

# RAINBOW FUND

A mutual investment fund organized under the laws  
of the Grand Duchy of Luxembourg

## PROSPECTUS

January 2024

VISA 2024/175285-1854-0-PC

L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité  
Luxembourg, le 2024-01-10  
Commission de Surveillance du Secteur Financier

The Board of Directors (the "Board of Directors") of ANDBANK ASSET MANAGEMENT LUXEMBOURG, acting in its capacity as the Management Company (the "Management Company") of RAINBOW FUND (the "Fund") has taken all steps necessary to ensure the accuracy of the information contained in this prospectus of the Fund (the "Prospectus").

The Board of Directors of the Management Company has also verified that no information necessary for the public to make an accurate and correct judgement on the securities has been omitted and accepts the responsibility of the information included in this Prospectus.

The Management Company shall comply with respect to the offering of the units (hereinafter referred to as the "Units") of the Fund with the laws and regulations in the countries where these Units are offered.

Distribution of this Prospectus is not authorized unless it is accompanied by the latest available annual report of the Fund and the latest half-yearly report, if published thereafter. Copies of these documents can be obtained from the Management Company's registered office and the following website: [www.andbank.com](http://www.andbank.com).

The Units referred to in this Prospectus are offered solely on the basis of the information contained herein and in the documents referred to herein. In connection with the offer made hereby, no person is authorized to give any information or to make any representations other than those contained in this Prospectus and 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 contained in this Prospectus shall be solely at the risk of the purchaser.

The Units 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 hereinafter. The Units 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 Management Company, 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 Units 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. Units 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 Units to US Persons is restricted and the Fund may redeem Units 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 Units is not a US Person respectively an ineligible investor and is purchasing such Units for its own account, for investment purposes only and not with a view towards resale thereof.

This 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 Units bought or held by an unauthorised person, including by investors who would have become unauthorised persons after the acquisition of the Units.

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

The value of the Units may fall as well as rise and a Unitholder on transfer or redemption of Units may not get back the amount he or she initially invested. Income from the Units may fluctuate in money terms and changes in rates of exchange may cause the value of Units 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 Units.

References to terms or signs mentioned hereafter relate to the following currencies:

<b>USD</b>	:	United States Dollar
<b>EUR</b>	:	means the legal currency of the countries participating in the European Economic and Monetary Union
<b>GBP</b>	:	Pound Sterling
<b>YEN</b>	:	Japanese Yen

### **Data protection**

Any information concerning Unitholders (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 controller (the “Controller” – 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 Units of the Fund.

Personal Data will be processed by the Controller and disclosed to, and processed by, services providers acting as processors on behalf of the Controller such as the Registrar and Transfer Agent, the Administrative Agent, 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 Controller 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 Controller 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 Units held in the Fund and, as applicable, FATCA and/or CRS and failure to provide relevant Personal Data requested by the Controller 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 Units of 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 Controller 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 Controller 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 Unitholders represent that they have authority to provide such Personal Data of other Data Subjects. If the Unitholders 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 by contacting the Management Company at 4 rue Jean Monnet, L-2180 Luxembourg.

The Unitholders' 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 Controller.

***Units of the various compartments must be subscribed solely on the basis of the information contained in this 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 compartment. 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 Units, you should first read the relevant KIID carefully together with this Prospectus and more particularly the Appendix to this Prospectus which includes in particular information on the various compartments' investment policies, and you should also consult the Fund's latest published annual and half-yearly reports, copies of which are available from the following website: [www.andbank.com](http://www.andbank.com); from local agents, if any, or from the entities marketing the Units, and may be obtained upon request, free of charge, at the Management Company's registered office.***

#### **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: [www.andbank.com](http://www.andbank.com).

#### **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 (with a 6 month grandfathering period). 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)

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# ANDBANK ASSET MANAGEMENT LUXEMBOURG

## REGISTERED OFFICE OF THE MANAGEMENT COMPANY

**ANDBANK ASSET MANAGEMENT LUXEMBOURG**  
4, rue Jean Monnet, L-2180 Luxembourg

## MANAGEMENT COMPANY

Mr. César Valcarcel, Chairman, Independent Director

Mr. Ricard Rodriguez Fernandez, Managing Director, Andbank Luxembourg

Mr. Ivan Baile Santolaria  
Financial Risk Control, Andbank Group

Mr. Alain Léonard  
Director, Andbank Asset Management Luxembourg

Mr. Philippe Esser  
Director, Andbank Asset Management Luxembourg

## Conducting Officers

Mr. Severino Pons  
Conducting Officer, Andbank Asset Management Luxembourg  
Residing in the Grand Duchy of Luxembourg

Mr. Oriol Panisello  
Conducting Officer, Andbank Asset Management Luxembourg  
Residing in the Grand Duchy of Luxembourg

Mr. Alexandre Trinel  
Conducting Officer, Andbank Asset Management Luxembourg  
Residing in France

Mr. Martin Wienzek  
Conducting Officer, Andbank Asset Management Luxembourg  
Residing in Germany

## INVESTMENT ADVISOR

For all Sub-Funds except for Diversified Market Opportunities,  
Dynamic Mixed Allocation and International Mixed Portfolio :

**ALTERAREA EAF S.L.**  
Calle Urzaiz 5  
CP 36201  
Vigo, Pontevedra, Spain

## INVESTMENT MANAGER

For the Sub-Funds Rainbow Flexible Allocation, Balanced  
Portfolio 3 and Emerging Market Equities

**ANDBANK ASSET MANAGEMENT LUXEMBOURG**  
4, rue Jean Monnet  
L-2180 Luxembourg  
Grand Duchy of Luxembourg

For the Sub-Funds Diversified Market Opportunities and Dynamic  
Mixed Allocation

**Andbank Wealth Management, SGIIC S.A.U.**  
Calle de Serrano 37, 28001  
Madrid

	Spain
	<u>For the Sub-Funds Global Strategy and International Mixed Portfolio</u>
	<b>Andorra Gestió Agricol Reig, S.A.U. SGOIIC</b> C/. Manuel Cerqueda i Escaler 3-5, AD700 Escaldes-Engordany Principality of Andorra
<b>DEPOSITARY AND PAYING AGENT</b>	<b>Quintet Private Bank (Europe) S.A.</b> 43, Boulevard Royal L-2955 Luxembourg Grand Duchy of Luxembourg
<b>ADMINISTRATOR AND REGISTRAR AND TRANSFER AGENT</b>	<b>UI efa S.A.</b> 2, Rue d'Alsace L-1122 Luxembourg Grand Duchy of Luxembourg
<b>DOMICILIARY AGENT</b> <b>5, allée Scheffer, L – 2520 Luxembourg.</b>	<b>ANDBANK ASSET MANAGEMENT LUXEMBOURG</b> 4, rue Jean Monnet L-2180 Luxembourg Grand Duchy of Luxembourg
<b>GLOBAL DISTRIBUTOR</b>	<b>ANDBANK ASSET MANAGEMENT LUXEMBOURG</b> 4, rue Jean Monnet L-2180 Luxembourg Grand Duchy of Luxembourg
<b>AUDITOR OF THE FUND</b>	<b>Deloitte Audit S.à r.l.</b> 20 Boulevard de Kockelscheuer L-1821 Luxembourg Grand Duchy of Luxembourg
<b>AUDITOR OF THE MANAGEMENT COMPANY</b>	<b>Deloitte Audit S.à r.l.</b> 20 Boulevard de Kockelscheuer L-1821 Luxembourg Grand Duchy of Luxembourg

## MAIN FEATURES

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

### **THE FUND**

RAINBOW FUND (the "Fund") is organized under part I of the Law as a collective investment fund with multiple compartments. (a "fonds commun de placement à compartiments multiples"). The Fund is an unincorporated co-proprietorship of all securities and other assets of the Fund.

### **THE MANAGEMENT COMPANY**

The Fund is managed in the interests of the co-owners (hereinafter referred to as the "Unitholders") by the Management Company, ANDBANK ASSET MANAGEMENT LUXEMBOURG (the "Management Company"), a company incorporated under the laws of the Grand Duchy of Luxembourg and having its registered office in Luxembourg.

### **THE INVESTMENT MANAGER**

Andbank Wealth Management, SGIIC S.A.U. has been appointed by the Management Company of the Fund to act as Investment Manager for Diversified Market Opportunities and Dynamic Mixed Allocation

Andorra Gestió Agricol Reig, S.A.U. SGOIIC has been appointed by the Management Company of the Fund to act as Investment Manager for Global Strategy and International Mixed Portfolio

### **THE INVESTMENT ADVISOR**

ALTERAREA EAF S.L. is Investment Advisor for Balanced Portfolio 3, Rainbow Flexible Allocation, Emerging Market Equities and Global Strategy and perceives a quarterly fee based on the average total net assets, according to the type of compartment, as further detailed on chapter 14 of this Prospectus.

### **BANK BUSINESS DAY**

Any day on which banks are open for normal banking business in Luxembourg.

### **COMPARTMENTS**

The Management Company offers the investors the opportunity to invest in separate compartments. Each compartment has a different investment objective and is a separate pool of assets and liabilities represented by separate Units. Within each compartment and in accordance with the Management Regulations, the Management Company issues separate classes of Units in the Fund.

The compartments in issue are set forth in the Appendix to this Prospectus. The Management Company intends to create, in due time, further compartments.

In case of the creation of further compartments, the Appendix will be updated accordingly.

All Units of each compartment have equal rights as to dividend, redemption and liquidation proceeds.

### **THE DEPOSITARY**

The assets of the Fund are held in custody by Quintet Private Bank (Europe) S.A..

### **ISSUE OF UNITS**

The issue price per Unit of each compartment shall be the NAV per Unit calculated on the following Valuation Day of the compartment. The issue orders received by the Distributors before 11 a.m. on the day before the Valuation Day shall be sent to the transfer agent the same day, before the 2 p.m. time limit established to this end in this Prospectus. The issue orders received by the Distributors after the day and hour indicated shall be dealt with in the corresponding process on the following Valuation Day.



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<b>LAW</b>	The law of 17 <sup>th</sup> December 2010 on undertakings for collective investment, as amended.
<b>NAV</b>	means the net asset value of each class within each compartment.
<b>REDEMPTION OF UNITS</b>	The Unitholders may at any time apply for the redemption of their Units at the NAV per Unit of the compartment, calculated on the following Valuation Day of the compartment. The orders received by the Distributors before 11 a.m. on the second day immediately before the Valuation Day shall be sent to the Transfer Agent the following working day before 2 p.m. and those received later shall be dealt with in the corresponding process on the following Valuation Day.
<b>CONVERSION OF UNITS</b>	Unitholders may at any time request conversion of their Units into Units of another compartment on the basis of the applicable net asset value of the Units of both compartments at the time of conversion. The conversion of Units can only be requested for a minimum of EUR 5.000.
<b>CSSF CIRCULAR 08/356</b>	Means the CSSF circular 08/356 of 4 June 2008 determining the rules applicable to undertakings for collective investment (UCIs) when they employ certain techniques and instruments relating to transferable securities and money market instruments.
<b>CSSF CIRCULAR 13/559</b>	Means the CSSF circular 13/559 of 18 February 2013 regarding the ESMA guidelines on ETFs and other UCITS issues (ESMA/2012/832).
<b>DIRECTIVE</b>	Means the Directive 2014/91/EU of the European Parliament and of the Council dated 23rd July 2014 amending the UCITS Directive as regards depositary functions, remuneration policies and sanctions
<b>ESMA</b>	Means the European Securities and Markets Authority.

# 1 - THE FUND

RAINBOW FUND (hereinafter referred to as the "Fund") is an unincorporated coproprietorship of the transferable securities and other eligible assets (hereinafter referred to as "securities") of the Fund, managed in the interest of its co-owners (hereinafter referred to as the "Unitholders") by ANDBANK ASSET MANAGEMENT LUXEMBOURG (hereinafter referred to as the "Management Company"), a company incorporated under the laws of the Grand Duchy of Luxembourg and having its registered office in Luxembourg. The assets of the Fund are separate from those of the Management Company.

The Fund is organized under the laws of the Grand-Duchy of Luxembourg as a collective investment fund with multiple compartments ("*fonds commun de placement à compartiments multiples*") pursuant to the provisions of part I of the law of 17<sup>th</sup> December 2010 on undertakings for collective investment, as amended (the "Law"). The registration under the Law does not require any Luxembourg authority to approve or disapprove the accuracy of this Prospectus or the portfolios of securities held by the Fund. Any representation to the contrary is unauthorised and unlawful.

The Fund constitutes a single entity. However, in respect of the relations between Unitholders, each compartment will be treated as a separate entity.

The Fund is managed in the interest of the Unitholders by the Management Company in accordance with Management Regulations effective 1 August 2022, published in the Recueil Electronique des Sociétés et Associations (the « RESA »). A consolidated version of the management regulations of the Fund, as from time to time amended (the "Management Regulations") is on file with the "*Greffe du Tribunal d'Arrondissement de Luxembourg*".

The Management Regulations have been amended on 29. April 1997 and published on 13. May 1997 in the Mémorial. They have also been amended on 7. October 1997 and published on 22. October 1997 in the Mémorial, on 14. October 1998 and published on 10. November 1998 in the Mémorial, and on 29<sup>th</sup> December 2005 and published in the Mémorial on 20<sup>th</sup> January 2006, and on 29<sup>th</sup> September 2006 and published on 2<sup>nd</sup> November 2006 in the Mémorial. The Management Regulations have been amended on 12<sup>th</sup> December 2011 and a notice of the deposit of the amendment of the Management Regulations and of the Consolidated Management Regulations to the Registre de Commerce et des Sociétés de Luxembourg have been published on 27<sup>th</sup> December 2011 in the Mémorial. The Management Regulations have been amended on 2<sup>nd</sup> July 2012 and a notice of the deposit of the amendment of the Management Regulations and of the Consolidated Management Regulations to the Registre de Commerce et des Sociétés de Luxembourg has been published on 10<sup>th</sup> July 2012 in the Mémorial. Further to the change of management company from Luxcellence Management Company S.A. to Andbank Asset Management Luxembourg effective March 24<sup>th</sup>, 2016, the Management Regulations have been amended on March 24<sup>th</sup>, 2016 and a notice of the deposit of the amendment of the Management Regulations and of the Consolidated Management Regulations to the Registre de Commerce et des Sociétés de Luxembourg have been published in the Mémorial. The Management Regulations have been amended on December 1<sup>st</sup>, 2016 and a notice of the deposit of the amendment of the Management Regulations and of the Consolidated Management Regulations to the Registre de Commerce et des Sociétés de Luxembourg has been published in the RESA. The Management Regulations have been amended on October 1<sup>st</sup>, 2017 and a notice of the deposit if the amendment of the Management Regulations and of the Consolidated Management Regulations to the Registre de Commerce et des Sociétés de Luxembourg will be published in the RESA. The Management Regulations have been amended on 1 August 2022 and a notice of the deposit if the amendment of the Management Regulations and of the Consolidated Management Regulations to the Registre de Commerce et des Sociétés de Luxembourg will be published in the RESA.

The Fund has been established on 15 April 1996 for an undetermined period of time. Holders of Units, their heirs, successors and assigns may not request dissolution or liquidation of the Fund, nor will their incapacity, death, legal restraint, bankruptcy or insolvency effect dissolution or liquidation of the Fund.

The Fund may however be dissolved at any time by agreement between the Management Company and the Depositary, if (1) in the judgement of the Management Company and the Depositary the termination of the Fund can best serve the interest of the Unitholders, (2) in the judgement of the Management Company and the Depositary circumstances beyond their control compel them to terminate the Fund, (3) the Management Company is to be dissolved and liquidated and (4) in any other cases provided for by Luxembourg law. Any notice of dissolution shall be published in the RESA and in at least two Luxembourg and foreign newspapers with appropriate distribution to be determined jointly by the Management Company and the Depositary, one of which should be a newspaper issued in Luxembourg.

Issue, redemption and conversion of Units will cease at the time of the decision or event leading to the dissolution. In such event, the Management Company will realise the assets of the Fund in the best interests of the

Unitholders, and the Depositary, upon instructions given by the Management Company, will distribute the net proceeds of liquidation of each compartment, after deduction of all liquidation fees and expenses, among the Unitholders in proportion of the number of Units they hold in each compartment. Amounts unclaimed nine months after the decision to liquidate the Fund will be deposited in escrow with the Luxembourg *Caisse de Consignation* for the benefit of the persons entitled thereto.

Amounts not claimed within the prescribed period may be forfeited in accordance with applicable provisions of Luxembourg law.

By the acquisition of Units of the Fund, any Unitholder fully accepts and approves the Management Regulations of the Fund as governing the relationship between the Unitholders, the Management Company and the Depositary.

The Management Company may, for the benefit of the Unitholders and upon approval by the Depositary, amend the Management Regulations in whole or in part at any time, subject to approval thereof by the authorities having jurisdiction over the Fund. Any amendment shall become effective on the date of their signature. A notice of the deposit of the amendments of the Management Regulations and of the Consolidated Management Regulations to the Registre de Commerce et des Sociétés de Luxembourg will be published in the RESA. The Management Regulations do not provide for meetings of Unitholders.

## 2 - INVESTMENT OBJECTIVES AND INVESTMENT RESTRICTIONS

### A. INVESTMENT OBJECTIVES

The Fund's investment objective is to maximize the long term return on assets. The Fund will pursue its objective by means of investments in diversified compartments of transferable securities of any kind and other permitted assets, subject to the restrictions detailed hereunder, with the purpose of spreading investment risks and providing the Unitholders of each class of Units the results of the management of the compartment of each class.

The different compartments in issue, and their relevant investment policy, are set forth in the Appendix of this Prospectus. In the case new compartments are created, the Appendix will be updated accordingly.

### B. INVESTMENT RESTRICTIONS

The following definitions shall apply for the purposes of the investment restrictions set forth hereafter:

EU	European Union
"Controlling Person"	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.
UCITS Directive	Council Directive 2009/65/EC, as may be amended from time to time.
CSSF	Commission for the Supervision of the Financial Sector
FATF State	such country (as shall be reviewed and) deemed from time to time by the FATF to comply with the FATF regulations and criteria necessary to become a member country of FATF and to have acceptable standards of anti-money laundering legislation
Member State	a member state of the European Union

Money market instruments	shall mean instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time
OECD	Organisation for Economic Co-operation and Development
OTC	Over the Counter
Other State	any State of Europe which is not a Member State, and any State of America, Africa, Asia and Oceania
Other Regulated Market	market which is regulated, operates regularly and is recognized and open to the public, namely a market (i) that meets the following cumulative criteria: liquidity; multilateral order matching (general matching of bid and ask prices in order to establish a single price); transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed on current conditions); (ii) on which the securities are dealt in at a certain fixed frequency, (iii) which is recognized by a state or by a public authority which has been delegated by that state or by another entity which is recognized by that state or by that public authority such as a professional association and (iv) on which the securities dealt in are accessible to the public
Regulatory Authority	the Luxembourg authority or its successor in charge of the supervision of the UCIs in the Grand Duchy of Luxembourg
Regulated Market	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 recognized and open to the public, located in EU Member States or non-EU Member States
Transferable securities	shall mean: <ul style="list-style-type: none"> <li>- equities and other securities equivalent to equities,</li> <li>- bonds and other forms of securitised debt,</li> <li>- any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, excluding techniques and instruments relating to transferable securities and money market instruments.</li> </ul>
UCITS	an Undertaking for Collective Investment in Transferable Securities within the meaning of the EU Council Directive 2009/65/EEC on the Coordination of Laws, Regulations and Administrative Provisions relating to Undertakings for Collective Investment in Transferable Securities (UCITS), as amended
Other UCI	an Undertaking for Collective Investment.

The Board of Directors of the Management Company, based upon the principle of spreading of risks, has power to determine the investment policy for the investments of the Fund in respect of each compartment. There can be no assurance that the investment objective for any compartment will be attained. Pursuit of the investment objective and policies of any compartment must be in compliance with the rules and restrictions set hereunder and, while acting on behalf of the Fund and/or each compartment, the Management Company shall observe.

- (I) (A) The Fund and/or each compartment shall invest in:
- (1) transferable securities and money market instruments admitted to or dealt in on a Regulated Market;
  - (2) recently issued transferable securities and money market instruments provided that the terms of the issue include an undertaking that application will be made for admission to the official listing on a stock exchange or on another Regulated Market and that such admission is secured within a year of the issue.
  - (3) units of UCITS and/or other UCIs, whether situated in an EU Member State or not, provided that:

- such other UCIs have been authorised under the laws which provide that they are subject to supervision considered by the Regulatory Authority to be equivalent to that laid down in the Community law and that cooperation between authorities is sufficiently ensured (currently any Member State of the EU or under the laws of Canada, Hong Kong, Japan, Norway, Switzerland or the United States of America),
  - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of directive 2009/65/EEC,
  - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
- (4) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is a Member State of the European Union or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the Regulatory Authority as equivalent to those laid down in Community law;
- (5) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
- the underlying consists of instruments covered under this section, financial indices, interest rates, foreign exchange rates or currencies, in which the Fund and/or each compartment may invest according to their investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the Commission de Surveillance du Secteur Financier; 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;
- (6) money market instruments other than those dealt in on a Regulated Market, if the issuer or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong, or
  - issued by an undertaking any securities of which are dealt in on Regulated Markets, or
  - issued or guaranteed by a credit institution which is subject to prudential supervision, in accordance with criteria defined by Community Law, or by a credit institution which is subject to and complies with prudential rules considered by the Regulatory Authority to be at least as stringent as those laid down by Community law, or
  - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, second and third indent of this Sub-section h) of Section 1 of this Appendix A, and provided that the issuer (i) is a company whose capital and reserves amount at least to ten million Euro (EUR 10,000,000) and (ii) which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, (iii) is an entity which, within a Group of Companies which includes one or several listed companies, is dedicated to the financing of the group, or (iv) is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- (B) In spite of what is provided for under (I)(A), above, the Fund and/or each compartment may also invest a maximum of 10% of its assets in transferable securities or money market instruments other than the Transferable Securities.
- (II) The Fund and/or each compartment may hold ancillary liquid assets.

The Fund and/or each compartment may acquire movable and immovable property which is essential for the direct pursuit of its business.

- (III) (A) Each compartment will invest no more than 10% of its net assets in transferable securities or money market instruments issued by the same issuing body.  
The Fund may not invest more than 20% of the net assets of any compartment in deposits made with the same body. The risk exposure of a compartment to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in (I) (5) above or 5% of its net assets in other cases.
- (B) Moreover, where the Fund holds on behalf of a compartment investments in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such compartment, the total of all such investments must not account for more than 40% of the total net assets of such compartment.

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

Notwithstanding the individual limits laid down in paragraph (A), the Fund may not combine for each compartment:

- investments in transferable securities or money market instruments issued by a single body,
  - deposits made with a single body, and/or
  - exposures arising from OTC derivative transactions undertaken with a single body in excess of 20% of its net assets.
- (C) The 10% limit laid down under (III)(A) above, may be of a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State, its local authorities, or by another state or by public international bodies of which one or more EU Member states are members.
- (D) The limit laid down in the first sentence of paragraph (III) (A) may be of a maximum of 25% for "the covered bonds (obligations garanties) as defined in point (1) of Article 3 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 (hereinafter "Directive (EU) 2019/2162"), and for"51 certain bonds where they are issued "before 8 July 2022" by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of those bonds "issued before 8 July 2022" shall be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

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

- (E) The transferable securities and money market instruments referred to in (C) and (D) shall not be included in the calculation of the limit of 40% in (B).  
The limits set out in sub-paragraphs (A), (B), (C) and (D) may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any compartment's net assets.  
Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognized international accounting rules, are regarded as a single body for the purpose of calculating the limits contained under (III).  
The Fund may cumulatively invest up to 20% of the net assets of a compartment in transferable securities and money market instruments within the same group.
- (F) Notwithstanding the above provisions, the Fund is authorised to invest up to 100% of the net assets of any compartment, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by a Member State of the EU, by its local authorities or agencies, or by another member State of the OECD or by public

international bodies of which one or more Member States of the EU are members, provided that such compartment must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such compartment.

- (IV)
- (A) Without prejudice to the limits laid down under (V), the limits provided under (III) are raised to a maximum of 20% for investments in Units and/or bonds issued by the same issuing body if the aim of the investment policy of a compartment is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Fund's investment policy.
- (B) The limit laid down in (A) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

(V) The Fund will not:

- (A)
- acquire more than 10% of the non voting shares of the same issuer;
  - acquire more than 10% of the debt securities of the same issuer ;
  - acquire more than 10% of the money market instruments of the same issuers.

The limits laid down in the second and third indents may be disregarded at the time of acquisition if at that time the gross amount of debt securities or of money market instruments or the net amount of the investments in issue cannot be calculated.

Such limits shall not apply to transferable securities and money market instruments issued or guaranteed by a Member State of the European Union, its local authorities, any other state, or by public international bodies of which one or more Member States of the European Union are members. These provisions are also waived as regards Units held by the Fund in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the non-Member State of the EU complies with the limits laid down in paragraph (III), (V). and (VI). (A), (B), (C) and (D).

- (B) acquire Units carrying voting rights which would enable the Fund to exercise significant influence over the management of an issuing body.

- (VI) (A) The Fund may acquire units of the UCITS and/or other UCIs referred under (I) (A) 4), provided that no more than 20% of its net assets be invested in the units of a single UCITS or other UCI.

For the purpose of the application of this investment limit, each compartment of a UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

- (B) Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net assets of a compartment.

The underlying investments held by the UCITS or other UCIs in which the Fund invests do not have to be considered for the purpose of the investment restrictions set forth under (III) above.

- (C) When the Fund invests in the units of UCITS and/or other UCIs that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, the Management Company or other company cannot charge subscription or redemption fees on account of its investment in the units of such UCITS and/or other UCIs.

If any compartment's investments in UCITS and other UCIs constitute a substantial proportion of that compartment's assets, it shall disclose in the prospectus the maximum level of the management fees (excluding any performance fee) charged both to such compartment itself and the UCITS and/or other UCIs concerned in which the compartment intends to invest. The Fund will indicate in its annual report the maximum level of management fees charged both to the relevant compartment and to the UCITS and other UCIs in which such Fund has invested during the relevant period.

- (D) The Fund may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated.

- (VII) The Fund shall ensure for each compartment that the global exposure relating to derivative instruments does not exceed the total net value of the relevant compartment.  
The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.  
If the compartment invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down under (III) above. When the Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down under (III).  
When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this section.
- (VIII) Each compartment will not:
- (A) purchase any securities on margin (except that the compartment may obtain such short-term credit as may be necessary for the clearance of purchases and sales of securities) or make short sales of securities or maintain a short position; deposits or other accounts in connection with option, forward or financial futures contracts, are, however, permitted within the limits provided for here below;
  - (B) make loans to, or act as a guarantor for, other persons, or assume, endorse or otherwise become directly or contingently liable for, or in connection with, any obligation or indebtedness of any person in respect of borrowed monies, provided that for the purpose of this restriction (i) the acquisition of transferable securities in partly paid form, and (ii) the lending of portfolio securities subject to all applicable laws and regulations shall not be deemed to constitute the making of a loan or be prohibited by this paragraph;
  - (C) borrow more than 10% of its total net assets, and then only from banks and as a temporary measure. Each compartment may, however, acquire currency by means of a back to back loan. Each compartment will not purchase securities while borrowings are outstanding in relation to it, except to fulfil prior commitments and/or exercise subscription rights;
  - (D) make investments in, or enter into transactions involving precious metals, commodities or certificates representing these;
  - (F) may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments;
  - (G) may not acquire either precious metals or certificates representing them.

If any of the above limitations are exceeded for reasons beyond the control of the Management Company acting on behalf of the Fund and/or each compartment or as a result of the exercise of subscription rights attaching to transferable securities and money market instruments, the Fund and/or each compartment must adopt, as a priority objective, sales transactions for the remedying of that situation, taking due account of the interests of its Unitholders.

### **C. CURRENCIES**

The Fund as well as the compartments are denominated in EURO.

## **3 - FINANCIAL TECHNIQUES AND INSTRUMENTS**

Without prejudice to the investment restrictions for each compartment and subject to the limitations set out above, and in accordance with the Law and applicable regulations, including circulars, guidelines and other publications of the CSSF and ESMA, in particular CSSF Circular 08/356 and CSSF Circular 13/559, each compartment may (I) undertake for the purpose of efficient portfolio management techniques and instruments relating to transferable securities, and (II) use techniques and instruments aimed at hedging exchange risks to which any particular compartment is exposed in the management of its assets and liabilities.



## I. TECHNIQUES AND INSTRUMENTS RELATING TO TRANSFERABLE SECURITIES

For the purpose of efficient portfolio management, each compartment, may undertake transactions relating to options (1), financial futures and related options (2).

### 1. Options on transferable securities

Each compartment may buy and sell call and put options providing that these options are traded on a regulated market, operating regularly, recognized and open to the public. When entering into these transactions, each compartment must adhere to the following regulations:

#### 1.1. Regulations in respect of the acquisition of options

The total of premiums paid for the acquisition of call and put options which are considered here may not, together with the total of the premiums paid for the acquisition of call and put options described under 2.3., below, exceed 15% of the net asset value of the each compartment.

#### 1.2. Regulations to ensure the coverage of commitments arising from options transactions

At the conclusion of contracts for the sale of call options, each compartment must hold either the underlying securities, matching call options, or other instruments which provide sufficient coverage of the commitments resulting from the contracts in question such as warrants. The underlying securities of call options sold may not be disposed of as long as these options exist, unless they are covered by matching options or by other instruments which can be used for the same purpose. The same regulations also apply to matching call options or other instruments that each compartment must hold when it does not have the underlying securities at the time of the sale of the relevant options. As an exception to these regulations, each compartment may write uncovered call options on securities that it does not own at the conclusion of the option contract if the following conditions are met: (a) the exercise price of the call options sold in this way does not exceed 25% of the net assets of each compartment; (b) each compartment must at all times be able to cover the positions taken on these sales. Where a put option is sold, each compartment must be covered for the full duration of the option contract by liquid assets sufficient to pay for the securities deliverable to it on the exercise of the option by the counterpart.

By selling uncovered call options, the Fund and/or each compartment risks a theoretically unlimited loss. By selling put options the Fund and/or each compartment risks a loss if the price of the underlying securities falls below the strike price less the received premium.

#### 1.3. Conditions and limits for the sale of call and put options

The total commitment arising on the sale of call and put options (excluding the sale of call options for which the Fund has adequate coverage) and the total commitment arising on transactions described under 2.3., below, may at no time exceed the total net asset value of each compartment.

In this context, the commitment on call and put options sold is equal to the total of the exercise prices of those options.

### 2. Transactions relating to futures and options on financial instruments

Except for transactions by mutual agreement which are described under 2.2., below, the transactions described here may only relate to contracts which are dealt in on a regulated market, operating regularly, recognized and open to the public. Subject to the conditions defined below, such transactions may be undertaken for hedging or other purposes.

#### 2.1. Hedging operations relating to the risks attached to the general movement of stock markets

As a global hedge against the risk of unfavourable stock market movements, each compartment may sell futures on stock market indices. For the same purpose, each compartment may also sell call options or buy put options on stock market indices. The objective of these hedging operations assumes that a sufficient correlation exists between the composition of the index used and the Fund's portfolio. In principle, the total commitment relating to futures and option contracts on stock market indices may not exceed the global valuation of securities held by each compartment in the market corresponding to each index.

#### 2.2. Transactions relating to interest rate hedging

As a global hedge against interest rate fluctuations, each compartment may sell interest rate futures contracts. For the same purpose, it can also sell call options or buy put options on interest rates or make interest rate swaps on a mutual agreement basis with first class financial institutions specialising in this type of transaction. In principle

the total commitment on financial futures contracts, option contracts and interest rate swaps may not exceed the global valuation of the assets to be hedged held by the compartment in the currency corresponding to these contracts.

### **2.3. Transactions which are undertaken for purposes other than hedging**

Markets dealing with forward contracts and options are extremely volatile and highly risky.

Apart from option contracts on transferable securities and contracts relating to currencies, each compartment may for a purpose other than hedging, buy and sell futures contracts and option contracts on any type of financial instrument, providing that the total commitment arising on these purchase and sale transactions together with the total commitment arising on the sale of call and put options on transferable securities at no time exceeds the net asset value of the compartment. Sales of call options on transferable securities for which the compartment has sufficient coverage are not included in the calculation of the total commitment referred to above. It should be remembered that the total of the premiums paid to acquire call and put options as described here, together with the total of the premiums paid to acquire call and put options on transferable securities as described under 1.1., above, may not exceed 15% of the net assets.

In this context, the commitment arising on transactions which do not relate to options on transferable securities is defined as follows: (a) the commitment arising on futures contracts is equal to the liquidation value of the net position of contracts relating to similar financial instruments (after netting between purchase and sale positions), without taking into account the respective maturities; and, (b) the commitment relating to options bought and sold is equal to the sum of the exercise prices of those options representing the net sold position in respect of the same underlying asset, without taking into account the respective maturities.

### **3.3 Credit Default Swaps**

The Fund may use credit default swaps. A credit default swap is a bilateral financial contract in which one counterpart (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer. The protection buyer must either sell particular obligations issued by the reference issuer at their par value (or some other designated reference or strike price) when a credit event occurs or receive a cash settlement based on the difference between the market price and such reference or strike price. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt, or failure to meet payment obligations when due. The International Swaps and Derivatives Association ("ISDA") has produced standardized documentation for these transactions under the umbrella of its ISDA Master Agreement.

The Fund may use credit default swaps in order to hedge the specific credit risk of some of the issuers in its portfolios by buying protection.

In addition, the Fund may, provided it is in the exclusive interests of its Unitholders, buy protection under credit default swaps without holding the underlying assets provided that the aggregate premiums paid together with the present value of the aggregate premiums still payable in connection with credit default swaps previously purchased and the aggregate premiums paid relating to the purchase of options on transferable securities or on financial instruments for a purpose other than hedging, may not, at any time, exceed 15% of the net assets of the relevant compartment.

Provided it is in the exclusive interests of its Unitholders, the Fund may also sell protection under credit default swaps in order to acquire a specific credit exposure. In addition, the aggregate commitments in connection with such credit default swaps sold together with the amount of the commitments relating to the purchase and sale of futures and option contracts on any kind of financial instruments and the commitments relating to the sale of call and put options on transferable securities may not, at any time, exceed the value of the net assets of the relevant compartment.

The Fund will only enter into credit default swap transactions with highly rated financial institutions specialized in this type of transaction and only in accordance with the standard terms laid down by the ISDA. In addition, the use of credit default swaps must comply with the investment objectives and policies and risk profile of the relevant compartment.

The aggregate commitments on all credit default swaps will not exceed 20% of the net assets of the compartment.

The total commitments arising from the use of credit default swaps together with the total commitments arising from the use of other derivative instruments may not, at any time, exceed the value of the net assets of the relevant compartment.

The Fund will ensure that, at any time, it has the necessary assets in order to pay redemption proceeds resulting from redemption requests and also meet its obligations resulting from credit default swaps and other techniques and instruments.

Each compartment will not:

- invest more than 10% of its net assets in securities not listed on a stock exchange nor dealt in on another regulated market which operates regularly and is recognized and open to the public;
- acquire more than 10% of the securities of the same kind issued by the same issuing body;
- invest more than 10% of its net assets in securities issued by the same issuing body.

The above mentioned investment restrictions apply to the credit default swap issuer and to the credit default swap's final debtor risk ("underlying").

As at the date of the Prospectus, the Sub-Funds are not investing in total return swaps and do not conclude securities' lending 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.

## II. TECHNIQUES AND INSTRUMENTS AIMED AT HEDGING EXCHANGE RISKS

To protect assets against the fluctuation of currencies, each compartment may enter into transactions the purpose of which is the sale of forward foreign exchange contracts, sale of call options or the purchase of put options in respect of currencies. The transactions referred to here may only be entered into via contracts which are dealt in on a regulated market, operating regularly, recognized and open to the public.

For the same purpose each compartment may also sell currencies forward or exchange currencies on a mutual agreement basis with first class financial institutions specialising in this type of transaction.

The hedging objective of the transactions referred to above presupposes the existence of a direct relationship between these transactions and the assets which are being hedged and implies that, in principle, transactions in a given currency cannot exceed the total valuation of assets denominated in that currency or a correlated currency (i.e., a related currency whose value is linked to that of the currency being hedged) nor may the duration of these transactions exceed the period for which the respective assets are held. The compartment would use derivative instruments denominated in a linked currency only when derivative instruments denominated in the currency of the assets being hedged were unavailable or when the portfolio manager believed that, because of market or other conditions, the correlated currency represented a more efficient and effective hedge.

## III. COLLATERAL MANAGEMENT

When calculating the counterparty risk limits laid down by article 43 of the Law, 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.
- 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 compartment, 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 compartment, 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 compartment 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 Depository. For other types of collateral arrangement, the collateral can be held by a third party depository 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;
- 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 compartment) 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**

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.

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.

## 4 – RISK MANAGEMENT PROCESS

<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 Management Company will employ, in respect of the Fund, a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each compartment. The Management Company, in relation to the Fund will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

## 5 – RISK CONSIDERATIONS

In general, the Fund will be subject to the risks described hereinafter. For further risk considerations relating to any compartment, please refer to the relevant sections in the Appendix to this Prospectus.

Investors should note the following risk considerations before making any decision to invest in the Fund. It should be noted that the risk factors described hereinafter do not purport to be a complete explanation of the risks involved in investing in the Fund. Prospective investors should read the entire document and consult with their legal, tax and financial advisers before making any investment decision.

### **General risks**

The below risk factors apply to all compartments indiscriminately and shall be considered regardless of their specific investment policies and strategies.

### **General investment activity risks**

An investment in a compartment is suitable only for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. Potential investors should consult their stockbroker, bank manager, lawyer, accountant or their independent financial adviser before investing.

Investment in the Fund should be regarded as long term in nature. There can be no guarantee that any appreciation in the value of any compartment's investments will occur and investors may not get back the full value of their investment. Although it will be the policy of each compartment to diversify its investment portfolio, a compartment may at certain times hold relatively few investments. A compartment could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

There can be no guarantee that the investment objectives of the Fund will be met.

The past performance of assets managed by the compartments are not necessarily guides to the future performance of these compartments nor to any particular other compartment.

All investments involve risks and there can be no guarantee against loss resulting from an investment in any Units, nor can there be any guarantee that a compartment's investment objectives will be attained in respect of its overall performance. Investors should therefore ensure (prior to any investment being made) that they are satisfied with the risk profile of the overall objectives disclosed in the Appendix to this Prospectus.

In addition to the opportunities for price gains and earnings, investment in securities also involves risks because the prices could fall below the purchase price paid. Factors affecting the value of securities in some markets and under certain situations cannot easily be determined and the value of such investments may decline or be reduced to zero.

The Fund employs a risk management process that enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each compartment. The Fund will also employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments. Further information is set out under the Appendix to this Prospectus for each relevant compartment.

**Regulatory risks**

The Fund is domiciled in Luxembourg and investors should note that all the regulatory protections provided by their local regulatory authorities may not apply. Investors should consult their financial or other professional adviser for further information in this area.

**Taxation**

Any change in the Fund's tax status or in taxation legislation could affect the value of the investments held by and the performance of the Fund. Representations in this Prospectus concerning the taxation of investors in Units are based upon current tax law and practice which is subject to change.

A compartment may from time to time purchase investments that will subject the Fund to withholding taxes or exchange controls in various jurisdictions. In the event that withholding taxes or exchange controls are imposed with respect to any of the Fund's investments, the effect generally reduces the income or proceeds received by the Fund on its investments.

**Risk reduction and risk avoidance measures**

The portfolio managers use modern methods of analysis to optimise the opportunity/risk ratio of an investment in securities. Through shifting and temporarily higher cash balances, the portion of the Fund not invested in securities serves the objectives of the investment policy in that it reduces the effect of possible price falls in securities investments. Nevertheless, no assurance can be given that the objectives of the investment policy will be reached.

**Conflicts of interest**

The portfolio managers, the investment advisor(s), the Distributors, the Management Company, the Administrator, the Registrar and Transfer Agent, the Domiciliary and Corporate Agent and the Depositary and their respective affiliates, officers, directors and shareholders, employees and agents (collectively the 'Parties') are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Fund and/or their respective roles with respect to the Fund. These activities may include managing or advising other funds, including other underlying funds, purchases and sales of securities, investment management services, brokerage services, valuation of unlisted securities (in circumstances in which fees may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Fund may invest.

In particular, the portfolio managers may be involved in advising or managing other investment funds, including other underlying funds, which have similar or overlapping investment objectives to or with the Fund or compartments. Each of the parties will use its reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly and in the best interests of Unitholders. The portfolio managers will endeavour to ensure a fair allocation of investments among each of their clients. Further details of the Management Company's conflicts of interest policy are available on request.

**Suspension of Unit dealings**

Investors are reminded that in certain circumstances their right to redeem Units may be limited as further described in the Appendix to this Prospectus.

**Fees and expenses**

Particular attention should be paid to the level of fees and expenses charged as their proportionate effect may be determined by compartment size.

**Performance Fee risk**

The existence of a performance fee on a particular compartment has the benefit that it aligns the portfolio managers' interests more with that of the Unitholders. However, because part of the portfolio managers' remuneration is calculated by reference to the performance of the relevant compartment, there is the possibility that the portfolio

managers will be tempted to make investments that are riskier and more speculative than if the remuneration was linked purely to the size of that compartment.

#### **Risk of no equalisation for Performance Fee**

The method of calculating any performance fee may give rise to the risk that a Unitholder redeeming Units may still incur a performance fee in respect of those Units, even though a loss in investment capital has been suffered by the redeeming Unitholder.

#### **Segregation of assets and liabilities between classes**

The Fund is composed of the different compartments listed in the Appendix to this Prospectus, each compartment corresponding to a distinct part of the assets and liabilities of the Fund. Whilst each compartment may segregate the assets and liabilities attributable to each class it maintains in its books and records, any third party creditor will be a creditor of the relevant compartment. For example, if a particular compartment defaults under any liability owed to one or more third parties where the relevant liability is attributable to a particular class, such third party or third parties will have recourse to all the assets of the relevant compartment (i.e. the assets attributable to all classes, and not just the assets of the class to which the relevant liability is attributable in the books and records of the compartment) to satisfy such liability or liabilities.

#### **Early termination of a compartment**

The Management Company may terminate a compartment. In the event of early termination, the compartment concerned would have to distribute to the Unitholders their pro rata interest in the assets of that compartment. It is possible that at the time of such sale or distribution, certain investments held by such compartment concerned may be worth less than the initial cost of such investments, thereby resulting in a substantial loss to the Unitholders concerned.

#### **Risk related to 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 Units held by the Unitholders concerned may be adversely impacted to a significant extent.

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

For exchange of information purpose, Unitholders 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 Unitholder 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 Unitholders' 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 Units held such Unitholders.

#### **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 Regulation") as part of its decision-making processes with respect to the investments made and/or to be made by the Management Company or the relevant investment manager if any of the Sub-Funds 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 Management Company or the relevant investment managers if any 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 [www.andbank.com](http://www.andbank.com).



As part of a first review performed, the investments made and/or to be made by the Management Company 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.

The Management Company is responsible or when applicable and as part of the delegation of the portfolio management to the relevant investment manager, the relevant investment manager is responsible for the consideration of the principal adverse impact of the investment decision on the sustainability factors as disclosed in Appendix I of this Prospectus describing the particularities of the Sub-Funds.

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

### **Specific risks**

The below risk factors may apply to the compartments in the context of their specific terms and investment policies and strategies.

#### **Financial derivative instruments risks**

A compartment may invest in financial derivative instruments, comprising options, futures, index futures and currency forward contracts for investment, hedging and efficient portfolio management. Furthermore, the compartments may invest in underlying funds which use financial derivative instruments extensively or primarily for investment purposes.

The risks associated with using financial derivative instruments (whether for hedging, efficient portfolio management and investment purposes) are set out in the paragraphs titled "Risks Related to Investments in Equity Related Securities", "Options", "Financial Futures Contracts", "Swaps", "Portfolio swaps and Participation Notes" and "Possible Losses in Securities Option Transactions, Financial Futures Contracts, Option Transactions on Financial Futures Contracts and Securities Index Options" below.

Investment funds using financial derivative instruments for investment purposes are generally associated with greater risk than funds which use financial derivative instruments only for efficient portfolio management or hedging purposes. These significant additional risks include, for example, market counterparty risk, leverage risk, liquidity risk and operational risk. Losses incurred as a consequence of the use of financial derivative instruments for investment purposes may be substantial and could lead to total capital loss for investors in the compartment(s) concerned. There is a risk of total / significant loss resulting from the use of financial derivative instruments for investment purposes.

Where a compartment enters into OTC derivative contracts, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. Further, there is risk with such investments, that the more bespoke they become and the more complex they become the harder it is to unwind the positions at market prices.

Basis risk is the risk of loss due to a divergence in the difference between two rates or prices. There will be occasions where a compartment will use financial derivative instruments to hedge out existing market exposure to a particular basket of stocks. Although the underlying constituents of the financial derivative instrument used may be similar to the basket of stocks being hedged against, it is likely that there will be differences in the composition. The hedging arrangement may therefore not fully offset the price change in the basket of stocks being hedged against.

There is also a risk that the portfolio managers will have insufficient cash in a compartment to meet the margin calls necessary to sustain its position in a derivative contract in which case the counterparty will require the investor to place a margin payment with them at the outset of the contract, and this margin payment will be subject to additional top-ups if and when the market moves against the investor. In such circumstances the portfolio managers will either have to close out the position, thus realising a loss, or dispose of other assets in such compartment to raise the required margin call, thus potentially adversely affecting the investment composition of such compartment.

### **Risks related to investments in equities (including ordinary and preference shares)**

Experience has shown that equities and securities of a share-like character are subject to strong price fluctuations. That is why they offer the possibility of considerable price gains, but also involve increased risks. For example, the prices of equities and securities of a share-like character are influenced above all by the profits or otherwise of individual enterprises and sectors as well as macro-economic developments and political perspectives which determine the expectations of the securities markets and thus the movement of prices. All factors affecting the value of securities in some markets and under certain situations cannot easily be determined and the value of such investments may decline or be reduced to zero.

An ordinary share is a form of corporate equity ownership.

A preference share is a component of share capital which may have any combination of features not possessed by common stock including properties of both an equity and a debt instrument, and is generally considered a hybrid instrument and may have priority over ordinary shares in the payment of dividends and upon liquidation.

### **Risks related to investments in fixed-interest securities (including convertible debt securities)**

Price changes in fixed-interest securities are influenced predominantly by interest rate developments in the capital markets, which in turn are influenced by macro-economic factors. Fixed-interest securities could suffer when capital market interest rates rise, while they could increase in value when capital market interest rates fall. The price changes also depend on the term or residual time to maturity of the fixed-interest securities. In general, fixed-interest securities with shorter terms have less price risks than fixed-interest securities with longer terms. However, they generally have lower returns and, because of the more frequent due dates of the securities portfolios, involve higher re-investment costs.

### **Risks related to investments in warrants**

In addition to the above risks involved with securities and exchange rate changes, warrants carry the risk, but also the opportunity, of what is known as leverage. This leverage is produced, for example, with call warrants through the lower capital investment when the warrants are purchased compared with a direct purchase of the underlying assets. The same applies for put warrants. The greater the leverage, the greater the change of price of the warrant in the event of a change in the prices of the underlying assets (in comparison to the subscription price set forth in the option conditions). The opportunities and risks of warrants increase as the leverage increases. Since warrants are generally issued only for a limited term, it cannot be ruled out that they will be valueless at the date of maturity if the price of the underlying assets falls below the subscription price fixed when the call warrants were issued or exceeds the subscription price fixed when the put warrants were issued.

### **Risks related to investments in fixed-interest securities without regular interest payments and zero bonds**

Particular attention must be paid to observing the credit worthiness and assessing the issuer of interest-bearing securities without regular interest payments and zero bonds. In times of climbing capital market interest rates, it may be difficult to trade in such bonds, particularly because of their comparatively long term and the absence of continual interest payments.

### **Risks related to investments in equity related securities or equity-linked securities**

The term equity related securities or equity-linked security refers to a debt instrument with variable payments linked to an equity market benchmark. These securities are an alternative type of fixed-income investment-structured products most often created as bonds.

In accordance with the investment policies and restrictions of the Fund, certain compartments may invest in equity related securities, including but not limited to financial derivative instruments, options, swaps, futures and forward contracts, warrants, convertible bonds and preference shares. Equity related securities may not be listed and are subject to the terms and conditions imposed by their issuers. There may be no active market in equity related securities and therefore investments in equity related securities can be illiquid. In order to meet redemption requests, the Fund relies upon the issuers of the equity related securities to quote a price to unwind any part of the equity related securities that will reflect the market liquidity conditions and the size of the transaction. There is a risk that the issuers of equity related securities will not settle a transaction due to a credit or liquidity problem and the relevant compartments may suffer a loss (including a total loss). Investments in equity related securities do not entitle the investors to the beneficial interest in the underlying securities nor to make any claim against the company issuing the securities. Fluctuations in the exchange rate between the denomination currency of the underlying shares and the equity related securities will affect the value of the equity related securities, the redemption amount and the distribution amount on the equity related securities.

**Risks related to ADR/GDR:**

ADRs (“American Depositary Receipts”) are a form of equity securities that were created specifically to offer investors access to individual non-US Companies. An ADR is issued by an American bank or broker. It represents one or more shares of foreign-company stock held by that bank in the home stock market of the foreign company.

GDRs (“Global Depositary Receipt”) are similar to ADRs, the only difference is that ADRs are only issued by U.S banks or brokers and traded on a U.S Stock exchange, while GDRs are issued in a number of countries and offered to investors in 2 or more markets.

The main specific risks related to investment in ADRs and GDRs are:

Currency or exchange rate risk: the risk that the currency in the issuing company’s country will drop relative to the US dollar.

Inflation risk: Inflation risk shall be considered in extension of the exchange rate risk. The currency in a country with a high inflation could be less valuable.

Political risk: The countries are often characterized by unstable governments and institutions that might create sudden crises effecting a share, rights or ADRs/GDRs.

**Risks of indirect Investment in China**

A Sub-fund may have indirect exposure to Chinese markets by investing in ADRs/GDRs, UCITS & UCIs, such investment is subject to emerging markets risks as well as China-specific risks. The value and performance of investments made in Chinese markets may be affected by uncertainties and sensitivity arising from the major change in economic, social and political policy in the People's Republic of China (“PRC”).

In addition, the Chinese government’s policies on exchange control, repatriation restrictions and taxation legislation are subject to change, and the value of the relevant investments may be adversely affected.

The stock markets in China are emerging markets exposed to rapid growth and changes this may lead to high volatility, lower level of regulation, and difficulties in settlement. Moreover Chinese accounting standards and practices may deviate significantly from international accounting standards.

**Risks related to the use of financial derivative instruments for hedging / efficient portfolio management purposes**

In adverse circumstances, the Fund’s use of financial derivative instruments may become ineffective in hedging / efficient portfolio management and the Fund may suffer significant losses in relation to use of financial derivative instruments.

**Risks related to investments in bonds**

Comparatively, the bond market has been less vulnerable to price swings or volatility than other investment products as most bonds pay investors a fixed rate of interest income that is also backed by a promise from the issuer. Apart from the general investment risks, there are also risks which arise from investing in bonds and these include the interest rate risk (bond prices usually fall when the interest rate rises); inflation risk (this usually reduces the purchasing power of a bond) and market risk (the risk that the bond market as a whole would decline).

**Depositary receipts**

Investment into a given country may be made via direct investments into that market or by depositary receipts traded on other international exchanges in order to benefit from increased liquidity in a particular security and other advantages. A depositary receipt admitted to the official listing on a stock exchange may be deemed an eligible transferable security regardless of the eligibility of the market in which the security to which it relates normally trades.

**Credit and counterparty risks**

Even when the securities to be acquired are selected carefully, the credit risk, i.e. the risk of loss through the inability of issuers to pay (issuer risk), cannot be excluded. The value of a compartment may be adversely affected if any of the institutions with whom the assets of the compartment are invested or deposited suffers insolvency or other financial difficulties. Such deposits may include margin payments to derivative counterparties and cash held on deposit at bank.

The compartments may invest in financial derivative instruments, comprising options, futures, index futures and currency forward contracts for hedging and efficient portfolio management, as more fully described in the investment policy of each compartment. There is a risk that the use of such instruments will not achieve the goals aimed at. Also, the use of swaps and other derivative contracts entered into by private agreements may create a counterparty risk for the compartment concerned.

In certain circumstances, there may be a credit risk with regard to parties with whom a compartment trades and a compartment may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organisation guarantees, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. It may not always be possible for the securities and other assets deposited with depositaries or brokers to be clearly identified as being assets of a compartment and such compartment may be exposed to a credit risk in those situations. In addition, there may be practical or time problems associated with enforcing a compartment's rights to its assets in the case of an insolvency of any such party. In such circumstances it is possible that a compartment will not be able to recover any debt in full, or at all.

These risks are mitigated by the fact that the counterparties must be institutions subject to prudential supervision and that the counterparty risk on a single entity must be limited in accordance with the investment restrictions. The secondary market price of such financial derivative instruments will vary in accordance with the market's perception of the credit worthiness of the issuer.

In the event of failure of the counterparty the Fund may only rank as an unsecured creditor in respect of sums due from the issuer or broker in question, meaning that the Fund may be unable to recover part or all of the assets exposed to that counterparty and any such recovery may be significantly delayed. Such delay or loss would be to the detriment of the net asset value of Units in the relevant compartment.

Additionally, some compartments may be exposed to the risk that one or more of the issuers of debt securities in the compartment portfolio may default in paying principal or interest. Portion of the obligations and preferred stock in which the compartment invests may be less than investment grade. As a result, the compartment may lose part of their investment in any particular instance. Lower rated and unrated securities in which the compartment may invest have large uncertainties or major risk exposures to adverse conditions.

### **Liquidity risk**

A compartment's ability to invest in and to liquidate its assets may, from time to time, be restricted by the liquidity of the market for those assets. Regulated markets may undergo temporary or prolonged closures and may impose a suspension or limitation on trading in a security traded on the relevant exchange or market.

In addition, certain listed transferable securities and money market instruments, particularly securities and money market instruments of smaller capitalised issuers, may from time to time lack an active secondary market and may be subject to more abrupt or erratic price movements than transferable securities or money market instruments of larger, more established companies or stock market averages in general. These difficulties may be exacerbated during periods of extreme market volatility.

Furthermore, redemptions by Unitholders could require the liquidation of securities positions more rapidly than would otherwise be desirable, which could adversely affect the value of the Units of both the redeeming Unitholders and the remaining Unitholders. For example, such redemptions could require liquidations of the positions in a short time frame, which could reduce the value of certain of a compartment's investments, satisfy the available demand in the market, thus impairing the ability of such compartment to liquidate its investments or in certain instances force such compartment to liquidate positions at a time other than when a compartment would elect to do so.

### **Sector and/or geographical concentration**

Compartments which specialise in investing in a particular market sector or geographical region are likely to be more volatile than funds with a broader range of investments. This risk is greater in relation to investment in emerging market countries which may experience political and economic changes.

### **Options**

Options are associated with particular risks which can differ in importance, depending on the position taken:

- The purchase price of a call or put option is lost on the date of maturity.

- If a call option is sold, there is a risk that a compartment will no longer be able to participate in especially strong appreciation of the asset. If put options are sold, there is a risk that such a compartment will be obligated to acquire assets at the exercise price, even though the market value of these assets is significantly lower.
- The value of a compartment can be more strongly influenced through the leveraging of options than would be the case if assets were acquired directly.

### **Financial futures contracts**

Financial futures contracts are associated with considerable opportunities as well as risks, because only a fraction of the relevant contract size (initial deposit) must be paid immediately. If the expectations of the portfolio managers are not fulfilled, the difference between the price at the time of conclusion and the market price must be borne by the relevant compartment by no later than the due date of the transaction. The amount of the possible loss is thus not known in advance and may exceed any collateral provided.

### **Portfolio swaps and credit default swaps**

Swaps involve a particular contracting party risk in that the contracting party may be unable to meet its payment obligations, or may do so only partially or late. Swaps also involve a market risk arising from fluctuations in exchange rates and interest rates.

In the case of swaps which convert into foreign currency, there are also exchange rate opportunities and risks. Moreover, these swaps are subject to what is called a transfer risk, something which also exists with other swaps involving cross-border transactions.

Credit default swaps may trade differently from the funded securities of the reference entity. In adverse market conditions, the basis (difference between the spread on bonds and the spread on credit default swaps) can be significantly more volatile than funded securities.

### **Participation notes**

Participation notes involve a particular contracting party risk in that the contracting party may be unable to meet its payment obligations, or may do so only partially or late. They also involve a market risk arising from fluctuations in exchange rates and interest rates.

In the case of participation notes which convert into foreign currency, there are also exchange rate opportunities and risks. Moreover, these participation notes are subject to what is called a transfer risk, something which also exists with other participation notes involving cross-border transactions.

### **Possible losses in securities option transactions, financial futures contracts, option transactions on financial futures contracts and securities index options**

Securities option dealings, financial futures contracts and option dealings on financial futures contracts and securities index options (option rights and warrants) are all forward exchange transactions.

However, since the possible profits arising from such transactions must be set against high possible losses, the investor must realise that:

- the time-limited rights acquired from forward exchange transactions can collapse or suffer a reduction in value;
- the amount of the possible loss is not known in advance and can exceed any collateral provided;
- it may not be possible, or may only be possible at a loss, to effect dealings through which the risks from forward exchange transactions which have been effected are to be excluded or limited; and
- in addition to the above risks, the exercising of two linked forward exchange transactions involves additional risks which depend on the financial futures contracts/securities index options thus created and may result in a loss far above the original investment in the price paid for the option right or warrant.

### **Currency exposure and passive currency hedging**

Each class of each compartment will have its own class currency and each compartment will have its own reference currency. The Units of each class will be issued and redeemed by reference to the class currency concerned. The

assets of each compartment may, however, be invested in securities and other investments that are not denominated in its class currency and/or reference currency. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore each compartment will necessarily be subject to foreign exchange risks relative to its class currency and/or reference currency.

In particular, an investor who acquires Units of a compartment will be subject to foreign exchange risk in respect of those assets of such compartment which are denominated in any currency other than the reference currency of accounting in such compartment (irrespective of whether the currency of investment was also the class currency and/or reference currency).

An investor whose assets and liabilities are predominantly in another currency should take into account the potential risk of loss (or gain) arising from fluctuations in value between the currency denomination of the assets of a compartment in which such investor invests and such investor's own currency of investment.

An investor who subscribes for Units, or requests that redemption payments be made, in a currency other than the relevant class currency and/or reference currency of the relevant compartment should also take into account the potential risk of loss arising from fluctuations in value between the relevant class currency and/or reference currency and the currency that such investor used to subscribe for Units or the currency in which such investor requests that redemption payments be made.

Passive currency hedging strategies may be used by the portfolio managers, at their sole discretion, to seek to reduce the impact of adverse movements between the class currency and/or reference currency of a compartment and the currencies of the assets in which a compartment is invested. This may involve the use of foreign exchange transactions and/or currency derivatives. However, there is no guarantee that any hedging techniques will be employed or, if employed, that they will be effective in managing the currency exposures to which a compartment may be subject.

Each class will be responsible for any currency hedging costs applicable to the assets attributable to it.

#### **Exchange rate hedging transactions**

Exchange rate hedging transactions serve to reduce exchange rate risks. As these hedging transactions only protect a compartment to a limited extent to one part of the exchange rate losses, it cannot be ruled out that exchange rate fluctuations can have a negative impact on the performance of such compartment.

#### **Future exchange transactions**

The costs and possible losses arising in future exchange transactions through the purchase of the corresponding option rights and warrants reduce the operating profit of the Fund. In this respect the notes regarding securities option transactions and financial futures contracts also apply here.

#### **Risks related to investments in emerging and less developed markets**

In emerging and less developed markets, the legal, judicial and regulatory infrastructure is still developing but there is much legal uncertainty both for local market participants and their overseas counterparts. Therefore, investing in these markets involves certain risks and special considerations not typically associated with investment in major western jurisdictions. Some markets may carry higher risks for investors who should therefore ensure that, before investing, they understand the risks involved and are satisfied that an investment is suitable as part of their portfolio. Investments in emerging and less developed markets should be made only by sophisticated investors or professionals, such as the portfolio managers, who have independent knowledge of the relevant markets, are able to consider and weigh the various risks presented by such investments, and have the financial resources necessary to bear the substantial risk of loss of investment in such investments.

In general, the securities markets in the emerging and less developed markets are less developed than the major western securities markets. There is less state regulation and supervision of these securities markets, and less reliable information available to brokers and investors than in the major western markets and consequently less investor protection. Their accounting, auditing and financial reporting standards and requirements in those markets are in many respects less stringent and less consistent than those applicable in many major western countries. Corporate legislation in the emerging and less developed markets regarding the fiduciary responsibility of directors and officers and protection of Unitholders is significantly less developed than in the major western jurisdictions and may impose inconsistent or even contradictory requirements on companies. In addition, less information is available

to investors investing in securities of companies in those markets and the historic information which is available is not necessarily comparable or relevant to many major western countries.

Examples of economies that can be considered to be emerging market economies include, without limitation, countries in Asia, Latin America, the Middle East, southern and eastern Europe, the region formerly known as the USSR, and Africa. These include, again without limitation: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, Turkey, Sri Lanka and Pakistan.

### **Risks related to investment in emerging markets**

In emerging and less developed markets, the legal, judicial and regulatory infrastructure is still developing but there is much legal uncertainty both for local market participants and their overseas counterparts. Therefore, investing in these markets involves certain risks and special considerations not typically associated with investment in major western jurisdictions. Some markets may carry higher risks for investors who should therefore ensure that, before investing, they understand the risks involved and are satisfied that an investment is suitable as part of their portfolio. Investments in emerging and less developed markets should be made only by sophisticated investors or professionals, such as the portfolio manager, who have independent knowledge of the relevant markets, are able to consider and weigh the various risks presented by such investments, and have the financial resources necessary to bear the substantial risk of loss of investment in such investments.

In general, the securities markets in the emerging and less developed markets are less developed than the major western securities markets. There is less state regulation and supervision of these securities markets, and less reliable information available to brokers and investors than in the major western markets and consequently less investor protection. Their accounting, auditing and financial reporting standards and requirements in those markets are in many respects less stringent and less consistent than those applicable in many major western countries. Corporate legislation in the emerging and less developed markets regarding the fiduciary responsibility of directors and officers and protection of shareholders is significantly less developed than in the major western jurisdictions and may impose inconsistent or even contradictory requirements on companies. In addition, less information is available to investors investing in securities of companies in those markets and the historic information which is available is not necessarily comparable or relevant to many major western countries.

### **Political and economic risk factors of emerging markets**

There is in some emerging market countries, in which certain compartments may invest, a higher than usual risk of nationalisation, expropriation or confiscatory taxation, any of which might have an adverse effect on the value of investments in those countries. Emerging market countries may also be subject to higher than usual risks of political changes, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of the relevant countries and thus the value of investments in those countries.

The economics of many emerging market countries can be heavily dependent on international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, managed adjustments on relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade and international economic developments generally.

### **Foreign investment restrictions**

There are, in certain of the countries in which investments of certain compartments are proposed, restrictions on investment by foreign investors. In addition, the ability of foreign investors, such as the Fund, to participate in privatisations in certain foreign countries may be limited by local law, or the terms on which the Fund may be permitted to participate may be less advantageous than those for local investors. These factors and any restrictions introduced in the future could limit the availability to the Fund of attractive investment opportunities.

### **Settlement and custodial risk**

Settlement and safe custody of securities in certain emerging countries involve certain risks and considerations which do not normally apply when settling transactions and providing safe custody services in more developed countries. The Depositary will not have absolute liability for the acts, omissions or creditworthiness of local agents, depositaries, registrars or brokers involved in the safekeeping or the settlement of the assets of the Fund.

### **Small and midsize companies risk**

While smaller and midsize companies may offer substantial opportunities for capital growth, they also involve substantial risks and should be considered speculative. Historically, smaller and midsize company securities have been more volatile in price and less liquid than larger company securities, especially over the short term.

In addition, smaller and midsize companies may lack depth of management, be unable to generate funds necessary for growth or development, have limited product lines or be developing or marketing new products or services for which markets are not yet established and may never become established. Smaller and midsize companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans which are floating rate.

These risks are typically increased for securities issued by smaller companies registered or performing a significant part of their activities in developing countries and emerging markets such as certain Asian markets, especially as the liquidity of securities issued by companies in such markets may be substantially smaller than with comparable securities in more developed countries.

### **Risks related to investments in underlying funds**

The portfolio managers may not always be provided with detailed information regarding all of the investments made by underlying funds because certain of this information may be considered proprietary information by the managers of those underlying funds. This potential lack of access to information may make it more difficult for the portfolio managers to select, allocate among and evaluate individual fund managers.

Despite the due diligence procedures which will be used to select and monitor the individual underlying funds in which the assets of the compartments will be invested, there can be no assurance that past performance information in relation thereto will be indicative of how such investments will perform (either in terms of profitability or correlation) in the future.

Although the portfolio managers will seek to monitor the investments and trading activities of the underlying funds in which a compartment has invested, investment decisions will normally be made independently at the level of such underlying funds and it is possible that some managers will take positions in the same security or in issues of the same industry or country at the same time. Consequently, the possibility also exists that one underlying fund may purchase an instrument at about the same time as another underlying fund decides to sell it. There can be no guarantee that the selection of the managers will actually result in a diversification of investment styles and that the positions taken by the underlying funds will always be consistent.

Potential investors must be aware that when investing in Units of some Sub-Funds of the Fund which in turn may invest in other UCIs or UCITS, the investors are subject to the risk of duplication of fees and commissions except that if a Sub-Fund invests in other UCIs or UCITS managed by the Management Company or sponsored by the promoter of the Fund, the Sub-Fund will not be charged any subscription and redemption fees with respect to such investment.

### **Risks related to investments in convertible securities**

Convertible bonds are corporate bonds with an option that allows an investor to convert the bond into shares at a given price at specified times during the life of the convertible bond. This exposure to equity movements can lead to more volatility than could be expected from a comparable conventional corporate bond.

Investments in convertible bonds are subject to the same interest rate, credit and prepayment risks associated with comparable conventional corporate bonds. Price changes in fixed-interest securities are influenced significantly by interest rate developments in the capital markets, which in turn are influenced by macro-economic factors. The values of convertible securities also may be affected by changes in the credit rating, liquidity or financial condition of the issuer. A compartment may also be exposed to the credit and insolvency risks of the issuers of the securities.

### **Risk related to Investments in contingent convertible bond (“CoCos”)**

A CoCos is a fixed-income instrument that is convertible into equity if a pre-specified trigger event occurs.

The investments in CoCos may entail the following potential risks, therefore, investors should fully understand and consider the risks of CoCos as a complex product and correctly factor those risks into their valuation:



Trigger level risk: trigger levels differ and determine exposure to a conversion risk depending on the distance of the capital ratio to the trigger level. It might be difficult for the Investment Manager to anticipate the triggering events that would require the debt to convert into equity.

Coupon cancellation: for some contingent convertible bonds, coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason and for any length of time.

Write-down Risk: While all CoCos (AT1 and T2) are subject to conversion or write down when the issuing bank reaches the trigger level, for AT1s there is an additional source of risk for the investor in the form of coupon cancellation in a going concern situation. Coupon payments on AT1 instruments are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The cancellation of coupon payments on AT1 CoCos does not amount to an event of default. Cancelled payments do not accumulate and are instead written off. This significantly increases uncertainty in the valuation of AT1 instruments and may lead to mispricing of risk. Perhaps most challenging to investors, given the required absence of dividend stoppers/pushers, the AT1 holders may see their coupons cancelled while the issuer continues to pay dividends on its common equity and variable compensation to its workforce.

Capital structure inversion risk: contrary to classical capital hierarchy, contingent convertible bonds' investors may suffer a loss of capital when equity holders do not.

In certain scenarios, holders of CoCos will suffer losses ahead of equity holders, e.g., when a high trigger principal write-down CoCo is activated. This cuts against the normal order of capital structure hierarchy where equity holders are expected to suffer the first loss. This is less likely with a low trigger CoCo when equity holders will already have suffered loss. Moreover, high trigger Tier 2 CoCos may suffer losses not at the point of gone concern but conceivably in advance of lower trigger AT1s and equity.

Call extension risk: some contingent convertible bonds are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority. It cannot be assumed that the perpetual CoCos will be called on call date. AT1 CoCos are a form of permanent capital. The investor may not receive return of principal if expected on call date or indeed at any date.

Unknown risk: the structure of contingent convertible bonds is innovative yet untested.

Higher yields: investors have been drawn to the instruments as a result of the CoCos often attractive yield which may be viewed as a complexity premium.

Industry concentration risk: investment in contingent convertible bonds may lead to an increased industry concentration risk and thus counterparty risk as such securities are issued by a limited number of banks.

Valuation risk: the value of contingent convertible bonds may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, a Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

Conversion risk: it might be difficult for the Investment Manager to assess how the securities will behave upon conversion. A forced sale may itself lead to liquidity issue for these shares.

Liquidity risk: in certain circumstances finding a ready buyer for contingent convertible bonds may be difficult and the seller may have to accept a significant discount to the expected value of the contingent convertible bond in order to sell it.

### **Risks related to investments in commodities (including commodities indices)**

Commodities, to which some of the compartments may be exposed, are assets that have tangible properties, such as oil, metals, and agricultural products. An exposure to commodities may not be suitable for all investors. Commodities and commodity-linked securities and derivatives may be subject to heightened risks and may be affected by overall market movements, changes in interest rates, and other factors such as weather, disease, embargoes, and international economic, regulatory and political developments, as well as the trading activity of speculators and arbitrageurs in the underlying. The commodity markets (including the markets for commodity-linked securities and derivatives) may be subject to a degree of volatility that may prove higher than in equity or bond

markets due to their sensitivity to the development of commodity prices and their substantial exposure to emerging markets.

#### **Risks related to investments in securities subject to Rule 144A**

All compartments may invest in securities subject to the so-called Rule 144A. Rule 144A provides a safe harbour exemption from the registration requirements of the Securities Act of 1933 for resale of restricted securities to qualified institutional buyers, as defined in the rule. The advantage for Investors may be higher returns due to lower administration charges. However, dissemination of secondary market transactions in rule 144A securities is restricted and only available to qualified institutional buyers. This might increase the volatility of the security prices and decrease the liquidity of a particular rule 144A security.

#### **Miscellaneous**

The Board of Directors of the Management Company may adapt the investment policy of each compartment according to political, economic, financial and monetary circumstances.

The Fund's assets value will fluctuate according to market conditions and there can be no assurance that the Management Company will be able to achieve the Fund's investment objective and that the amounts invested can be returned to the investor upon redemption of the Units.

All these risks are correctly identified, monitored and mitigated according to CSSF's Circulars 11/512 and 13/559.

## **6 - MANAGEMENT OF THE FUND**

### **Management**

Andbank Asset Management Luxembourg, a company incorporated as a *société anonyme* and duly existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 4, rue Jean Monnet, L-2180 Luxembourg (the "**Management Company**") is the management company to the Fund in accordance with the provisions of the Law.

The Management Company is organized under chapter 15 of the Law. Its share capital amounts to EUR 3,000,000.- and its shares are fully owned by Andbank Luxembourg.

The Management Company was incorporated on 13 July 2009 for an unlimited period of time. The latest restated Articles of Incorporation as at 30 July 2014 have been lodged with the Registry of the District Court and a publication of such deposit has been made in the Mémorial n° 2851 of 10 October 2014. This document may be inspected on the Registry of the District Court of Luxembourg website at [www.rcl.lu](http://www.rcl.lu).

The Board of Directors of the Management Company is responsible for the management of the Fund. The Board of Directors of the Management Company may entrust administrative, advisory and management functions to one or more persons or bodies.

The Management Company is also in charge of the distribution of the Fund. In that respect it acts as Global Distributor of the Fund and shall conclude agreements with sub-distributors in the different jurisdictions in which Units may be distributed.

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 Management Regulations.

The remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company and the Fund and of its unitholders, 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 unitholders 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 [www.andbank.com](http://www.andbank.com) and a paper copy will be made available free of charge upon request at the Management Company's registered office.

### **Investment Manager**

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.

Under a restated agreement dated December 12, 2023, the Management Company has appointed Andbank Wealth Management, SGIIC S.A.U. as Investment Manager for the Sub-Funds Diversified Market Opportunities and Dynamic Mixed Allocation.

Under an agreement dated December 12, 2023, the Management Company has appointed Andorra Gestió Agricol Reig, S.A.U. SGOIIC as Investment Manager for the Sub-Funds Global Strategy and International Mixed Portfolio.

### **Investment Advisor**

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.

Under an agreement dated March 24<sup>th</sup>, 2016 (the "Investment Advisory Agreement"), which is made for an undetermined period of time and terminable by either party giving to the other not less than three months prior notice, ALTERAREA EAF S.L. acts as investment advisor (the "Investment Advisor") to the Management Company for the Sub-Funds Balanced Portfolio 3, Rainbow Flexible Allocation and Emerging Market Equities. Under an agreement dated August 1<sup>st</sup>, 2022 (the "Investment Advisory Agreement"), which is made for an undetermined period of time and terminable by either party giving to the other not less than three months prior notice, ALTERAREA EAF S.L. acts as investment advisor (the "Investment Advisor") to Andbank Wealth Management, SGIIC S.A.U. as Investment Manager for the Sub-Fund Global Strategy.

The Investment Advisor will keep the investments of the compartments under constant review and address recommendations to the Management Company and when applicable to the Investment Manager in connection with the investment and reinvestment of the compartments' portfolio.

The remuneration of the Investment Advisor shall be paid for the relevant Sub-Fund(s) as disclosed in Appendix I to this Prospectus.

The Management Company may terminate the Investment Advisory Agreement with immediate effect when this is in the interest of the Unitholders of the Fund.

### Depositary and Paying Agent

The Management Company has, on behalf of the Fund, by an agreement dated October 1<sup>st</sup>, 2017 (the "Depositary Agreement"), appointed Quintet Private Bank (Europe) S.A. as Depositary of the assets of the Fund.

The Depositary is a bank organised as a société anonyme under the laws of the Grand Duchy of Luxembourg for an unlimited duration. Its registered office is at 43, Boulevard Royal, L-2955 Luxembourg. At 31 December 2020, its capital and reserves amounted at EUR 1,207,607,735.44.

As Depositary, Quintet Private Bank (Europe) S.A.. will carry out its functions and responsibilities in accordance with the provisions of the Law. The Depositary will, in accordance with the Law:

- (a) ensure that the sale, issue, repurchase, redemption and cancellation of units of the Fund are carried out in accordance with the applicable Luxembourg law and the Management Regulations;
- (b) ensure that the value of the units of the Fund is calculated in accordance with the applicable Luxembourg law and the Management Regulations;
- (c) carry out the instructions of the Fund, unless they conflict with the applicable Luxembourg law, or with the Management Regulations;
- (d) ensure that in transactions involving the assets of the Fund any consideration is remitted to the Fund within the usual time limits;
- (e) ensure that the income of the Fund is applied in accordance with the applicable Luxembourg law and the Management Regulations.

The Depositary shall ensure that the cash flows of the Fund are properly monitored, and, in particular, that all payments made by, or on behalf of, investors upon the subscription of units of the Fund have been received, and that all cash of the Fund has been booked in cash accounts that are:

- (a) opened in the name of the Fund or of the Depositary acting on behalf of the Fund;
- (b) opened at an entity referred to in points (a), (b) and (c) of Article 18(1) of Commission Directive 2006/73/EC of 10 August 2006 implementing the Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (the Directive 2006/73/EC); and
- (c) maintained in accordance with the principles set out in Article 16 of Directive 2006/73/EC.

The assets of the Fund shall be entrusted to the Depositary for safekeeping as follows:

- (a) for financial instruments that may be held in custody, the Depositary shall:
  - (i) hold in custody all financial instruments that may be registered in a financial instruments account opened in the Depositary's books and all financial instruments that can be physically delivered to the Depositary;
  - (ii) ensure that all financial instruments that can be registered in a financial instruments account opened in the Depositary's books are registered in the Depositary's books within segregated accounts in accordance with the principles set out in Article 16 of Directive 2006/73/EC, opened in the name of the Fund, so that they can be clearly identified as belonging to the Fund in accordance with the applicable law at all times;
- (b) for other assets, the Depositary shall:
  - (i) verify the ownership by the Fund of such assets by assessing whether the Fund holds the ownership based on information or documents provided by the Fund and, where available, on external evidence;
  - (ii) maintain a record of those assets for which it is satisfied that the Fund holds the ownership and keep that record up to date.

The assets held in custody by the Depositary may not be reused unless specific circumstances, as provided for in the Law.

In order to effectively conduct its duties, the Depositary may delegate to third parties the functions referred to in the above paragraph, provided that the conditions set out in the Law are fulfilled. When selecting and appointing a delegate, the Depositary shall exercise all due skill, care and diligence as required by the Law and with the relevant CSSF regulations, to ensure that it entrusts the Fund's assets only to a delegate who may provide an adequate standard of protection.

The list of such delegates is available on <https://www.quintet.com/en-LU/Pages/Regulatory-affairs> and is made available to investors free of charge upon request.

Conflicts of interests:

In carrying out its duties and obligations as depositary of the Fund, the Depositary shall act honestly, fairly, professionally, independently and solely in the interest of the Fund and its investors.

As a multi-service bank, the Depositary may provide the Fund, directly or indirectly, through parties related or unrelated to the Depositary, with a wide range of banking services in addition to the depositary services.

The provision of additional banking services and/or the links between the Depositary and key service providers to the Fund, may lead to potential conflicts of interests with the Depositary's duties and obligations to the Fund.

In order to identify different types of conflict of interest and the main sources of potential conflicts of interests, the Depositary shall take into account, at the very least, situations in which the Depositary, one of its employees or an individual associated with it is involved and any entity and employee over which it has direct or indirect control.

The Depositary is responsible for taking all reasonable steps to avoid those conflicts of interest, or if not possible, to mitigate them. Where, despite the aforementioned circumstances, a conflict of interest arises at the level of the Depositary, the Depositary will at all times have regard to its duties and obligations under the depositary agreement with the Fund and act accordingly. If, despite all measures taken, a conflict of interest that bears the risk to significantly and adversely affect the Fund or the investors of the Fund, may not be solved by the Depositary having regard to its duties and obligations under the depositary agreement with the Fund, the Depositary will notify the conflicts of interests and/or its source to the Fund which shall take appropriate action. Furthermore the Depositary shall maintain and operate effective organizational and administrative arrangements with a view to take all reasonable steps designed to properly (i) avoid them prejudicing the interests of its clients, (ii) manage and resolve such conflicts according to the Fund decision and (iii) monitor them.

As the financial landscape and the organizational scheme of the Fund may evolve over time, the nature and scope of possible conflicts of interests as well as the circumstances under which conflicts of interests may arise at the level of the Depositary may also evolve.

In case the organizational scheme of the Fund or the scope of Depositary's services to the Fund is subject to a material change, such change will be submitted to the Depositary's internal acceptance committee for assessment and approval. The Depositary's internal acceptance committee will assess, among others, the impact of such change on the nature and scope of possible conflicts of interests with the Depositary's duties and obligations to the Fund and assess appropriate mitigation actions.

Situations which could cause a conflict of interest have been identified as at the date of this Prospectus as follows (in case new conflicts of interests are identified, the below list will be updated accordingly):

- Conflicts of interests between the Depositary and the sub-custodians:
  - The selection and monitoring process of sub-custodians is handled in accordance with the Law and is functionally and hierarchically separated from possible other business relationships that exceed the subcustody of the Fund's financial instruments and that might bias the performance of the Depositary's selection and monitoring process. The risk of occurrence and the impact of conflicts of interests is further mitigated by the fact that none of the sub-custodians used by the Depositary for the custody of the Fund's financial instruments is part of the Quintet Group.
- The Depositary has a significant unitholder stake in EFA and some members of the staff of the Depositary are members of EFA's board of directors.
  - The staff members of the Depositary in EFA's board of directors do not interfere in the day-to-day management of EFA which rests with EFA's management board and staff. EFA, when performing its duties and tasks, operates with its own staff, according to its own procedures and rules of conduct and under its own control framework.
- The Depositary may act as depositary to other UCITS funds and may provide additional banking services beyond the depositary services and/or act as counterparty of the Fund for over-the-counter derivative transactions (maybe over services within Quintet).
  - The Depositary will do its utmost to perform its services with objectivity and to treat all its clients fairly, in accordance with its best execution policy.

The Depositary shall be liable to the Fund and its investors for the loss by the Depositary or a third party with whom the custody of financial instruments are held in custody in accordance with the Law. The Depositary shall not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

For other assets, the Depositary shall be liable only in case of negligence, intentional failure to properly fulfil its obligations.

The Depositary shall not be liable for the contents of this Prospectus and will not be liable for any insufficient, misleading or unfair information contained herein.

In addition, the Depositary is entitled to be reimbursed by the Fund its reasonable out-of-pocket expenses and the fees charged to it by any correspondent bank or other agent (including any clearing system).

The Depositary Agreement may be terminated by either party on giving to the other party a notice in writing specifying the date of termination which will not be less than ninety (90) days after giving such notice. The Fund

will use its best efforts to appoint a new depositary and obtain the approval of the CSSF within a reasonable time upon notice of termination, being understood that such appointment shall happen within two months. The Depositary will continue to fulfil its obligations until completion of the transfer of the relevant assets to another depositary appointed by the Fund and approved by the CSSF.

Pursuant to a paying agency agreement, Quintet Private Bank (Europe) S.A. also acts as Paying Agent. As principal paying agent Quintet Private Bank (Europe) S.A. will be responsible for distributing income and dividends, if applicable, to the unitholders.

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

The Management Company has appointed UI efa S.A. (formerly known as European Fund Administration S.A.) as the Fund's administrator (the "Administrator"). In such capacity, it will be responsible for all general administrative duties required by Luxembourg law, and in particular for maintenance of accounting records.

The Management Company has further appointed UI efa S.A. as the Fund's registrar (the "Registrar") and transfer agent (the "Transfer Agent") which will be responsible for handling the processing of subscriptions for Units of the Fund, dealing with requests for redemption and conversion of Units of the Fund and accepting transfers of funds, safekeeping the register of Unitholders of the Fund and providing and supervising the mailing of statements, reports, notices and other documents to the Unitholders of the Fund.

The appointment of the Administrator and Registrar and Transfer Agent was made pursuant to an administrative agent and registrar and transfer agent agreement between the Management Company acting as management company of the Fund and the Administrator and Registrar and Transfer Agent, for an unlimited period of time from the date of its signature. It may be terminated at any time by either party hereto upon three (3) months notice thereof delivered by one to the other party as further described therein.

### **Domiciliary Agent**

The Management Company acts as Domiciliary and Corporate Agent for the Management Company and in this respect permits the Management Company of the Fund to use the Domiciliary Agent's address at its registered office for the duration of the Domiciliation Agreement.

### **Distributor**

The Management Company is also in charge of the distribution of the Fund. In that respect it acts as Global Distributor of the Fund and may decide to appoint distributors/Intermediaries/placing agents (collectively the "Distributors") for the purpose of assisting in the distribution of the Units of the Fund in the countries in which they are marketed. Certain Distributors may not offer all of the compartments to their investors. Investors are invited to consult their Distributors for further details.

Distribution and/or Intermediary agreements (the "Distribution and/or Intermediary Agreements") may be signed from time to time between the Management Company and the different Distributors.

The Management Company may terminate any Distribution and/or Intermediary Agreement with immediate effect when this is in the interest of the Unitholders of the Fund.

In case the Management Company enters into a Intermediary Agreement(s), the Intermediary shall be recorded in the Register of Unitholders and not the clients who have invested in the Fund. The terms and conditions of the Intermediary Agreements shall stipulate, amongst other things, that a client who has invested in the Fund via a Intermediary may at all times require that the Units thus subscribed be transferred to his name, as a result of which the client shall be registered under his own name in the Register of Unitholders with effect from the date on which the transfer instructions are received from the Intermediary.

Subscribers may subscribe for Units applying directly to the Management Company without having to act through one Distributor and/or Intermediary.

## **7 - ISSUE OF UNITS**

Units of the compartments in issue at the date of this Prospectus are described in the Appendix to this Prospectus.

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

At the time when the Management Company will decide to open a new compartment, this Prospectus will be updated by amendment of the attached Appendix.

Units are issued on any Valuation Day provided that the request for subscription is received in Luxembourg prior to 2 p.m. (Luxembourg time) on the day immediately preceding the applicable Valuation Day.

Investors may submit purchase orders for Units to the Distributors or to the Transfer Agent.

Applications received by the Distributors will be forwarded immediately to the Transfer Agent and dealt with at the net asset value per Unit of the concerned compartment determined on the next following Valuation Day. The Distributors will forward subscription monies to the Fund.

In respect of Units purchased directly from the Transfer Agent, applications will be dealt with at the net asset value per Unit of the relevant compartment determined on the next following Valuation Day.

Payment for the Units issued must be received by the Depositary in Luxembourg in the currency of the relevant class of Units at the latest two Luxembourg bank business days after the applicable Valuation Day.

The Management Company may agree to issue Units as consideration for a contribution in kind of securities, in accordance with applicable laws and regulations and in compliance with the conditions set forth by the Management Company, in particular the obligation to deliver a valuation report from the auditor of the Fund which shall be available for inspection, and provided that such securities comply with the investment policy of the relevant compartment. Any costs incurred in connection with a contribution in kind of securities shall be borne by the relevant investors.

The most recent net asset value of the Units may be obtained by contacting the Distributors in Spain, the Management Company or the Transfer Agent in Luxembourg at their respective addresses.

The Units are offered in registered form only.

The Management Company may, at any time at its discretion, temporarily discontinue, cease definitely or limit the issue of Units to persons or corporate bodies resident or established in certain countries or territories. The Management Company may also prohibit certain persons or corporate bodies from acquiring Units if such a measure is necessary for the protection of the Unitholders as a whole and the Fund.

In addition, the Management Company may:

- a. inject at its discretion any application for Units;
- b. redeem at any time Units held by Unitholders who are excluded from purchasing or holding Units.

#### **Notice**

In an effort to deter money laundering, the Management Company, the Distributors and the Registrar and Transfer Agent must comply with all applicable international and Luxembourg laws and circulars regarding the prevention of money laundering and in particular with Luxembourg law dated November 12, 2004 against money laundering and terrorism financing. To that end, the Management Company, the Distributors and the Registrar and Transfer Agent may request information necessary to establish the identity of a potential investor and the origin of subscription proceeds. Failure to provide documentation may result in a delay or rejection by the Management Company of any subscription or exchange or a delay in payout of redemption of Units of the Fund by such investor.

## 8 – REDEMPTION OF UNITS

Unitholders may redeem their Units on any Valuation Day provided that the request for redemption is received in Luxembourg prior to 2 p.m. (Luxembourg time) on the day immediately preceding the applicable Valuation Day.

Redemption may be made through the Distributors or by transmitting an irrevocable redemption order via mail, fax or any other accepted electronic mean to the Transfer Agent.

The redemption order must include the number of Units to be redeemed and the Unitholders' name and account number as registered with the Fund.

Applications for redemptions received by the Distributors will be forwarded immediately to the Transfer Agent in Luxembourg and dealt with at the net asset value per Unit of the relevant compartment determined on the next following Valuation Day.

Applications for redemptions received directly by the Transfer Agent will be dealt with at the net asset value per Unit of the relevant compartment determined on the next following Valuation Day.

The Management Company will make sure that an appropriate level of liquidity is maintained in the Fund so that redemption of Units in the Fund may, under normal circumstances, be made promptly on such date to Unitholders requesting redemption. Under exceptional market conditions, if the redemption requests relate to more than 10% of the Units in issue in a specific compartment, the Management Company may decide that part or all of such requests for redemption will be deferred for such period as the Management Company considers to be in the best interests of the compartment, but normally not exceeding one Valuation Day. On the next Valuation Day following such period, these redemption requests will be met in priority to later requests.

The redemption price may be, depending on the net asset value applicable on the day of the redemption, higher or lower than the price paid at the time of subscription.

Payment of the redemption price will be made by the Depositary or its agents in the currency of the relevant class of Units, not later than two Luxembourg bank business days after the day on which the application for redemption has been dealt with, as aforesaid, provided that (i) a redemption order has been received by the Transfer Agent in appropriate form within the notice period for the Units to be redeemed have been received by the Transfer Agent prior to such bank business day.

Unitholders may request that the redemption price shall be paid in the currency of the relevant class of Units.

## 9 - CONVERSION OF UNITS

Unitholders may request conversion of their Units into Units of another compartment on any Valuation Day provided that the request for conversion is received in Luxembourg prior to 2 p.m. (Luxembourg time) on the day immediately preceding the applicable Valuation Day.

The number of Units issued upon conversion will be based on the respective net asset values per Unit of both compartments on the bank business day on which the conversion request is dealt with. An application for conversion will be dealt with on the basis of the next determined net asset values per Unit of the two compartments concerned.

Conversion of Units may only be requested for a minimum of EUR 5.000.

The Management Regulations refer in article 13 to the possibility for the Management Company to merge the compartments.



## **10 – LATE TRADING AND MARKET TIMING**

### **A. LATE TRADING**

The Management Company of the Fund determines the price of the Units of the Fund on a forward basis. This means that it is not possible to know in advance the net asset value per Unit at which Units will be bought or sold (exclusive of any subscription or redemption fee as defined hereafter). Subscription, redemption and conversion applications have to be received and will be accepted for each compartment only in accordance with the provisions of chapter 7 above.

### **B. MARKET TIMING**

The Fund is not designed for investors with short-term investment horizons. Activities which may adversely affect the interests of the Fund's Unitholders (for example that disrupt investment strategies or impact expenses) such as market timing or the use of the Fund as an excessive or short-term trading vehicle are not permitted.

While recognizing that Unitholders may have legitimate needs to adjust their investments from time to time, the Board of Directors of the Management Company in its discretion may, if it deems such activities adversely affect the interests of the Fund or its Unitholders, take action as appropriate to deter such activities.

Accordingly if the Board of Directors of the Management Company determines or suspects that a Unitholder has engaged in such activities, it may suspend, cancel, reject or otherwise deal with that Unitholder's subscription or conversion applications and take any action or measures as appropriate or necessary to protect the Fund and its Unitholders.

## **11 - DEFINITION AND DETERMINATION OF THE NET ASSET VALUE**

The NAV per Unit of each compartment except for the Sub Funds Diversified Market Opportunities and Dynamic Mixed Allocation, expressed in the relevant currency of each compartment, will be determined by the Management Company on the 15th day and the last day of each month which is a Bank Business Day in Luxembourg (the "Valuation Day"). If the Valuation Day is not a Bank Business Day in Luxembourg, the NAV will be determined on the previous day which is a Bank Business Day in Luxembourg. The first Valuation Day shall be the 15th day or last day of the month following the end of the initial offering period.

The NAV per Unit of the Sub-Fund Diversified Market Opportunities, in the relevant currency, will be determined by the Management Company on a weekly basis, every Monday, which is a Bank Business Day in Luxembourg (the "Valuation Day for the Sub-Fund Diversified Market Opportunities"). If the Valuation Day for the Sub-Fund Diversified Market Opportunities is not a Bank Business Day in Luxembourg, the NAV will be determined on the previous day which is a Bank Business Day in Luxembourg.

The NAV per Unit of the sub-funds Dynamic Mixed Allocation and International Mixed Portfolio in the relevant currency, will be determined by the Management Company on a daily basis, which is a Bank Business Day in Luxembourg.

The NAV will be determined on the basis of the last available price by dividing the value of the assets less the liabilities (including any provisions considered by the Management Company to be necessary or prudent) of the relevant compartment by the total number of Units outstanding of such compartment at the time of the determination of such NAV.

To the extent feasible, investment income, interest payable, fees and other liabilities (including investment management fees and risk management fees) will be accrued daily.

For the allocation of the assets and liabilities, the Management Company has established in respect of each class of Units within a compartment in the following manner:

(a) the proceeds from the issue of each class of Units shall be applied in the books of the Fund to the compartment established for that class of Units and the assets and liabilities and income and expenditure attributable thereto shall be applied to such compartment subject to the provision set forth hereafter;

(b) when any asset is derived from another asset, such derivative asset shall be applied in the books of the Fund to the same compartment as the assets from which it was derived and on such revaluation of an asset, the increase or diminution in value shall be applied to the relevant compartment;

(c) when the Fund incurs a liability which relates to any asset of a particular compartment or to any action taken in connection with an asset of a particular compartment, such liability shall be allocated to the relevant compartment, provided however that all liabilities, whatever compartment they are attributable to, shall unless otherwise agreed upon with the creditors, be binding upon the Fund as a whole;

(d) in the case where any asset or liability of the Fund cannot be considered as being attributable to a particular compartment, such asset or liability shall be allocated to the compartment, pro rata to the total NAVs of the relevant classes of Units, provided that the Management Company may use another method of allocating such assets and liabilities if, in the opinion of the Management Company and of the auditors of the Fund, such method is equally fair and reasonable;

(e) upon the payment of dividends to the holders of any class of Units, the NAV of the relevant compartment shall be reduced by the amount of such dividends.

The assets of the Fund will be valued as follows:

- a) the value of any cash on hand or on deposit, bills and demand notes 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) securities and financial derivative instruments listed or traded on any Regulated Market, stock exchange in an Other State or Other Regulated Market will be valued at the last available price on such markets. If a security or a financial derivative instrument is listed or traded on several markets, the last available price at the market which constitutes the main market for such securities or financial derivative instruments, will be determining;
- c) securities not listed or traded on any Regulated Market, stock exchange in an Other State or Other Regulated Market will be valued at their last available market price;
- d) securities for which no price quotation is available or for which the price referred to in (a) and/or (b) is not representative of the fair market value, will be valued prudently, and in good faith on the basis of their reasonably foreseeable sales prices;
- e) the value of Money Market Instruments not listed or dealt in on any Regulated Market, stock exchange in an Other State or any Other Regulated Market and with remaining maturity of less than 12 months and of more than 90 days is deemed to be the nominal value thereof, increased by any interest accrued thereon. Money Market Instruments with a remaining maturity of 90 days or less will be valued by the amortised cost method, which approximates market value;
- f) values expressed in a currency other than the reference currency of a compartment shall be translated to the reference currency of a compartment at the average of the last available buying and selling price for such currency;
- g) the financial derivative instruments which are not listed on any official stock exchange or traded on any other organized market will be valued on a daily basis in accordance with market practice, with a constant, reliable and verifiable method;
- h) units or shares in underlying open-ended investment funds shall be valued at their last available net asset value.

In the event that extraordinary circumstances render such a valuation impracticable or inadequate, the Management Company is authorized, prudently and in good faith, to follow other rules in order to achieve a fair valuation of the assets of the Fund.

## 12 - AUDITORS OF THE MANAGEMENT COMPANY AND OF THE FUND

Pursuant to the Law, Deloitte Audit S.à r.l. has been appointed as auditor of the Management Company.

Pursuant to the Law, Deloitte Audit S.à r.l. has been appointed as auditor of the Fund.

## 13 - ACCOUNTING YEAR

The financial accounts of the Fund close on the 31<sup>st</sup> December every year.

The financial accounts of the Management Company close on the 31<sup>st</sup> December every year.

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

## 14 - FEES AND EXPENSES CHARGED TO THE FUND

### INVESTMENT MANAGEMENT FEE

The Management Company (for the Sub-Funds Balanced Portfolio 3, Rainbow Flexible Allocation and Emerging Market Equities) and the Investment Manager (for the Sub-Funds Diversified Market Opportunities, Dynamic Mixed Allocation, Global Strategy and International Mixed Portfolio) are entitled to receive an investment management fee, payable at the end of each quarter, at the following annual rates calculated on the average net assets of the relevant compartment for the quarter under review:

Compartments		Applicable rate
BALANCED	Balanced Portfolio 3	0.56% with a minimum of EUR 10,800.- per annum
MIXED PORTFOLIO	Rainbow Flexible Allocation	0.25% for Class EUR 0.85 % for Class B with a minimum of EUR 10,000. per annum for the Sub-Fund
	Diversified Market Opportunities	0.25% per annum for the Sub-Fund
	Dynamic Mixed Allocation	1% per annum for the Sub-Fund
	Global Strategy	0.25%, for Class Founder 1,5% for Class Retail 0.85% for Class Institutional per annum
	International Mixed Portfolio	0.25% per annum for the Sub-Fund

EQUITY	Emerging Market Equities	0.89% with a minimum of EUR 10,800.- per annum
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**RISK MANAGEMENT FEE**

The Management Company is entitled to receive a risk management fee, payable at the end of each quarter, at the following annual rates calculated on the average net assets of the relevant compartment for the quarter under review:

Compartments		Applicable rate
BALANCED	Balanced Portfolio 3	0,30% with a minimum of EUR 9,000.- per annum
MIXED PORTFOLIO	Rainbow Flexible Allocation	0,15% for Class EUR 0.15% for Class B with a minimum of EUR 20,000.- per annum for the Sub-Fund
	Diversified Market Opportunities	0,25% per annum for the Sub-Fund with a minimum of EUR 19,000.- per annum for the Sub-Fund
	Dynamic Mixed Allocation	0,20% per annum for the Sub-Fund
	Global Strategy	For Class Founder 0-25MM EUR: 0.25%, 25-40MM EUR: 0.20%, >40MM EUR: 0.175%  For Class Retail 0-25MM EUR: 0.25%, 25-40MM EUR: 0.20%, >40MM EUR: 0.175%  For Class Institutional 0-25MM EUR: 0.25%, 25-40MM EUR: 0.20%, >40MM EUR: 0.175%  with a minimum of EUR 19,000.- per annum for the Sub-Fund
	International Mixed Portfolio	0,25% per annum for the Sub-Fund with a minimum of EUR 19,000.- per annum for the Sub-Fund
EQUITY	Emerging Market Equities	0,30% with a minimum of EUR 19,000.- per annum

**INVESTMENT ADVISORY FEE**

The remuneration of the Investment Advisor shall be paid by the Management Company out of the investment management fee for the Sub-Funds Balanced Portfolio 3, Rainbow Flexible Allocation and Emerging Market Equities and directly by the Sub-Fund for Global Strategy.

Compartments		Applicable rate
BALANCED	Balanced Portfolio 3	0.20% for Class EUR, Class USD and Class B per annum
MIXED PORTFOLIO	Rainbow Flexible Allocation	0.10% for Class EUR 0.20% for Class B per annum
	Global Strategy	0.05% for Founder Class 0.15% for Class Retail 0.10% for Class Institutional per annum
EQUITY	Emerging Market Equities	0.20% for Class EUR, Class USD and Class B per annum

**DISTRIBUTION FEE**

The Management Company is entitled to receive a distribution fee, payable monthly in arrears, at the following rates calculated on the average net assets of the relevant compartment for the month

Compartments		Applicable rate
BALANCED	Balanced Portfolio 3	1,13% for Class EUR and Class USD 0.60% for Class B
MIXED PORTFOLIO	Rainbow Flexible Allocation	n/a
	Diversified Market Opportunities	n/a
	Dynamic Mixed Allocation	n/a
	Global Strategy	n/a
	International Mixed Portfolio	n/a
EQUITY	Emerging Market Equities	1.90% for Class EUR and Class USD 0.95% for Class B

**DOMICILIATION FEE**

The Management Company is entitled to receive a domiciliation fee, payable yearly in advance, for the following amounts, starting August 1<sup>st</sup>, 2023:

Compartments		Applicable amount
BALANCED	Balanced Portfolio 3	EUR 5,270.- per annum
MIXED PORTFOLIO	Rainbow Flexible Allocation	EUR 5,270.- per annum
	Dynamic Mixed Allocation	EUR 2,635.- per annum
	Diversified Market Opportunities	EUR 2,635.- per annum
	Global Strategy	EUR 2,635.- per annum
	International Mixed Portfolio	EUR 2,635.- per annum
EQUITY	Emerging Market Equities	EUR 5,270.- per annum

Domiciliation fees are automatically indexed as of January of each year on two external components which are (i) the Luxembourg Statec index and (ii) the ABBL collective agreement directive.

Until July 31<sup>st</sup>, 2023, the domiciliation fee will remain as follows:

Compartments		Applicable amount
BALANCED	Balanced Portfolio 3	EUR 5,000.- per annum
MIXED PORTFOLIO	Rainbow Flexible Allocation	EUR 5,000.- per annum
	Dynamic Mixed Allocation	EUR 2,500.- per annum
	Diversified Market Opportunities	EUR 2,500.- per annum
	Global Strategy	EUR 2,500.- per annum
EQUITY	Emerging Market Equities	EUR 5,000.- per annum

**DEPOSITARY FEES**

The Depositary is entitled to such fees as will be determined from time to time by agreement between the Management Company and the Depositary provided such fees are customary for such type of services. The Depositary fees are based on the average net assets of each compartment and are payable monthly. In particular, the Depositary is entitled to the following fees:

<b>Depository Fees</b>	<p>Applicable Rates</p> <p>This remuneration is subject to a minimum amount of EUR 8,500.- per annum, per Sub-Fund, with a maximum of 0.065% per annum and per Sub-Fund out of the net assets at the end of the month.</p>
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**CENTRAL ADMINISTRATION FEES** (including the registrar and transfer service);

The Administrative Agent 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.

<b>Central Administration Fees (including the registrar and transfer service) for: Emerging Market Equities, Rainbow Flexible Allocation and Balanced Portfolio 3</b>	<ul style="list-style-type: none"> <li>- a fee of maximum 0.008% per annum and per Sub-Fund out of the assets under administration; plus</li> <li>- a fixed fee of 16.000 per annum, and per sub fund for a fortnightly net asset calculation</li> </ul>
<b>Central Administration Fees (including the registrar and transfer service) for Global Strategy</b>	<ul style="list-style-type: none"> <li>- 14 000 EUR p.a.</li> <li>- 0-50 M EUR: 0,005%;</li> <li>- 50-100 M EUR: 0,004%;</li> <li>- 100-250 M EUR: 0,003%;</li> <li>- &gt;250 M EUR: 0,001%] p.a.</li> </ul>
<b>Central Administration Fees (including the registrar and transfer service) for Diversified Market Opportunities</b>	<ul style="list-style-type: none"> <li>- 16 500 EUR p.a.</li> <li>- 0-50 M EUR: 0,008%;</li> <li>- 50-100 M EUR: 0,007%;</li> <li>- 100-250 M EUR: 0,006%;</li> <li>- &gt;250 M EUR: 0,0015%] p.a.</li> </ul>
<b>Central Administration Fees (including the registrar and transfer service) for Dynamic Mixed Allocation and International Mixed Portfolio</b>	<ul style="list-style-type: none"> <li>- 20 500 EUR p.a.</li> <li>- [0-50 M EUR: 0,016%;</li> <li>- 50-100 M EUR: 0,014%;</li> <li>- 100-250 M EUR: 0,01%;</li> <li>&gt;250 M EUR: 0,0025%] p.a.</li> </ul>

The Depository and the Administrator, Registrar and Transfer Agent are also entitled to transaction-based fees in accordance with its normal commercial scale as agreed with the Management Company, as well as reimbursement of its out-of-pocket expenses incurred by it on behalf of the Fund and/or the Management Company and is finally entitled to receive fees in relation to the activity of compliance monitoring.

Any custody charges of banks and financial institutions to whom custody of assets of the Fund is entrusted will be borne by the Fund.

The Fund further bears all the fees and expenses more fully described in the Management Regulations.

The costs and expenses resulting from the formation of the Fund, including the preparation and the publication of the Prospectus, and various fees to be paid to the Luxembourg Stock Exchange, printing costs and all other costs relating to the incorporation of the Fund and the initial issue of its Units have been amortized over a period not exceeding 5 accounting years since the establishment of the Fund.

After such period, any further compartment that has and/or will be created has and/or shall only bear the preliminary expenses relating to its own launching.

The Management Company bears its own expenses.

**PERFORMANCE FEE****RAINBOW FCP – DYNAMIC MIXED ALLOCATION**

The Investment Manager may receive for the Class A of the Sub-fund a performance fee (“Performance Fee”), paid annually, based on the net asset value per unit (“NAV per unit”), equivalent to a 5% performance rate of the positive performance against the High WaterMark. The performance fee calculation will also take into account crystallization.

The Performance Fee is calculated in respect of each accounting year (the “Calculation Period”), i.e. from 1st of January to 31st of December each year. The first Calculation Period for the relevant Class of the Sub-Fund begins on the date of the first net asset value (“NAV”) and will end on the first 31<sup>st</sup> of December after a minimum period of 12 months.

The performance reference period (the “Performance Reference Period”) is the time horizon over which the performance is measured and compared with the reference indicator, at the end of which the mechanism for the compensation for past underperformance (or negative performance) can be reset. The Performance Reference Period is set to 5 years.

The Performance Fee is calculated and accrued at each NAV calculation, provided that the current NAV per unit of the relevant Class of Units is higher than the High Watermark (as defined below), on the basis of the gross assets determined on each Valuation Day after deducting all expenses, the management fee (but not the performance fee) and adjusting for subscriptions, redemptions, dividends (if applicable) and conversions (if applicable) on the relevant Valuation Day so that these will not affect the Performance Fee payable.

Should the last Business Day of the relevant Calculation Period not be a Valuation Day, the Class will calculate a special NAV on that Business Day in accordance with the provisions set out into the Chapter 11 - DEFINITION AND DETERMINATION OF THE NET ASSET VALUE of the Prospectus but for the sole purposes of calculating and accruing the Performance Fee for the relevant Calculation Period.

No requests for subscriptions, redemptions or conversions will be accepted on the basis of the special NAV, excepted if the last Business Day of the relevant Calculation Period is a Valuation Day.

The Performance Fee is payable annually in arrears as at the end of each annual Calculation Period.

The High Watermark is a performance measure that is used to ensure that a Performance Fee is only charged where the value of the Class of Units has increased in absolute terms over the course of the Calculation Period. It is based on the NAV of the relevant Class of the Sub-Fund on the last Business Day of the last Calculation Period on which a Performance Fee was paid. If no Performance Fee is payable at the end of the Calculation Period the High Watermark will remain unchanged as of the end of the prior Calculation Period.

Only at the end of five years of underperformance, losses can be reset on a yearly rolling basis, by writing off the first year of performance of the current Performance Reference Period of the relevant Class of the Sub-Fund. In this circumstance, The High Watermark will be reset to the maximum value of the NAVs on the last Business Day of each Calculation Period belonging to the current Performance Reference Period of the relevant Class of the Sub-Fund.

The Performance Fee accrual will be included in the calculation of the NAV per Unit at which Units will be subscribed and redeemed. However, if at any Valuation Day, the current NAV falls below the High Watermark, no Performance Fee will be accrued in the daily NAV per Unit. This will remain the case until such a fall or “underperformance” has been recovered.

Crystallization of the performance fee occurs on the last valuation of each Calculation Period, on the effective date of the liquidation of the relevant Class of the Sub-Fund and/or on the effective date of a merger with another UCI. Any performance fee due is payable out of the relevant Class of the Sub-fund in arrears after the end of the Calculation Period or after the effective date of the liquidation or merger.

Accordingly, once the performance fee has crystallized, no refund will be made in respect of any performance fee paid out at that point in subsequent Calculation Periods.

If there is a net redemption, dividend and/or conversion of Units at any Valuation Day before the end of the Calculation Period, any accrued performance fee with respect to such redeemed Units will crystallize on that valuation and will then become payable.

Example 1 of the Performance Fee calculation:

Considering 5% of Performance Fee rate and no subscription, redemption, dividend and conversion during the periods

Calculation Period	Initial NAV per unit	Final NAV per unit (before performance fees)	Final NAV per unit (after performance fees)	High Watermark	Performance fee per unit
Y1	100.00	100.00	100.00	100.00	0,00
Y2	100.00	95.00	95.00	100.00	0,00
Y3	95.00	103.00	102.85	100.00	0,15 (1)
Y4	102.85	98.00	98.00	102.85	0,00
Y5	98.00	105.00	104.89	102.85	0,11 (2)
Y6	104.89	110.00	109.74	104.89	0,26 (3)

- (1)  $(103 - 100) \times 5\% = 0.15$  Underperformance of previous years has been recovered as the Final NAV per share exceeded the HWM.  
(2)  $(105 - 102.85) \times 5\% = 0.11$   
(3)  $(110 - 104.89) \times 5\% = 0.26$

Example 2 of the Performance Fee calculation:

Considering 5% of Performance Fee rate and no subscription, redemption, dividend and conversion during the periods

Calculation Period	Initial NAV per unit	Final NAV per unit (before performance fees)	Final NAV per unit (after performance fees)	High Watermark	Performance fee per unit
Y1	100.00	100.00	100.00	100,00	0,00
Y2	100.00	97.00	97.00	100.00	0,00
Y3	100.00	95.00	95.00	100,00	0,00
Y4	95.00	98.00	98.00	100,00	0,00
Y5	98.00	93.00	93.00	100,00	0,00
Y6	93.00	92.00	92.00	98,00 (1)	0,00
Y7	92.00	105.00	104.65	98,00	0,35 (2)

- (1) Reset of the High Watermark: The HWM has been reset to 98.00, the highest final NAV per unit of the last 5 years  
(2)  $(105 - 98) \times 5\% = 0.35$

## 15 - DISTRIBUTIONS

Each year, upon the closing of the accounts of the Fund on 31<sup>st</sup> December, the Management Company will determine if and to what extent, distributions are payable to the Unitholders of each compartment.

The Management Company does not presently intend to declare any dividends.

Dividends, if any, declared will, at the election of each Unitholder, be paid in cash or reinvested in additional Units of the compartment in respect of which the dividends were declared at the net asset value per Unit on the payment date of such dividend.

Election to receive dividends in cash or Units is made at the time Units are subscribed for and may be changed at any time prior to record date for a particular dividend. There is no issue commission or other charge in connection with the reinvestment of dividends.

No distribution will be made as a result of which the net assets of the Fund would become less than the minimum required by Luxembourg law.

In the event of agreeing a distribution of dividends, distributions not claimed within 5 years shall be forfeited and revert to the relevant compartment.



## 16 - TAX STATUS

### TAXATION OF THE FUND

The Fund is subject to Luxembourg law with respect to its tax status. Under legislation and regulations currently prevailing in Luxembourg the Fund is subject to an annual tax of 0.05 per cent per annum (“*Taxe d’abonnement*”) of its NAV, such tax being payable quarterly on the basis of the value of the assets of the Fund at the end of the relevant calendar quarter.

However this percentage is reduced to 0.01%:

- when the relevant compartment is dedicated to Institutional Investors in the meaning of Article 129(1) of the Law;
- or when the investment policy of a relevant compartment (such investment policy being specified under chapter 2 and Appendix I to this Prospectus), fulfils the conditions stated in the Grand-Ducal decree of April 14, 2003 taken in execution of article 174 of the Law.

Income received by the Fund on its investments may be subject to different non-recoverable withholding taxes in the countries of origin.

### TAXATION OF THE UNITHOLDERS

#### *EU Tax Considerations for individuals resident in the EU or in certain third countries or dependent or associated territories*

On 3 June 2003, the Council of the European Union adopted Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the “Directive”). The Directive imposes withholding or reporting requirements on the “paying agent” (as defined by the Directive) resident within the European Union (or one of the non-European Union states or territories having agreed to apply similar measures) where that paying agent makes payments of interest (including distributions and redemptions) cross-border to an individual or certain entities resident in another EU Member State (or in a territory that has opted for reciprocity, i.e. has agreed to adopt the same measures). If such a payment is subject to withholding tax, the beneficiary can avoid such withholding tax by submitting a certificate of exemption or an authorisation to exchange information, depending on the options proposed by the paying agent and the country of establishment.

In respect of interest distributed by investment funds, the Directive provides that “interest payment” includes income deriving from interest payments either directly or through a residual entity, distributed by (i) a UCITS; (ii) entities which have opted to be treated as a UCITS; and (iii) undertakings for collective investment established outside the territory of the European Union, or income realised upon the sale, refund or redemption of units of such undertakings and entities.

The transitional tax scheme foreseen by the Directive which was implemented into Luxembourg law by the amended law of 21 June 2005 came to an end on 31 December 2014.

From 1 January 2015, in the event of redemption of Units in a compartment or dividend payments made by a compartment, the savings income will be automatically reported to the tax authorities of the country of residence of the beneficiary, and as a matter of consequence will no longer be subject to withholding tax.

The exchange of information will occur on an annual basis, the first occurrence being in the first quarter of 2016, and to cover interest income received during the previous year. The exchange of information will include information related to interest income on savings and investments.

***The foregoing is only a summary of the implications of the Directive, is based on the current interpretation thereof and does not purport to be complete in all respects. It does not constitute investment or tax advice and investors should therefore seek advice from their financial or tax adviser on the full implications for themselves of the Directive.***

The Fund reserves the right to reject any application for Units if the information provided by any prospective investor does not meet the standards required by the Law as a result of the Directive.

The foregoing is only a summary of the implications of the Directive and the Law, is based on the current interpretation thereof and does not purport to be complete in all respects. It does not constitute investment or tax advice and investors should therefore seek advice from their financial or tax adviser on the full implications for themselves of the Directive and the Law.

### 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 1st 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 Unitholders as per the CRS Law (the "Reportable Persons") and (ii) Controlling Persons 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 Unitholders providing the Fund with the Information, along with the required supporting documentary evidence. In this context, Unitholders are hereby informed that, as data controller, the Fund will process the Information for the purposes as set out in the CRS Law. Unitholders also undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Fund.

Unitholders 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, Unitholders undertake to inform the Fund within thirty (30) days of receipt of these statements should any included Personal Data be not accurate. Unitholders 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.

### *Luxembourg*

Subject to the provisions of the Law, Unitholders are not subject to any capital gains, income, withholding, gift, estate, inheritance or other tax in Luxembourg, except for investors domiciled, resident or having a permanent establishment in Luxembourg and except for certain former residents of Luxembourg owning more than 10% of the Units in the Fund. The following summary is based on the law and practice currently in force in the Grand Duchy of Luxembourg and is subject to changes therein.

Potential subscribers to the Fund should inform themselves on applicable laws and regulations (i.e. as to the possible tax requirements or foreign exchange control) of the countries of their citizenship, residence or domicile, and which might be relevant to the subscription, purchase, holding and redemption of Units.

### *Spain*

Additionally, the Unitholders with their fiscal domicile in Spain will be subject to the Spanish Tax regulation in case of redemptions.

## 17. LIQUIDATION - DISSOLUTION - MERGER

The Fund is created for an undetermined period provided, however, that it shall be terminated and totally dissolved, if (i) in the judgement of the Management Company and the Depositary, the termination of the Fund can best serve the interest of the Unitholders, (ii) in the judgement of the Management Company and the Depositary circumstances beyond their control compel them to terminate the Fund, (iii) the Management Company is to be dissolved and liquidated and (iv) in any other cases provided for by Luxembourg law. Unitholders may not request dissolution or partition of the Fund.

The notice of liquidation shall be published in the RESA and in at least two newspapers with appropriate distribution, at least one of which must be a Luxembourg newspaper. Issuance, redemption and conversion of Units will cease at the time of the decision or event leading to the winding-up.

Unless a derogation is obtained, 9 (nine) months after the decision to liquidate the Fund, the proceeds thereof corresponding to Units not surrendered will be kept in safe custody with the Luxembourg *Caisse de Consignation* until the prescription period has elapsed. The amounts thus deposited and not claimed within the prescribed period, will be lost.

The Board of Directors of the Management Company may decide to close and/or liquidate a compartment every time the interest of the Unitholders of the same compartment will demand so (notably in case of changes in the political and/or economic situation, at the maturity of the investment objective of the compartment or if the net assets of the compartment have fallen below an amount such that it can no longer be managed in a cost efficient manner, if all or most of Unitholders have decided to order the sale of their Units), upon a duly motivated resolution.

The Unitholders will be notified by the Board of Directors of the Management Company or informed of its decision to liquidate. The net liquidation proceeds will be paid to the relevant Unitholders in proportion of the Units they are holding. Unless a derogation is obtained, 9 (nine) months after the decision to liquidate a compartment, the proceeds thereof corresponding to Units not surrendered will be kept in safe custody with the Luxembourg *Caisse de Consignation* until the prescription period has elapsed.

Any resolution of the Board of Directors of the Management Company to close and/or liquidate a compartment will entail automatic suspension of the NAV computation of the Units of the relevant compartment, as well as suspension of all redemption, subscription or conversion orders, whether pending or not.

In this case, the price per Unit shall be calculated in such a way to take into account the winding up costs, but without any deduction of a redemption fee or any other withholding. The formation expenses are to be totally amortized as soon as the winding up decision is taken.

- a) A merger of a compartment with another compartment of the same Fund can be decided by the Board of Directors of the Management Company when the net assets of the compartment have fallen below EUR 1.239.467,62, at the maturity of the investment objective of a compartment or when a change in the economic and political background has occurred and with the following conditions :
- ♦ the Unitholders of this compartment have to be offered the opportunity to request the redemption of their Units held in this compartment, at no cost, within a time limit of one month from the date of publication of the decision relative to this merger or from the date of mailing of the notice to registered Unitholders.  
At the end of this period, all Unitholders who have not made any use of this opportunity will deem to be committed with the merger decision.
  - ♦ The decision must be announced through a written notice to registered Unitholders or through a publication in the RESA and in two other newspapers with adequate circulation in the countries where Units are sold including a Luxembourg daily.  
This publication will detail the reasons and proceedings of the merger as well as the differences between the two relevant compartments and the free redemption facility.
- b) A merger of one or several compartments with another undertaking for collective investment subject to Part I of the Law, can be decided by the Board of Directors of the Management Company when the assets of the compartment have fallen below EUR 1.239.467,62, at the maturity of the investment objective of the compartment or when a change in the economic and political background has occurred and with the following conditions:

- ♦ The Unitholders of this compartment have to be offered the opportunity to request the redemption of their Units held in this compartment, at not cost, within a time limit of one month from the date of publication of the decision relative to this merger or from the date of mailing of the notice to registered Unitholders. At the end of this period, all Unitholders who have not made any use of this opportunity will be deemed to be committed with the merger decision.
- ♦ The decision must be announced through a written notice to registered Unitholders or through a publication in the RESA and in two other newspapers with adequate circulation in the countries where Units are sold, including a Luxembourg daily. This publication will detail the reasons and proceedings of the merger as well as the differences between the two relevant entities and the free redemption facility.

The merger of a compartment with a foreign-based undertaking for collective investment is not authorized.

## 18 - UNITHOLDERS' INFORMATION

Audited annual reports and unaudited semi-annual reports will be published and made available, free of charge, to the Unitholders at the registered office of the Administrator.

Any other financial information to be published concerning the Fund or the Management Company, including any suspension of the net asset value of any compartment, will be made available to the public at the offices of the Management Company, the Distributors and the Administrator.

The net asset value and the issue, redemption and conversion prices are available to the public at the offices of the Management Company, the Distributors and the Administrator.

All notices to Unitholders will be sent to the Unitholders at their addresses indicated in the register of Unitholders. Also notices to Unitholders will be published in a newspaper in Luxembourg (insofar as required by applicable regulations) and in newspapers issued in countries where the Fund's Units are offered or sold as decided by the Management Company from time to time.

The following documents shall be available for inspection during normal business hours at the registered office of the Administrator and the Distributors:

1. the Articles of Incorporation of the Management Company;
2. the Depositary Agreement between the Management Company and Quintet Private Bank (Europe) S.A. dated September 15<sup>th</sup>, 2022;
3. the Administrator, Registrar and Transfer Agent Agreement between the Management Company and Uifa S.A. dated October 1<sup>st</sup>, 2017.
4. the Investment Advisory Agreement between the Management Company and ALTERAREA EAF S.L. dated March 24<sup>th</sup>, 2016;
5. the Investment Management Agreement between the Management Company and Andbank Wealth Management, SGIIC, S.A.U. dated December 12<sup>th</sup>, 2023.
6. the Investment Management Agreement between the Management Company and Andorra Gestió Agricol Reig, S.A.U. SGOIIC. dated December 12<sup>th</sup>, 2023.
7. the latest annual and semi-annual reports of the Fund;
8. The Management Regulations of the Fund;
9. The KIDs of the Fund;

# APPENDIX I to the Prospectus

## **A. GENERAL PROVISIONS**

As further detailed in chapter 1 of this Prospectus, the Fund is conceived as a single entity with several different categories of compartments:

- ♦ *the mixed compartments*
- ♦ *the fixed income compartments*  
*Sub-category: the balanced compartments*
- ♦ *the equity compartments*

At the time of the issuance of this Prospectus, the Management Company offers for subscription the Units of the following compartments:

<b>Compartments</b>	
EQUITY	Emerging Market Equities
MIXED PORTFOLIO	Rainbow Flexible Allocation
	Diversified Market Opportunities
	Dynamic Mixed Allocation
	Global Strategy
	International Mixed Portfolio
BALANCED	Balanced Portfolio 3

### **Emerging Market Equities**

#### Classes of Units:

- Class EUR - accumulation

Subscriptions shall be accepted at a price per Unit of EUR 100.-

The Class EUR has been launched on December 31<sup>st</sup>, 1998.

- Class USD - accumulation

Subscriptions shall be accepted at a price per Unit of USD 100.-

The Class USD will be launched at a later stage when the Board of Directors deems it opportune.

- Class B – accumulation

Subscriptions shall be accepted at a price per Unit of EUR 100.-

Class B is available for institutional investors only investing at least EUR 300,000.

The Class B has been launched on November 15, 2021.

- Class EUR Segregated – accumulation

Subscriptions in this class are not accepted.

Class Segregated is available for existing investors at the launching date in the same proportion of Class EUR.

The Class Segregated has been launched on April 28, 2023 and will be managed in order to be liquidated

- Class B Segregated– accumulation

Subscriptions in this class are not accepted.

Class Segregated is available for existing investors at the launching date in the same proportion of Class B.

The Class Segregated has been launched on April 28, 2023 and will be managed in order to be liquidated.

### **Rainbow Flexible Allocation**

#### Classes of Units:

- Class EUR - accumulation

Subscriptions shall be accepted at a price per Unit of EUR 100.-.

The Class EUR has been launched on July 7<sup>th</sup>, 2016.

- Class USD - accumulation

Subscriptions shall be accepted at a price per Unit of USD 100.-

The Class USD will be launched at a later stage when the Board of Directors deems it opportune.

No issue commission will be applied in respect of subscriptions received in respect of the initial subscription.

- Class B – accumulation

Subscriptions shall be accepted at a price per Unit of EUR 100.-

The Class B will be launched at a later stage when the Board of Directors deems it opportune.

### **Diversified Market Opportunities**

#### Classes of Units:

- Class A EUR – accumulation intended for retail and institutional investors

Subscriptions shall be accepted at a price per Unit of EUR 100.-.

The initial subscription period will be for Class A from 26 September, 2022 to 30 September, 2022 (before noon Luxembourg Time).

The payment value date will be on 30 September, 2022.

The first Net Asset Value will be dated 3 October, 2022.

The Board of Directors reserves the right to close the initial subscription period before the scheduled date. If no subscription has been received on the closing of the initial subscription period, the launch date will be the next Business Day on which the first subscriptions for the relevant Classes will have been accepted at the relevant initial price defined here above. The Board of Directors at its own discretion may establish an extension of the initial subscription period and/or a change of the launch date.

### **Dynamic Mixed Allocation**

#### Classes of Units:

Class A EUR – accumulation intended for retail and institutional investors

Subscriptions shall be accepted at a price per Unit of EUR 100.-.

The initial offering period will be for Class A from 22 August, 2022 to 26 August, 2022 (before noon Luxembourg Time).

The payment value date will be on 26 August, 2022.

The first Net Asset Value will be dated 29 August, 2022.

The Board of Directors reserves the right to close the initial subscription period before the scheduled date. If no subscription has been received on the closing of the initial subscription period, the launch date will be the next Business Day on which the first subscriptions for the relevant Classes will have been accepted at the relevant initial price defined here above. The Board of Directors at its own discretion may establish an extension of the initial subscription period and/or a change of the launch date.

## **Global Strategy**

### Classes of Units:

- Class Founder (EUR) – accumulation intended for Founder investors  
Subscriptions shall be accepted at a price per Unit of EUR 100.-.
- Class Retail (EUR) – accumulation intended for retail investors  
Subscriptions shall be accepted at a price per Unit of EUR 100.-.  
The Class Retail is available for retail investors only investing at least EUR 100.
- Class Institutional (EUR) – accumulation intended for institutional investors  
Subscriptions shall be accepted at a price per Unit of EUR 100.-.  
The Class Institutional is available for Institutional investors only investing at least EUR 500,000.

The initial subscription period will be for Class Founder, Class Retail, Class Institutional from 5 September, 2022 to 9 September, 2022 (before noon Luxembourg Time).

The payment value date will be on 9 September, 2022.

The first Net Asset Value will be dated 12 September, 2022.

The Board of Directors reserves the right to close the initial subscription period before the scheduled date. If no subscription has been received on the closing of the initial subscription period, the launch date will be the next Business Day on which the first subscriptions for the relevant Classes will have been accepted at the relevant initial price defined here above. The Board of Directors at its own discretion may establish an extension of the initial subscription period and/or a change of the launch date.

## **International Mixed Portfolio**

### Classes of Units:

- Class A EUR – accumulation intended for retail and institutional investors  
  
The initial subscription period will be for Class A EUR from 13 July, 2023 to 19 July, 2023 (before noon Luxembourg Time).  
The payment value date will be 20 July, 2023.  
The first Net Asset Value will be dated 20 July, 2023.

The Board of Directors reserves the right to close the initial subscription period before the scheduled date. If no subscription has been received on the closing of the initial subscription period, the launch date will be the next Business Day on which the first subscriptions for the relevant Classes will have been accepted at the relevant initial price defined here above. The Board of Directors at its own discretion may establish an extension of the initial subscription period and/or a change of the launch date.

## **Balanced Portfolio 3**

### Classes of Units:

- Class EUR - accumulation  
  
Subscriptions shall be accepted at a price per Unit of EUR 100.-  
  
The Class EUR has been launched on September 15<sup>th</sup>, 2014.
- Class USD - accumulation  
  
Subscriptions shall be accepted at a price per Unit of USD 100.-  
  
The Class USD will be launched at a later stage when the Board of Directors deems it opportune.
- Class B – accumulation  
  
Subscriptions shall be accepted at a price per Unit of EUR 100.-  
  
Class B is available for institutional investors only investing at least EUR 300,000.  
  
The Class B has been launched on November 15, 2021.



- Class EUR Segregated– accumulation

Subscriptions in this class are not accepted.

Class Segregated is available for existing investors at the launching date in the same proportion of Class EUR.

The Class Segregated has been launched on April 28, 2023.

- Class B Segregated– accumulation

Subscriptions in this class are not accepted.

Class Segregated is available for existing investors at the launching date in the same proportion of Class B.

The Class Segregated has been launched on April 28, 2023.

The Board of Directors of the Management Company reserves the right to close the initial subscription period before the scheduled date. If no subscription has been received on the closing of the initial subscription period, the launch date will be the next Business Day on which the first subscriptions for the relevant Classes will have been accepted at the relevant initial price defined here above. The Board of Directors of the Management Company at its own discretion may establish an extension of the initial subscription period and/or a change of the launch date.

## **B. INVESTMENT POLICIES OF THE COMPARTMENTS**

# THE MIXED COMPARTMENTS

## **RAINBOW FLEXIBLE ALLOCATION**

The compartment seeks to achieve capital growth over the long term investing in a diversified global portfolio.

In order to achieve this objective, the compartment will invest in different eligible types of asset classes, such as, but not limited to, equities, bonds, UCITS or UCIs and money market instruments. The allocation of the portfolio may vary according to the portfolio manager's expectations.

The compartment will invest at least a minimum portion of its assets in equities of large and medium companies. The investments can be done directly or indirectly, through financial derivative instruments or other UCITS/UCIs.

The compartment will invest in fixed income instruments without rating restrictions. The average duration will be dynamically managed by the portfolio manager and may vary depending on market conditions, even if the strategy will be focused in short term bonds. The investments can be done directly or indirectly, through financial derivative instruments or other UCITS/UCIs.

The compartment will invest especially in the OECD countries; anyway the compartment could take exposure to the emerging markets funds for a residual portion of its assets.

The compartment 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, OTC derivatives, single stock CFDs, basket CFDs and index CFDs.

The compartment may invest up to 20% of its net assets in structured securities such as asset backed securities ("ABS"), mortgage backed securities or collateralized obligations with a pay-off linked to the relevant markets rather than actually investing in the markets. The term ABS covers, among other securities, all securities resulting from so-called "securitization" activities (cash or synthetic). Securitization is the mechanism whereby specific financial assets are converted into securities that can be traded on the financial markets. There are three main types of ABS related to securitization,

corresponding to specific asset categories: Traditional Asset Backed Securities, Mortgage Backed Securities and Collateralized Debt Obligations. The portfolio manager will select ABS generating the most predictable and secure flows of cash. In addition, the term ABS also covers securities which are not resulting from securitization activities, such as securities which are secured by assets, but whose cash flows do not necessarily derive from the cash flows of the underlying assets.

**Asset backed and mortgage backed securities may be highly illiquid, subject to adverse changes to interest rates and to the risk that the payment obligations relating to the underlying assets are not met.**

The Sub-Fund may hold on an ancillary basis up to 20% of its assets in bank deposits at sight, such as cash held in current accounts with bank accessible at any time, 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 unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors, for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008.

### **SFDR**

The Management Company of the Sub-Fund decides not to currently consider the adverse effects of investment decisions on sustainability factors for the Fund as defined in Article 7 (2) of the SFDR Regulation.

As per the current investment strategy and the composition of the portfolio, the Management Company assesses that such impact deems not to be relevant and does not currently have the capabilities for collecting ESG elements for determining and weight with more accuracy the negative sustainability effects.

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

## **DIVERSIFIED MARKET OPPORTUNITIES**

The Sub-Fund aims to achieve long-term capital appreciation by investing in a diversified mixed global portfolio.

The asset allocation of the Sub-Fund will consider the specific macroeconomic environment of the investments, including not only the global macroeconomic data, but considering as well leading and lagging economic indicators, research and estimates of the main international organizations. The companies will be evaluated then following a top down analysis and prioritizing the quality of the company. To determine its quality, historical and projected fundamental ratios will be considered including a discounted cash flow analysis in order to obtain the company intrinsic value and its ability to generate profit. Those companies whose market value is lower than its intrinsic value, with debt ratios below the sector the company operates, and profitability ratios above them will be selected.

The Sub-Fund intends to achieve its investment objective essentially by investing in OECD countries and by holding between 20% to 80% of its assets in equity and equity-linked securities (including but not limited to ordinary or preferred shares, close-ended Real Estate Investment Trusts and ADRs/GDRs) and the remaining part of its assets, directly or through UCITS/UCIs, in debt securities (including but not limited to fixed or floating-rate, zero-coupon, convertible bonds, contingent convertible bonds ("CoCos")) and money market instruments, issued by corporate and sovereign issuers with no predetermination as to the selection of the companies by market capitalization.

The Sub-Fund will not invest more than 10% of its assets in CoCos and convertible bonds in aggregate, and not more than 20% of its assets in high yield securities. The Sub-Fund may hold securities that are not rated up to 5% of its assets by one or more of the main rating agencies (Moody's, Standard & Poors & Fitch), or in its absence, by a professional recognized rating agency registered and/or regulated by the ESMA.

The Sub-Fund may invest in emerging markets up to 20% of its assets.

The Sub-Fund may indirectly invest up to 10% of its assets through ADRs/GDRs, in companies domiciled in, or with main activities within the OECD and the Peoples Republic of China, Hong Kong and Macao.

The Sub-Fund will not invest in distressed securities.

The Sub-Fund may use financial derivative instruments for investment or hedging purposes. The types of derivatives may include, but are not limited to, single stock and equity index futures comprised by a basket of securities listed within a specific stock market such as but not limited to Standard & Poor's 500 Index, Dow Jones Industrial Average Index or the DAX Stock Index (including its respective E-

Mini's (E-Mini's are electronically traded futures contracts which are a fraction of the value of corresponding standard futures contracts)), single stock and equity index options, currency futures and forwards.

The Sub-Fund may hold on an ancillary basis up to 20% of its assets in bank deposits at sight, such as cash held in current accounts with bank accessible at any time, 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 unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors, for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008.

It should be noted that the investment in other UCITS and/or other UCIs may entail to consider the fees and expenses of the Sub-Fund and the ones of the target Funds. The aggregate management fees charged both to the Sub-Fund and to the target UCITS and/or UCIs may not exceed 2.5%.

## **SFDR**

The Investment Manager of the Sub-Fund decides not to currently consider the adverse effects of investment decisions on sustainability factors for the Sub-Fund as defined in Article 7 (2) of the SFDR Regulation.

As per the current investment strategy and the composition of the portfolio, the Investment Manager assesses that such impact deems not to be relevant and does not currently have the capabilities for collecting ESG elements for determining and weight with more accuracy the negative sustainability effects.

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

## **DYNAMIC MIXED ALLOCATION**

The Sub-Fund aims to achieve long-term capital appreciation by investing in a mixed and global diversified portfolio.

For achieving its objective, the sub-fund will structure the strategy through three complementary analyses that support objective of capital appreciation through a stable and de-correlated portfolio:

1. Global investment sectors or themes that fit the best with the macroeconomic expectations of the investment manager.
2. Markets or indices whose design and composition better capitalize the investment scenario.
3. Growth strategy focused on investing in equity securities and income generation by investing in debt instruments.

The Sub-Fund intends to achieve its investment objective by investing directly or indirectly through underlying UCITS/UCIs in OECD countries, and by holding between 40% to 80% of its assets in equity and equity-linked securities (including but not limited to ordinary, preferred shares and ADR/GDRs), and the remaining part of its assets in debt instruments (including but not limited to fixed or floating-rate, zero-coupon, convertible bonds, contingent convertible bonds ("CoCos")) and money market instruments, issued by corporate and sovereign issuers with no predetermination as to the selection of the companies by market capitalization.

The Sub-Fund will not invest more than 20% of its assets in securities rated by one or more of the main rating agencies (Moody's, Standard & Poors & Fitch), or in its absence, by a professional recognized rating agency registered and/or regulated by ESMA, as high yield securities.

The Sub-Fund will not invest more than 10% of its assets in non-rated securities.

The Sub-Fund will not invest more than 10% of its assets in CoCos.

The Sub-Fund may invest in emerging markets up to 50% of its assets, provided that these investments are well diversified and there is no concentration in a single emerging country of more than 20% of the assets.

The Sub-Fund may indirectly invest up to 10% of its assets through ADRs/GDRs, in companies domiciled in, or with main activities within the Peoples Republic of China, Hong Kong and Macao.

The Sub-Fund will not invest in distressed securities.

The Sub-Fund may use financial derivative instruments for hedging purposes. The types of derivatives may include, but are not limited to, single stock and equity index futures comprised by a basket of securities listed within a specific stock market such as but not limited to Standard & Poor's 500 Index, Dow Jones Industrial Average Index or the DAX Stock Index including its respective E-Mini's (E-Mini's are electronically traded futures contracts which are a fraction of the value of corresponding standard futures contracts), options, currency futures and forwards.

The Sub-Fund may hold on an ancillary basis up to 20% of its assets in bank deposits at sight, such as cash held in current accounts with bank accessible at any time, 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 unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors, for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008.

It should be noted that the investment in other UCITS and/or other UCIs may entail to consider the fees and expenses of the Sub-Fund and the ones of the target Funds. The aggregate management fees charged both to the Sub-Fund and to the target UCITS and/or UCIs may not exceed 2.5%.

### **SFDR**

The Investment Manager of the Sub-Fund decides not to currently consider the adverse effects of investment decisions on sustainability factors for the Sub-Fund as defined in Article 7 (2) of the SFDR Regulation.

As per the current investment strategy and the composition of the portfolio, the Investment Manager assesses that such impact deems not to be relevant and does not currently have the capabilities for collecting ESG elements for determining and weight with more accuracy the negative sustainability effects.

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

## **GLOBAL STRATEGY**

The Sub-Fund aims to achieve long-term capital appreciation by investing in a global diversified portfolio.

The investment manager will allocate the assets of the Sub-Fund based on a top-down approach, analyzing on a first instance the global macroeconomic environment such as the different countries GDP (Gross Domestic Product), trade balances, currency fluctuations, inflation, interest rates and social developments in order to identify and select the most outperforming sectors, industries or investable regions with focus (but not limited to) the OECD countries. According to the analysis performed, the investment manager will have flexibility to adapt its strategy to the selection made on sectors, industries or investable regions

Once those factors are examined, the investment manager will determine a diversified global portfolio by applying a fundamental approach on the companies best situated to benefit from the macroeconomic trends.

The Sub-Fund intends to achieve its investment objective by investing globally, directly or indirectly through underlying UCITS/UCIs, between 20% to 60% of its assets in equity and equity-linked securities (including but not limited to ordinary shares and ADRs/GDRs).

The Sub-Fund will invest the remaining part, directly or indirectly through underlying UCITS/UCIs, in debt securities rated as investment grade securities by one or more of the main rating agencies (Moody's, Standard & Poors & Fitch), or in its absence, by a professional recognized rating agency registered and/or regulated by the ESMA, (including but not limited to fixed or floating-rate and zero-coupon bonds and money market instruments), issued by corporate and sovereign issuers with no predetermination as to the selection of the companies by market capitalization.

The Sub-Fund will not invest more than 30% of its assets in other UCITS/UCIs.

The Sub-Fund will not invest more than 20% of its assets in debt securities rated as high yield by one or more of the main rating agencies (Moody's, Standard & Poors & Fitch), or in its absence, by a professional recognized rating agency registered and/or regulated by the ESMA.

The Sub-Fund may invest in emerging markets up to 20% of its assets.

The Sub-Fund may indirectly invest up to 10% of its assets through ADRs/GDRs, in companies domiciled in, or with main activities within the Peoples Republic of China, Hong Kong and Macao.

The Sub-Fund will not invest in distressed securities.

The Sub-Fund may use financial derivative instruments for hedging purposes. The types of derivatives may include, but are not limited to, single stock and equity index futures comprised by a basket of securities listed within a specific stock market such as but not limited to Standard & Poor's 500 Index, Dow Jones Industrial Average Index or the DAX Stock Index (including its respective E-Mini's (E-Mini's are electronically traded futures contracts which are a fraction of the value of corresponding standard futures contracts), single stock and equity index options..

The Sub-Fund may hold on an ancillary basis up to 20% of its assets in bank deposits at sight, such as cash held in current accounts with bank accessible at any time, 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 unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors, for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008.

It should be noted that the investment in other UCITS and/or other UCIs may entail to consider the fees and expenses of the Sub-Fund and the ones of the target Funds. The aggregate management fees charged both to the Sub-Fund and to the target UCITS and/or UCIs may not exceed 2.5%.

### **SFDR**

The Investment Manager of the Sub-Fund decides not to currently consider the adverse effects of investment decisions on sustainability factors for the Sub-Fund as defined in Article 7 (2) of the SFDR Regulation.

As per the current investment strategy and the composition of the portfolio, the Investment Manager assesses that such impact deems not to be relevant and does not currently have the capabilities for collecting ESG elements for determining and weight with more accuracy the negative sustainability effects.

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

## **International Mixed Portfolio**

The Sub-Fund aims to achieve long-term capital appreciation by investing in a global diversified portfolio.

The investment manager will allocate the assets of the Sub-Fund based on a top-down approach, analyzing on a first instance the global macroeconomic environment such as the different countries GDP (Gross Domestic Product), trade balances, currency fluctuations, inflation, interest rates and social developments in order to identify and select the most outperforming sectors, industries or investable regions with focus (but not limited to) the OECD countries. According to the analysis performed, the investment manager will have flexibility to adapt its strategy to the selection made on sectors, industries or investable regions.

Once those factors are examined, the investment manager will determine a diversified global portfolio by applying a fundamental approach on the companies best situated to benefit from the macroeconomic trends.

The Sub-Fund intends to achieve its investment objective by investing globally, directly or indirectly through underlying UCITS/UCIs, between 20% to 80% of its assets in equity and equity-linked securities (including but not limited to ordinary shares and ADRs/GDRs).

The Sub-Fund will invest the remaining part, directly or indirectly through underlying UCITS/UCIs, in debt securities rated as investment grade securities by one or more of the main rating agencies (Moody's, Standard & Poors & Fitch), or in its absence, by a professional recognized rating agency registered and/or regulated by the ESMA, (including but not limited to fixed or floating-rate and zero-coupon bonds and money market instruments), issued by corporate and sovereign issuers with no predetermination as to the selection of the companies by market capitalization.

The Sub-Fund will not invest more than 40% of its assets in debt securities rated as high yield by one or more of the main rating agencies (Moody's, Standard & Poors & Fitch), or in its absence, by a professional recognized rating agency registered and/or regulated by the ESMA.

The Sub-Fund will not invest in distressed securities.

The Sub-Fund Will not invest in Russian Securities, directly or indirectly.

The Sub-Fund will not invest more than 30% of its assets in other UCITS/UCIs.

The Sub-Fund may invest in emerging markets up to 40% of its assets.

The Sub-Fund may indirectly invest up to 30% of its assets through ADRs/GDRs, including companies domiciled in, or with main activities within the Peoples Republic of China, Hong Kong and Macao. The Sub-Fund will not directly invest in companies domiciled in, or with main activities within the Peoples Republic of China, Hong Kong and Macao.

The Sub-Fund may use financial derivative instruments for investment and hedging purposes. The types of derivatives may include, but are not limited to, single stock and equity index futures comprised by a basket of securities listed within an specific stock market such as but not limited to Standard & Poor's 500 Index, Dow Jones Industrial Average Index or the DAX Stock Index (including its respective E-Mini's (E-Mini's are electronically traded futures contracts which are a fraction of the value of corresponding standard futures contracts), single stock and equity index options..

The Sub-Fund may hold on an ancillary basis up to 20% of its assets in bank deposits at sight, such as cash held in current accounts with bank accessible at any time, 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 unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors, for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008.

It should be noted that the investment in other UCITS and/or other UCIs may entail to consider the fees and expenses of the Sub-Fund and the ones of the target Funds. The aggregate management fees charged both to the Sub-Fund and to the target UCITS and/or UCIs may not exceed 2.5%.

#### **SFDR**

The Investment Manager of the Sub-Fund decides not to currently consider the adverse effects of investment decisions on sustainability factors for the Sub-Fund as defined in Article 7 (2) of the SFDR Regulation.

As per the current investment strategy and the composition of the portfolio, the Investment Manager assesses that such impact deems not to be relevant and does not currently have the capabilities for collecting ESG elements for determining and weight with more accuracy the negative sustainability effects.

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

## **THE BALANCED COMPARTMENTS**

### **BALANCED PORTFOLIO 3**

The investment objective of this compartment is to provide long-term growth investing by an active and mixed asset allocation comprised by equity and fixed income in a diversified portfolio of world-wide securities.

The investment strategy of the compartment is to invest in a broad range of asset classes such as but not limited to: fixed income (issued by corporations and governments without rating and duration limitations), money market instruments, equities (focused in the OECD countries plus Russia), including ETFs and other UCIs and cash and cash equivalents.

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

The compartment 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, OTC derivatives, single stock CFDs, basket CFDs and index CFDs.

The Sub-Fund may hold on an ancillary basis up to 20% of its assets in bank deposits at sight, such as cash held in current accounts with bank accessible at any time, 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 unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors, for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008.

## **SFDR**

The Management Company of the Sub-Fund decides not to currently consider the adverse effects of investment decisions on sustainability factors for the Fund as defined in Article 7 (2) of the SFDR Regulation.

As per the current investment strategy and the composition of the portfolio, the Management Company assesses that such impact deems not to be relevant and does not currently have the capabilities for collecting ESG elements for determining and weight with more accuracy the negative sustainability effects.

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

# THE EQUITY COMPARTMENTS

## **EMERGING MARKET EQUITIES**

The investment strategy of the compartment is to invest in companies located or operating in emerging markets which are defined, but not limited to, by the World Bank classification.

The investments will consist in equities and debt instruments issued by companies that are listed on regulated exchanges in emerging markets. Pursuant to the provisions of article 41 of the Law, the compartment may invest, at the same time, in American Depositary Receipts and American Depositary Shares (collectively, "ADRs") and Global Depositary Receipts and Global Depositary Shares (collectively, "GDRs") and in those emerging companies listed in developed countries.

The compartment will invest essentially in equities and it may alternatively invest in fixed income without any duration or rating limitations.

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

The compartment 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, OTC derivatives, single stock CFDs, basket CFDs and index CFDs

The Sub-Fund may hold on an ancillary basis up to 20% of its assets in bank deposits at sight, such as cash held in current accounts with bank accessible at any time, 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 unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors, for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008.

**Depositary receipts are securities that evidence ownership interests in a security or pool of securities that have been deposited with a "depository." Depositary receipts may be sponsored or unsponsored and include American Depositary Receipts and American Depositary Shares (collectively, "ADRs") and Global Depositary Receipts and Global Depositary Shares (collectively, "GDRs") and other forms of depositary receipts. These securities may not necessarily be denominated in the same currency as the securities into which they may be converted. ADRs are typically issued by a United States bank or trust company which evidence ownership of underlying securities issued by a foreign corporation. GDRs are typically issued outside the United States by non-United States banks and trust companies that evidence ownership of either foreign or domestic securities. Depositary receipts may not necessarily be denominated in the same currency as the securities into which**

they may be converted and as such are exposed to the possible instability and the exchange rate risk of the currency the securities are denominated in. A depositary may establish an unsponsored facility without participation by the issuer of the deposited security. Holders of unsponsored depositary receipts generally bear all the costs of such facilities and the depositary of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited security or to pass through voting rights to the holders of such receipts in respect of the deposited securities. The instability or stability of the political system of the underlying issuer's country can affect the valuation of its securities and ultimately the value of the depositary receipt.

## **SFDR**

The Management Company of the Sub-Fund decides not to currently consider the adverse effects of investment decisions on sustainability factors for the Fund as defined in Article 7 (2) of the SFDR Regulation.

As per the current investment strategy and the composition of the portfolio, the Management Company assesses that such impact deems not to be relevant and does not currently have the capabilities for collecting ESG elements for determining and weight with more accuracy the negative sustainability effects.

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

## **C. RISK PROFILE AND INVESTOR'S PROFILE OF THE COMPARTMENTS**

The table below discloses the risk profile and the investor's profile of the compartments which at the date of the issuance of this Prospectus offer Units for subscription. Should the Board of Directors of the Management Company decide to launch any further compartment, this section of the Prospectus shall be amended accordingly.

	<b>RISK PROFILE</b>	<b>INVESTOR'S PROFILE</b>
<b>Mixed Portfolio</b>		
Rainbow Flexible Allocation	<p>The risks listed below are the main specific risks of the compartment:</p> <ul style="list-style-type: none"> <li>• Risks related to investments in equities and equity-related securities;</li> <li>• Risks related to investments in bonds, fixed income securities;</li> <li>• Risks related to investments in underlying funds;</li> <li>• Risks related to investments in financial derivative instruments;</li> <li>• Credit and counterparty risks;</li> <li>• Liquidity risks;</li> <li>• Risks related to currency exposure;</li> <li>• Midsize companies risk;</li> <li>• Risks related to investments in emerging and less developed markets;</li> <li>• Risks related to investments in asset backed securities and mortgage backed securities;</li> <li>• Settlement and custodial risk.</li> </ul> <p>The attention of the investors is particularly drawn to chapter 5 "Risk Considerations" and in particular risks described therein.</p>	<p>This compartment will suit investors who see investment funds as the best way of gaining exposure to capital market movements. It may also appeal to those aiming to balance income from bond and money markets, with some exposure to the capital appreciation generally offered by equities. Investors must have experience with volatile products and how they are affected by the performance of financial markets. They must also be able to bear significant short-term losses and, hence, be willing to maintain their investment for at least five years.</p>
<b>Diversified Market Opportunities</b>	<p>The risks listed below are the main specific risks of the compartment:</p> <ul style="list-style-type: none"> <li>• Risks related to investments in equities and equity-related securities;</li> </ul>	



	<ul style="list-style-type: none"> <li>• Risks related to investments in bonds; convertible bonds, CoCos;</li> <li>• Risks related to investments in underlying funds;</li> <li>• Risks related to investments in financial derivative instruments;</li> <li>• Risks of investments in ADRs/GDRs;</li> <li>• Risks of indirect investments in China</li> <li>• Emerging Market Risk</li> </ul> <p>The attention of the investors is particularly drawn to chapter 5 “Risk Considerations” and in particular risks described therein.</p>	
<b>Dynamic Mixed Allocation</b>	<p>The risks listed below are the main specific risks of the compartment:</p> <ul style="list-style-type: none"> <li>• Risks related to investments in equities and equity-related securities;</li> <li>• Risks related to investments in underlying funds;</li> <li>• Risks related to investments in bonds; convertible bonds, CoCos;</li> <li>• Risks related to investments in financial derivative instruments;</li> <li>• Risks of investments in ADRs/GDRs;</li> <li>• Risks of indirect investments in China</li> <li>• Emerging Market Risk</li> </ul> <p>The attention of the investors is particularly drawn to chapter 5 “Risk Considerations” and in particular risks described therein.</p>	
<b>Global Strategy</b>	<p>The risks listed below are the main specific risks of the compartment:</p> <ul style="list-style-type: none"> <li>• Risks related to investments in equities and equity-related securities;</li> <li>• Risks related to investments in underlying funds;</li> <li>• Risks related to investments in financial derivative instruments;</li> <li>• Risks of investments in ADRs/GDRs;</li> <li>• Risks of indirect investments in China</li> <li>• Emerging Market Risk</li> </ul> <p>The attention of the investors is particularly drawn to chapter 5 “Risk Considerations” and in particular risks described therein.</p>	
<b>International Mixed Portfolio</b>	<p>The risks listed below are the main specific risks of the compartment:</p> <ul style="list-style-type: none"> <li>• Risks related to investments in equities and equity-related securities;</li> <li>• Risks related to investments in bonds;</li> </ul>	

	<ul style="list-style-type: none"> <li>• Risks related to investments in underlying funds;</li> <li>• Risks related to investments in financial derivative instruments;</li> <li>• Risks of investments in ADRs/GDRs;</li> <li>• Risks of indirect investments in China</li> <li>• Emerging Market Risk</li> </ul> <p>The attention of the investors is particularly drawn to chapter 5 “Risk Considerations” and in particular risks described therein.</p>	
	<b>RISK PROFILE</b>	<b>INVESTOR'S PROFILE</b>
<b>Balanced Portfolio</b>		
Balanced Portfolio 3	<p>The risks listed below are the main specific risks of the compartment:</p> <ul style="list-style-type: none"> <li>• Risks related to investments in bonds, fixed income securities;</li> <li>• Risks related to investments in equities;</li> <li>• Risks related to investments in underlying funds;</li> <li>• Risks related to investments in emerging and less developed markets, including Russia;</li> <li>• Political and economic risk factors of emerging markets;</li> <li>• Risks related to foreign investment restrictions;</li> <li>• Settlement and custodial risks;</li> <li>• Risks related to investments in financial derivative instruments;</li> <li>• Credit and counterparty risks;</li> <li>• Liquidity risks;</li> <li>• Risks related to currency exposure.</li> </ul> <p>The attention of the investors is particularly drawn to chapter 5 “Risk Considerations” and in particular risks described therein.</p>	<p>The investors will achieve the highest possible return investing in fixed income with high performance but also with high volatility. The investors will plan a medium-long term investment horizon and will accept fluctuations in the NAV.</p>
	<b>RISK PROFILE</b>	<b>INVESTOR'S PROFILE</b>
<b>Equity Portfolio</b>		
Emerging Market Equities	<p>The risks listed below are the main specific risks of the compartment:</p> <ul style="list-style-type: none"> <li>• Risks related to investments in equities and equity-related securities;</li> <li>• Risks related to investments in debt instruments;</li> <li>• Risks related to investments in depositary receipts;</li> <li>• Risks related to investments in underlying funds;</li> <li>• Risks related to investments in financial derivative instruments;</li> <li>• Credit and counterparty risks;</li> <li>• Liquidity risks;</li> <li>• Risks related to currency exposure;</li> <li>• Risks related to investments in emerging and less developed markets;</li> </ul>	<p>Prospective investors are warned that any investment in emerging countries represents a higher risk level and thus more fluctuation of the net asset value. These risks include, but are not limited to, political, economic, legal and social uncertainties, as well as market and currency exchange rate volatility. The investors will be risky and will accept higher fluctuations than other equities investments.</p>

	<ul style="list-style-type: none"><li>• Political and economic risk factors of emerging markets;</li><li>• Risks related to foreign investment restrictions;</li><li>• Settlement and custodial risk.</li></ul> <p>The attention of the investors is particularly drawn to chapter 5 "Risk Considerations" and in particular risks described therein.</p>	
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**D. Classification of the active compartments pursuant to CSSF's Circular 11/512 concerning the risk transparency**

Name of the compartment	GLOBAL EXPOSURE DETERMINATION METHODOLOGY		LEVERAGE (for UCITS using the VaR Approach)	
	COMMITMENT Approach	ABSOLUTE VaR Approach	EXPECTED Level	MAXIMUM Level
EQUITY				
Emerging Market Equities	Yes	N.A.	N.A.	N.A.
MIXED PORTFOLIO				
Rainbow Flexible Allocation	Yes	N.A.	N.A.	N.A.
Diversified Market Opportunities	Yes	N.A.	N.A.	N.A.
Dynamic Mixed Allocation	Yes	N.A.	N.A.	N.A.
Global Strategy	Yes	N.A.	N.A.	N.A.
International Mixed Portfolio	Yes	N.A.	N.A.	N.A.
FIXED INCOME				
<i>the Balanced Compartments</i>				
Balanced Portfolio 3	Yes	N.A.	N.A.	N.A.