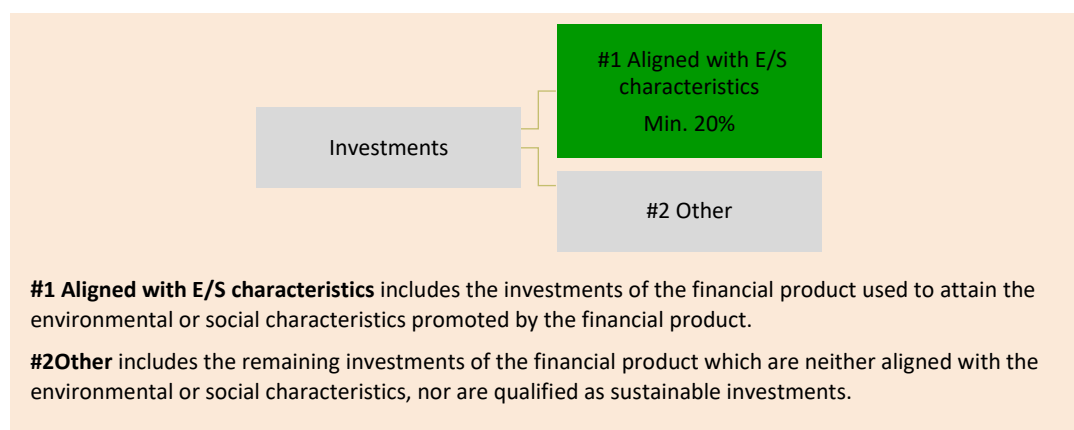
- **What is the policy to assess good governance practices of the investee companies?**

The Sub-Fund actively engages with the investee companies in order to assess their good governance. The ongoing engagement includes meeting with the company, written communications to company management and through shareholder active voting. The engagement policy aims to promote stronger, sustainable growth, better governance and reduce risks to business. Where an investee company fails to address the concerns of the Sub-Fund, this company weighting within the portfolio may be reduced or excluded. Engagements are tracked and monitored via the Investment Manager's inhouse tracking tool, as described in the above section, which include, amongst other an assessment on sound management structure, employee relations, remuneration of staff and tax compliance.

### What is the asset allocation planned for this financial product?

At least up to 20% of the Sub-Fund's net assets have been determined as "eligible" as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics :**#1 Aligned with E/S characteristics**). These investments consist of equities.

Up to 80% of investment are not aligned with these characteristics (**#2Other**). These investments consist mainly of equity, equities-linked instruments, cash and, on occasion, derivative for efficient portfolio management. A more detailed description of the specific asset allocation of this Sub-Fund can be found in the prospectus of this financial product.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

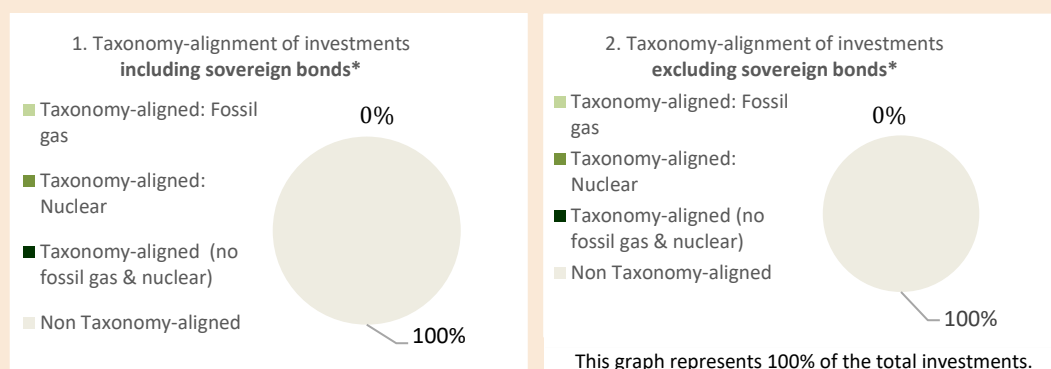
● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>4</sup>?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**  
Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

This Sub-Fund promotes an asset allocation in investments that are aligned with environmental and social characteristics (#1 Aligned with E/S characteristics). In addition, this Sub-Fund will invest into investments that are not considered aligned with the promoted characteristics (#2 Other). These remaining investments consists mainly of equities and equity-linked instruments (including but not limited to ordinary or preferred

<sup>4</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



shares, ETF's, REIT's, warrants, convertible bonds, equity derivatives and equity index derivatives) and cash related financial instruments.

In line with the market positioning of this Sub-Fund, the purpose of these remaining investments is to provide investors with an exposure to non-ESG aligned investments. Remaining investments can be used by the portfolio management for performance, diversification, liquidity and hedging purposes.

This Sub-Fund does not consider any minimum environmental or social safeguards on these remaining investments.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

[Zennor-Sustainability-Statement-1.pdf \(zennorassetmanagement.com\)](#)