

# **PROSPECTUS**

**May 2018**

## **ITI Funds UCITS ETF SICAV**

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

The Directors of the Company, whose names appear under the heading "Management and Administration" in the Prospectus accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of the information.

## IMPORTANT INFORMATION

### GENERAL

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

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

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

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

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

An investment in the Company involves investment risks including those set out herein under Section 25.10 of the General Section. In addition, investors should refer to the Section “Specific Risk Factors” of the Special Section of the relevant Sub-Fund in order to assess – and inform themselves on – the risks associated with an investment in such specific Sub-Fund.

The Company is allowed to invest in FDIs. While the prudent use of FDIs can be beneficial, FDIs also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. A more detailed description of the risks relating to the use of FDIs may be found under Section 25.10 of the General Section.

The Shares of the relevant Sub-Fund may be listed on one or more Relevant Stock Exchanges and if so listed shall be fully transferable by Shareholders. For so long as the Shares of any Sub-Fund are listed on any Relevant Stock Exchange, the Sub-Fund shall endeavour to comply with the requirements of the Relevant Stock Exchange relating to those Shares.

Neither the admission of Shares of a Sub-Fund to listing on the Official List and trading on the Main Securities Market of the Irish Stock Exchange nor the approval of the Prospectus pursuant to the listing requirements of the Irish Stock Exchange shall constitute a warranty or representation by the Irish Stock Exchange as to the competence of service providers to or any other party connected with a Fund, the adequacy of information contained in the Prospectus or the suitability of a Fund for investment purposes.

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

## DEFINITIONS

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

## SELLING RESTRICTIONS

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

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

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

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

## PREVAILING LANGUAGE

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

## DATA PROTECTION

Certain personal data of Shareholders (including, but not limited to, the name, address and invested amount of each Shareholder) may be collected, recorded, stored, adapted, transferred or otherwise processed and used by the Company, the Management Company, the Administrator and the financial intermediaries of such Shareholders. In particular, such data may be processed for the purposes of account and distribution fee administration, anti-money laundering and terrorism financing identification, FATCA and CRS compliance,

maintaining the register of Shareholders, processing subscription, redemption and conversion orders and payments of dividends to Shareholders and to provide client-related services. Such information shall not be passed on any unauthorised third persons.

The Company may sub-contract to another entity (the **Processor**) located in the European Union (such as the Administrator) the processing of personal data. The Company undertakes not to transfer personal data to any third parties other than the Processor except if required by law or on the basis of a prior consent of the Shareholders.

Each Shareholder has a right of access to his/her/its personal data and may ask for a rectification thereof in case where such data is inaccurate or incomplete.

By subscribing to the Shares, each investor consents to such processing of its personal data. This consent is formalised in writing in the subscription form used by the relevant intermediary.

### **Telephone Recordings**

In addition, the investors, including their respective representatives and/or agents, are informed that for the purpose of serving as evidence of commercial transactions and/or any other commercial communications and of preventing or facilitating the settlement of any disputes or litigations (the **Purpose**), their telephone conversations with and/or instructions given to the Company, the Depositary, the Administrator, the Management Company and/or any other agent of the Company may be recorded in accordance with the applicable laws and regulations. These recordings are stored during the period of time necessary for the achievement of the Purpose and in accordance with the applicable laws and regulations. These recordings shall not be disclosed to any third parties, unless the Company, the Depositary, the Administrator, the Management Company and/or any other agent of the Company are/is compelled or are/is entitled to do so in accordance with applicable laws and regulations to achieve the Purpose.

## MANAGEMENT AND ADMINISTRATION

<b>Registered office of the Company</b>	20, boulevard Emmanuel Servais L-2535 Luxembourg Grand Duchy of Luxembourg
<b>Board of directors of the Company</b>	Vincent Decalf, chairman of the Board, Luxembourg  Gleb Yakovlev, Director, Moscow  Nikolay Dontsov, Director, Spain
<b>Management Company</b>	<b>Fuchs Asset Management S.A.</b> 49, boulevard Prince Henri L-1724 Luxembourg Grand Duchy of Luxembourg  <b>Board of the directors of the Management Company</b>  Jean Fuchs, chairman of the board of directors, Luxembourg  Timothé Fuchs, director, Luxembourg  Pierre-Yves Augsburgberger, director, Luxembourg  <b>Conducting Persons of the Management Company</b>  Timothé Fuchs  Bertrand Barthel
<b>Investment Manager</b>	<b>Da Vinci Capital Management Limited</b> Old Bank Chambers La Grande Rue St Martin's, Guernsey Channel Islands GY4 6RT
<b>Depository and Paying Agent</b>	<b>Edmond de Rothschild (Europe)</b> 20, boulevard Emmanuel Servais L-2535 Luxembourg Grand Duchy of Luxembourg
<b>Administrator</b>	<b>Edmond de Rothschild Asset Management (Luxembourg)</b> 20, boulevard Emmanuel Servais L-2535 Luxembourg Grand Duchy of Luxembourg
<b>Auditor</b>	<b>KPMG Luxembourg, Société coopérative</b> 39, Avenue John F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg

**Legal adviser as to Luxembourg law**

**Dechert (Luxembourg) LLP**  
1, Allée Scheffer  
L-2520 Luxembourg  
Grand Duchy of Luxembourg

**Legal adviser as to Irish law**

**Dechert LLP**  
3 George's Dock  
IFSC  
Dublin 2  
Ireland

**Irish Stock Exchange Listing Agent**

**Davy**  
Davy House  
49 Dawson Street  
Dublin 2  
Ireland

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**PART A – GENERAL SECTION**

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

## 1. DEFINITIONS

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

<b>1915 Act</b>	Means the act dated 10 August 1915 on commercial companies, as amended;
<b>2010 Act</b>	Means the act dated 17 December 2010 on undertakings for collective investment, as amended;
<b>Actively Managed Sub-Fund</b>	Means a Sub-Fund in respect of which the Investment Manager has discretion over the composition of its portfolio and which generally seeks to outperform its Reference Index;
<b>Administrator</b>	Means Edmond de Rothschild Asset Management (Luxembourg) acting as central administration agent and registrar and transfer agent and paying of the Company;
<b>Administration Agreement</b>	Means the central administration agent and registrar and transfer agent agreement between the Company, the Management Company and the Administrator;
<b>Annual Tracking Difference</b>	Means the difference between the annual return of the Index-Tracking Sub-Fund and the annual return of the Reference Index;
<b>Another Regulated Market</b>	Means any stock exchange or market, other than a Regulated Market, which is regulated, operates regularly and is recognised and open to the public;
<b>Articles</b>	Means the articles of incorporation of the Company as the same may be amended, supplemented or otherwise modified from time to time;
<b>Auditor</b>	Means KPMG Luxembourg;
<b>Authorised Participant</b>	Means a Market Maker, broker or other entity which has entered into an agreement with the Management Company under which it is entitled to subscribe or redeem Shares directly on the Primary Market (as defined below);
<b>Board</b>	Means the board of directors of the Company;
<b>Business Day</b>	Means any day on which (i) banks are open for normal business in Luxembourg and London and (ii) the Moscow Exchange is open for trading.  (a list of Business Days is available on the website <a href="http://www.itifunds-etf.com">www.itifunds-etf.com</a> )
<b>Central Securities Depository</b>	Means such Recognised Clearing Systems used by the Company issuing its shares through the Central Securities Depositories settlement system, which is a national settlement system. For the purposes of the Company, the Central Securities Depositories will be Participants in the International Central Securities Depository;
<b>Circular 04/146</b>	Means the CSSF circular 04/146 on the protection of UCIs and their investors against Late Trading and Market Timing practices;

<b>Circular 08/356</b>	Means the CSSF circular 08/356 on the rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments as amended by CSSF circular 11/512 concerning the presentation of the main regulatory changes in risk management following the publication of CSSF Regulation 10-4 and ESMA clarifications, further clarifications from the CSSF on risk management rules and the definition of the content and format of the risk management process to be communicated to the CSSF; all references to Circular 08/356 must be read in conjunction with Circular 14/592 and the ESMA Guidelines 2014/937;
<b>Circular 14/592</b>	Means CSSF circular 14/592 regarding ESMA Guidelines 2014/937;
<b>Class</b>	Means a class of Shares ( <i>catégorie d'actions</i> ) as such term is understood under the 1915 Act, relating to a Sub-Fund for which specific features with respect to fee structures, distribution, marketing target or other specific features may be applicable; the details applicable to each Class will be described in the relevant Special Section;
<b>Clearing System</b>	Means Euroclear or Clearstream or any other recognised clearing system;
<b>Common Depositary</b>	The entity appointed as a depositary for the International Central Securities Depositories;
<b>Common Depositary Nominee</b>	The entity appointed as nominee for any Common Depositary and as such acts as the registered legal holder of the shares in the Company;
<b>Company</b>	Means ITI Funds UCITS ETF SICAV, a public limited liability company ( <i>société anonyme</i> ) incorporated as an investment company with variable capital ( <i>société d'investissement à capital variable</i> ) under the laws of Luxembourg and registered pursuant to part I of the 2010 Act;
<b>Conversion Fee</b>	Means the conversion fee which may be levied by the Company in relation to the conversion for any Class in any Sub-Fund, details of which are set out in the relevant Special Section;
<b>Covered Bonds</b>	Means bonds within the meaning of article 52(4) of Directive 2009/65/EC which are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders; Directive 2009/65/EC requires ESMA to make available to the public a list of categories of such bonds, together with the list of categories of issuers of those bonds authorised in each Member State;
<b>CSSF</b>	Means the <i>Commission de surveillance du secteur financier</i> , the Luxembourg financial services market authority;
<b>Dealing</b>	Means the subscription, conversion or redemption of Shares on the Primary Market and the sale and purchase of Shares on the Secondary Market. The expressions <b>Deal</b> , <b>Dealt</b> or <b>Deal in</b> etc. should be read accordingly;
<b>Dealing Day</b>	Means a Business Day on which Dealings in Shares can be made on the Primary Market;

<b>Dealing Form</b>	Means such form as the Company or its agents may prescribe to the Authorised Participants for the purposes of Dealing in Shares on the Primary Market;
<b>Depository</b>	Means Edmond de Rothschild (Europe) acting as depository and domiciliary agent of the Company;
<b>Depository Agreement</b>	Means the depository bank agreement between the Company, the Management Company and the Depository;
<b>Directive 78/660/EEC</b>	Means Council Directive 78/660/EEC of 25 July 1978 based on Article 54 (3) g) of the Treaty on the annual accounts of certain types of companies, as amended from time to time;
<b>Directive 83/349/EEC</b>	Means Council Directive 83/349/EEC of 13 June 1983 based on the Article 54 (3) (g) of the Treaty on consolidated accounts, as amended from time to time;
<b>Directive 2007/16/EC</b>	Means Commission Directive 2007/16/EC of 19 March 2007 implementing Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended;
<b>Directive 2009/65/EC</b>	Means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended by Directive 2014/91/EU of the European Parliament of 23 July 2014 and as may be further amended from time to time;
<b>Directors</b>	Means the directors of the Company, whose details are set out in this Prospectus and/or the annual and semi-annual reports;
<b>Distributor(s)</b>	Means any person from time to time appointed or authorised by the Management Company to distribute one or more Classes;
<b>EEA</b>	Means the European Economic Area;
<b>Eligible Collateral</b>	Means collateral provided to the Company and which complies with the requirements described under Section 8.9.1 of the General Section;
<b>Eligible Counterparty</b>	Means a First Class Institution which is a counterparty to an EPMT transaction as further described in Section 8.8 of the General Section;
<b>Eligible Investments</b>	Means eligible investments for investment by UCITS within the meaning of article 41 (1) of the 2010 Act;
<b>Eligible Investor</b>	Means, in relation to each Class in each Sub-Fund, an investor that satisfies the relevant criteria to invest in the relevant Class as is stipulated in this Prospectus and the relevant Special Section;
<b>Eligible Lending System</b>	Has the meaning ascribed to it in Section 8.9.2 of the General Section;
<b>Eligible Market</b>	Means any Regulated Market or Another Regulated Market (whether situated in a Member State or not) and shall cover all stock exchanges and regulated markets referred to in paragraphs (a), (b) and (c) of article 41 (1) of the 2010 Act;

<b>EPMT</b>	Means efficient portfolio management techniques and comprises the techniques and instruments set out under Section 8.1 of the General Section;
<b>ESMA</b>	Means the European Securities and Markets Authority;
<b>ESMA Guidelines 2014/937</b>	Means the ESMA Guidelines and Recommendations 2014/937 dated 1 August 2014 on ETFs and other UCITS issues as amended, replaced or supplemented from time to time;
<b>EU</b>	Means the European Union;
<b>EU Level 2 Regulation</b>	Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries.
<b>EU Regulation 2015/2365</b>	Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.
<b>EUR</b>	Means Euro, the single currency of the EU Member States that have adopted the Euro as their lawful currency;
<b>ETF</b>	Means exchange traded fund;
<b>FATCA</b>	Means the U.S. Foreign Accounting Tax Compliance Act which was enacted as part of the HIRE;
<b>FATCA Withholding</b>	Has the meaning ascribed to it in Section 21.8 of the General Section;
<b>FDI</b>	Means financial derivative instruments;
<b>First Class Institutions</b>	Means first class financial institutions having their registered office in a Member State or subject to prudential supervision rules considered by the CSSF equivalent to those prescribed by European Union law and specialised in this type of transactions for the purposes of techniques and instruments relating to Transferable Securities and Money Market Instruments and typically having a credit rating of at least AA-1 from Standard & Poor's or Fitch Ratings or A3 from Moody's Investors Services;
<b>General Section</b>	Means the General Section of this Prospectus that sets out the general terms and conditions applicable to all Sub-Funds, unless otherwise provided for in any of the Special Sections;
<b>Global Share Certificate</b>	Means the certificate evidencing entitlement to some of the shares issued, as described in further detail under Section 4 of the General Section;
<b>Haircut</b>	Has the meaning ascribed to it in Section 8.25 of the General Section;
<b>Indemnified Person</b>	Has the meaning ascribed to it in Section 19.12 of the General Section;
<b>Index-Tracking Sub-Fund</b>	Means a Sub-Fund the strategy of which is to replicate or track the performances of a Reference Index e.g. through synthetic or physical replication;

<b>Index-Tracking Leveraged Sub-Fund</b>	Means an Index-Tracking Sub-Fund the strategy of which is to have a leveraged exposure to one or more indices or exposure to one or more leveraged indices;
<b>Indicative Net Asset Value or iNAV</b>	Means a measure of the intraday value of the net asset value of a Sub-Fund based on the most up-to-date information. The Indicative Net Asset Value is not the value at which investors on the secondary market purchase and sell their units or shares. The Company has appointed Solactive AG, Guiollettstr. 54, 60325 Frankfurt, Germany to make available an iNAV where it is required by any relevant market;
<b>Initial Offering Period or Initial Offering Date</b>	Means, in relation to each Class in each Sub-Fund, the first offering of Shares of the relevant Class made pursuant to the terms of the Prospectus and the relevant Special Section;
<b>Initial Subscription Price</b>	Means, in relation to each Class in each Sub-Fund, the amount stipulated in the relevant Special Section as the subscription price per Share for the relevant Class in connection with the Initial Offering Period or Initial Offering Date;
<b>Insolvency Event</b>	Means an event which occurs in relation to a person where (i) an order has been made or an effective resolution passed for the liquidation or bankruptcy of the person; (ii) a receiver or similar officer has been appointed in respect of the person or of any of the person's assets or the person becomes subject to an administration order, (iii) the person enters into an arrangement with one or more of its creditors or is deemed to be unable to pay its debts, (iv) the person ceases or threatens to cease to carry on its business or substantially the whole of its business or makes or threatens to make any material alteration to the nature of its business, (v) an event occurs in relation to the person in any jurisdiction that has an effect similar to that of any of the events referred to in (i) to (iv) above or (vi) the Company in good faith believes that any of the above may occur;
<b>Institutional Investor</b>	Means an investor meeting the requirements to qualify as an institutional investor for purposes of article 174 of the 2010 Act;
<b>Interested Party</b>	Has the meaning ascribed to it in Section 9.1 of the General Section;
<b>International Central Securities Depositories</b>	Means the International Central Securities Depository settlement system through which shares of the Company may be settled, which is an international settlement system connected to multiple national markets. The International Central Securities Depositories for the Company currently are Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, Société Anonyme, Luxembourg ("Clearstream");
<b>Investing Sub-Fund</b>	Has the meaning ascribed to it in Section 6.9 of the General Section;
<b>Late Trading</b>	Means the acceptance of a subscription, conversion or redemption order after the time limit fixed for accepting orders (cut-off time) on the relevant day and the execution of such order at the price based on the net asset value applicable to such same day;
<b>Launch Expenses</b>	Means all expenses and costs incurred in connection with the setting-up of the Company and the launching of the initial Sub-Fund as disclosed under Section 19.14 of the General Section;

<b>Luxembourg</b>	Means the Grand Duchy of Luxembourg;
<b>Management Company</b>	Means Fuchs Asset Management S.A. in its capacity as management company of the Company within the meaning of chapter 15 of the 2010 Act;
<b>Management Company Affiliate</b>	Has the meaning ascribed to it in Section 6.5.4 of the General Section;
<b>Management Company Agreement</b>	Means the agreement between the Company and the Management Company;
<b>Management Fee</b>	Means the fee to be charged for each Class by the Investment Manager to cover its fees in relation to the portfolio management services rendered to the Company;
<b>Market Maker</b>	Means an entity which takes action to ensure that the stock exchange value of the Sub-Fund's Shares does not significantly vary from its NAV and, where applicable, iNAV;
<b>Market Timing</b>	Means any market timing practice within the meaning of Circular 04/146 or as that term may be amended or revised by the CSSF in any subsequent circular, i.e., an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same Luxembourg undertaking for collective investment within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the methods of determination of the net asset value of the UCI;
<b>Member State</b>	Means a member State of the EEA;
<b>Mémorial</b>	Means the Luxembourg <i>Mémorial C, Recueil des Sociétés et Associations</i> ;
<b>Money Market Instruments</b>	Means instruments normally dealt in on a money market which are liquid and have a value which can be accurately determined at any time;
<b>Net Asset Value</b>	Means the net asset value of the Company, of any Sub-Fund, of any Class and of any Share as determined in accordance with Section 22 of the General Section;
<b>OECD</b>	Means the Organisation for Economic Co-operation and Development;
<b>OECD Member State</b>	Means any of the member States of the OECD;
<b>Operating Expenses</b>	Means all fees, costs and expenses incurred in connection with the operation of the Company as determined under Section 19 of the General Section;
<b>OTC</b>	Means over-the-counter;
<b>OTC Derivative</b>	Means any FDI dealt in OTC;
<b>Other UCI</b>	Means an undertaking for collective investment within the meaning of the first and second indent of article 1(2) of the Directive 2009/65/EC, whether situated in a EEA Member State or not, provided that:

- such UCI is authorised under laws which provide that it is subject to supervision that is considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;
- the level of guaranteed protection for unit holders in such UCI is equivalent to that provided for unit holders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the Directive 2009/65/EC;
- the business of such UCI is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; and
- no more than 10% of the assets of such UCI can, according to its management regulations or instruments of incorporation, be invested in aggregate in units of other UCITS or other UCIs.

<b>Participant</b>	Account holders in an International Central Securities Depository, which may include Authorised Participants, their nominees or agents and who hold their interest in Shares settled and/or cleared through the applicable International Central Securities Depository;
<b>Primary Market</b>	Means the procedure where Shares of a Sub-Fund are subscribed and redeemed directly with the Company (acting through its Administrator);
<b>Prospectus</b>	Means this sales prospectus relating to the issue of Shares in the Company, as amended from time to time;
<b>Redemption Fee</b>	Means the redemption fee levied by the Company in relation to the redemption of Shares of any Class in any Sub-Fund, details of which are set out in the relevant Special Section;
<b>Reference Currency</b>	Means, in relation to each Sub-Fund or Class, the currency in which the Net Asset Value of such Sub-Fund is calculated, as stipulated in the relevant Special Section;
<b>Reference Index</b>	Means the index or indices of financial instruments or other eligible underlying whose performance an Index-Tracking Sub-Fund will aim to reflect or, in the case of an Actively Managed Sub-Fund, aims to outperform;
<b>Register</b>	Means the register of Shareholders of the Company, of a Sub-Fund or of a Class;
<b>Regulated Market</b>	Means a regulated market as defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as amended, or any other market established in the EEA which is regulated, operates regularly and is recognised and open to the public;
<b>Relevant Stock Exchanges</b>	means markets on which the Shares of the Funds will be listed such as the Irish Stock Exchange, the London Stock Exchange, the Moscow Stock Exchange, the Hong Kong stock Exchange and/or such other stock exchanges as the Directors may determine from time to time.
<b>RESA</b>	<i>Recueil Electronique des Sociétés et Associations.</i>

<b>Restricted Person</b>	Means any person, determined in the sole discretion of the Board as being not entitled to subscribe or hold Shares in the Company or any Sub-Fund or Class if, in the opinion of the Directors, (i) such person would not comply with the eligibility criteria of a given Class or Sub-Fund (ii) a holding by such person would cause or is likely to cause the Company some pecuniary, tax or regulatory disadvantage (iii) a holding by such person would cause or is likely to cause the Company to be in breach of the law or requirements of any country or governmental authority applicable to the Company;
<b>Retail Investor</b>	Means any investor not qualifying as an Institutional Investor;
<b>Section</b>	Means any section of the Prospectus (including a section in the General Section or in one of the Special Sections);
<b>SFT</b>	means a repurchase transaction, securities or commodities lending and securities or commodities borrowing, a buy-sell back transaction or sell-buy back transaction or a margin lending transaction;
<b>SLT</b>	Means securities lending transactions;
<b>Shareholder</b>	Means a person who is the registered holder of Shares in the Company;
<b>Shares</b>	Means shares in the Company, of such Classes and denominated in such currencies and relating to such Sub-Funds as may be issued by the Company from time to time;
<b>SICAV</b>	Means a <i>société d'investissement en capital variable</i> , an investment company with variable capital;
<b>Sovereign Instruments</b>	Means Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, one or more of its local authorities, a non-Member State or public international body to which one or more Member States belong;
<b>Special Section</b>	Means each and every supplement to this Prospectus describing the specific features of a Sub-Fund. Each such Special Section is to be regarded as an integral part of the Prospectus;
<b>Sub-Fund</b>	Means a separate portfolio of assets established for one or more Classes of the Company which is invested in accordance with a specific investment objective. The specifications of each Sub-Fund will be described in their relevant Special Section;
<b>Subscription Fee</b>	Means the subscription fee levied by the Company in relation to the subscription for any Class in any Sub-Fund, details of which are set out in the relevant Special Section;
<b>Target Sub-Fund</b>	Has the meaning ascribed to it in Section 6.9 of the General Section;
<b>Total Assets</b>	Means assets of a relevant Sub-Fund excluding cash and cash equivalent holdings;
<b>Tracking Error</b>	Means the volatility of the difference between the return of an Index-Tracking Sub-Fund and the return of its Reference Index;

<b>Transferable Securities</b>	<p>Means</p> <ul style="list-style-type: none"> <li>- shares and other securities equivalent to shares;</li> <li>- bonds and other debt instruments;</li> <li>- any other negotiable securities which carry the right to acquire any such transferable securities by subscription or to exchanges, with the exclusion of techniques and instruments;</li> </ul>
<b>TRS</b>	Means total return swaps and other FDIs (including OTC Derivatives) with similar characteristics;
<b>UCITS</b>	Means an undertaking for collective investment in transferable securities under the Directive 2009/65/EC;
<b>UCITS ETF</b>	Means a Sub-Fund at least one unit or share class of which is traded throughout the day on at least one Regulated Market, one Another Regulated Market or one multilateral trading facility with at least one Market Maker;
<b>United States or U.S.</b>	Means the United States of America (including the States, the District of Columbia and the Commonwealth of Puerto Rico), its territories, possessions and all other areas subject to its jurisdiction;
<b>USD</b>	Means the United States Dollar, the currency of the United States of America;
<b>US Investment Company Act</b>	Means the United States Investment Company Act of 1940, as amended;
<b>US Person</b>	<p>Means (i) any “U.S. person,” as defined in Rule 902 of Regulation S promulgated under the U.S. Securities Act; (ii) any U.S. Taxpayer, as defined below; and (iii) excludes any “Non-United States person,” as defined in Rule 4.7 promulgated under the U.S. Commodity Act, that is not a “U.S. person” for purposes of Rule 902 of Regulation S.</p> <p>Regulation S currently provides that “U.S. Person” means:</p> <ul style="list-style-type: none"> <li>- any natural person resident in the United States;</li> <li>- any partnership or corporation organised or incorporated under the laws of the United States;</li> <li>- any estate of which any executor or administrator is a U.S. person;</li> <li>- any trust of which any trustee is a U.S. person;</li> <li>- any agency or branch of a non-U.S. entity located in the United States;</li> <li>- any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;</li> <li>- any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and</li> </ul>

- any partnership or corporation if (i) organised or incorporated under the laws of any non-U.S. jurisdiction and (ii) formed by a U.S. person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the U.S. Securities Act) who are not natural persons, estates or trusts.

“U.S. Person” does not include:

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

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

- a natural person who is not a resident of the United States;
- a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a foreign (non-U.S.) jurisdiction and which has its principal places of business in a foreign (non-U.S.) jurisdiction;
- an estate or trust, the income of which is not subject to United States income tax regardless of source;

- an entity organised principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being Non-United States persons; and
- a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

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

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

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

**US Securities Act**

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

**Valuation Day**

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

## **2. COMPANY**

- 2.1 The Company is an open-ended investment company organised under the laws of Luxembourg as a *société d'investissement à capital variable (SICAV)*, under the form of a public limited liability company (*société anonyme*) and authorised under part I of the 2010 Act.
- 2.2 The Company is in the process of being registered with the Luxembourg trade and companies register.
- 2.3 The Company was incorporated on 4 August 2017 for an unlimited period of time under the form of public limited liability company (*société anonyme*). The Articles are in the process of being published in the RESA.
- 2.4 The registration of the Company pursuant to the 2010 Act constitutes neither approval nor disapproval by any Luxembourg authority as to the adequacy or accuracy of this Prospectus or as to the assets held in the various Sub-Funds.
- 2.5 The Company is subject to the provisions of the 2010 Act and of the 1915 Act insofar as the 2010 Act does not derogate from the 1915 Act. The Company is regulated by the CSSF.
- 2.6 The minimum share capital of the Company is EUR 1,250,000. The Company's share capital is at all times equal to its Net Asset Value. The Company's share capital is automatically adjusted when additional Shares are issued or outstanding Shares are redeemed and no special announcements or publicity is necessary in relation thereto.

## **3. SHARES**

- 3.1 The Company issues shares in registered form only. Shares have no par value and may be held in an account with a Clearing System or central account holder. Shareholders receive written confirmation of their registration but no certificate representing Shares will be issued unless specifically requested by the Shareholder. All Shares must be fully paid up. No fractional Shares will be issued.
- 3.2 There is no limit to the number of Shares which may be issued. In the case of the issue of new Shares, pre-emptive rights may not be claimed by existing Shareholders in accordance with article 29(3) of the 2010 Act.
- 3.3 Shares shall have the same voting rights and shall have no pre-emptive subscription rights. In the event of the liquidation of the Company, each Share is entitled to its proportionate share of the Company's assets after payment of the Company's debts and expenses, taking into account the Company's rules for the allocation of assets and liabilities.
- 3.4 Within the same Sub-Fund, all Shares have equal rights as regards voting rights in all general meetings of Shareholders and in all meetings of the Sub-Fund concerned. This does not apply to Shares held by an Investing Sub-Fund within the meaning of Section 6.9 of the General Section.
- 3.5 For each Sub-Fund, the Directors may, in respect of Shares in one or several Class(es) if any, decide to close subscriptions temporarily or definitively, including those arising from the conversion of Shares of another Class or another Sub-Fund.

#### **4. GLOBAL CLEARING AND SETTLEMENT, INTERNATIONAL CENTRAL SECURITIES DEPOSITARY AND COMMON DEPOSITARY**

##### **International Central Securities Depositary**

- 4.1 The Company will apply for admission for clearing and settlement of certain share through the applicable International Central Securities Depositary. The International Central Securities Depositary for the Company currently are Euroclear and Clearstream.
- 4.2 A Global Share Certificate representing the shares concerned will be deposited with the Common Depositary and registered in the name of the Common Depositary Nominee (being the registered legal holder of the shares concerned) of the Company, as nominated by the Common Depositary on behalf of Euroclear and Clearstream and accepted for clearing through Euroclear and Clearstream.
- 4.3 Interests in the shares represented by the Global Share Certificate will be transferable in accordance with applicable laws and any rules and procedures issued by the International Central Securities Depositary.
- 4.4 Legal title to the shares concerned of the Company will be held by the Common Depositary Nominee. A purchaser of interests in the shares concerned will not be a registered shareholder in the Company, but will hold an indirect beneficial interest in such shares and the rights of such investors, where Participants, shall be governed by their agreement with their International Central Securities Depositary and otherwise by the arrangement with their nominee, broker or Central Securities Depositary, as appropriate. All references herein to actions by holders of the Global Share Certificate will refer to actions taken by the Common Depositary Nominee as registered shareholder following instructions from the applicable International Central Securities Depositary upon receipt of instructions from its Participants.
- 4.5 All references herein to distributions, notices, reports, and statements to such shareholder, shall be distributed to the Participants in accordance with such applicable International Central Securities Depositary's procedures.
- 4.6 The Participant must look solely to its International Central Securities Depositary for documentary evidence as to the amount of its interests in any shares. Any certificate or other document issued by the relevant International Central Securities Depositary, as to the amount of interests in such shares standing to the account of any person shall be conclusive and binding as accurately representing such records.
- 4.7 The Participant must look solely to its International Central Securities Depositary for such Participant's share of each payment or distribution made by the Company to or on the instructions of the Common Depositary Nominee and in relation to all other rights arising under the Global Share Certificate. The extent to which, and the manner in which, Participants may exercise any rights arising under the Global Share Certificate will be determined by the respective rules and procedures of their International Central Securities Depositary. Participants shall have no claim directly against the Company, the Paying Agent or any other person (other than their International Central Securities Depositary) in respect of payments or distributions due under the Global Share Certificate which are made by the Company to or on the instructions of the Common Depositary Nominee and such obligations of the Company shall be discharged thereby. The International Central Securities Depositary shall have no claim directly against the Company, Paying Agent or any other person (other than the Common Depositary).
- 4.8 The Company or its duly authorised agent may from time to time require investors to provide them with information relating to: (a) the capacity in which they hold an interest in shares; (b) the identity of any other person or persons then or previously interested in such shares; (c) the nature of any

such interests; and (d) any other matter where disclosure of such matter is required to enable compliance by the Company with applicable laws or the constitutional documents of the Company.

- 4.9 The Company or its duly authorised agent may from time to time request the applicable International Central Securities Depository to provide the Company with following details: ISIN, ICSD participant name, ICSD participant type – Sub-Fund/Bank/Individual, Residence of ICSD Participant, number of shares of the Participant within Euroclear and Clearstream, as appropriate, that hold an interest in shares and the number of such interests in the shares held by each such Participant. Euroclear and Clearstream Participants which are holders of interests in shares or intermediaries acting on behalf of such account holders will provide such information upon request of the ICSD or its duly authorised agent and have authorised pursuant to the respective rules and procedures of Euroclear and Clearstream to disclose such information to the Company of the interest in shares or to its duly authorised agent.
- 4.10 Investors may be required to provide promptly any information as required and requested by the Company or its duly authorised agent, and agree to the applicable International Central Securities Depository providing the identity of such Participant or investor to the Company upon their request.
- 4.11 Notices of general meetings and associated documentation will be issued by the Company to the registered holder of the Global Share Certificate, the Common Depository Nominee. Each Participant must look solely to its International Central Securities Depository and the rules and procedures for the time being of the relevant International Central Securities Depository governing delivery of such notices and exercising voting rights. For investors, other than Participants, delivery of notices and exercising voting rights shall be governed by the arrangements with an Participant of the International Central Securities Depository (for example, their nominee, broker or Central Securities Depositories, as appropriate).

#### **Inaction by the Common Depository and/or an International Central Securities Depository**

- 4.12 Investors that settle or clear through an International Central Securities Depository will not be a registered shareholder in the Company, they will hold an indirect beneficial interest in such shares and the rights of such investors, where Participants, shall be governed by their agreement with the applicable International Central Securities Depository and otherwise by the arrangement with an Participant of the International Central Securities Depository (for example, their nominee, broker or Central Securities Depositories, as appropriate). The Company will issue any notices and associated documentation to the registered holder of the Global Share Certificate, the Common Depository Nominee, with such notice as is given by the Company in the ordinary course when convening general meetings. The Directors understand that the Common Depository Nominee has a contractual obligation to relay any such notices received by the Common Depository Nominee to the applicable International Central Securities Depository, pursuant to the terms of its appointment by the relevant International Central Securities Depository. The applicable International Central Securities Depository will in turn relay notices received from the Common Depository to its Participants in accordance with its rules and procedures. The Directors understand that the Common Depository is contractually bound to collate all votes received from the applicable International Central Securities Depositories (which reflects votes received by the applicable International Central Securities Depository from Participants) and that the Common Depository Nominee should vote in accordance with such instructions. The Company has no power to ensure the Common Depository relays notices of votes in accordance with their instructions. The Company cannot accept voting instructions from any persons, other than the Common Depository Nominee.

#### **Payments through International Central Securities Depository**

- 4.13 Upon instruction of the Common Depository Nominee, redemption proceeds and any dividends declared are paid by the Company or its authorised agent to the applicable International Central Securities Depository. Investors, where Participants, must look solely to the applicable International Central Securities Depository for their redemption proceeds or their share of each dividend payment

made by the Company or otherwise to the relevant Participant of the International Central Securities Depository (including, without limitation, their nominee, broker or Central Securities Depository, as appropriate) for any redemption proceeds or any share of each dividend payment made by the Company that relates to their investment.

- 4.14 Investors shall have no claim directly against the Company in respect of redemption proceeds or dividend payments due on shares represented by the Global Share Certificate and the obligations of the Company will be discharged by payment to the applicable International Central Securities Depository upon the instruction of the Common Depository's Nominee.

#### **Failure to Settle through International Central Securities Depository**

- 4.15 If an Authorised Participant submits a dealing request and subsequently fails or is unable to settle and complete the dealing request, as the Authorised Participant is not a registered shareholder of the Company, the Company will have no recourse to the Authorised Participant other than its contractual right to recover such costs. In the event that no recovery can be made from the Authorised Participant and any costs incurred as a result of the failure to settle will be borne by the relevant Sub-Fund and its investors.

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

#### **Umbrella form and sub-funds**

- 5.1 The Company has an umbrella structure consisting of one or several Sub-Funds. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective and policy applicable to that Sub-Fund. The investment objective, policy, as well as the risk profile and other specific features of each Sub-Fund are set forth in the relevant Special Section.
- 5.2 The Company is one single legal entity. However, the rights of the Shareholders and creditors relating to a Sub-Fund or arising from the setting-up, operation and liquidation of a Sub-Fund are limited to the assets of that Sub-Fund. The assets of a Sub-Fund are exclusively dedicated to the satisfaction of the rights of the Shareholders relating to that Sub-Fund and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that Sub-Fund.
- 5.3 Each Sub-Fund is described in more detail in the relevant Special Section.

#### **Classes**

- 5.4 Within a Sub-Fund, the Board may decide to issue one or more Classes the assets of which will be commonly invested but subject to different fee structures, distribution, marketing targets, currency or other specific features. A separate Net Asset Value per Share, which may differ as a consequence of these variable factors, will be calculated for each Class.
- 5.5 The Company may, at any time, create additional Classes whose features may differ from the existing Classes and additional Sub-Funds whose investment objectives may differ from those of the Sub-Funds then existing. Upon creation of new Sub-Funds or Classes, the Prospectus will be updated, if necessary, or supplemented by a new Special Section.
- 5.6 For each Sub-Fund, the Board may, in respect of Shares in one or several Class(es) of Shares, decide to close subscriptions temporarily, including those arising from the conversion of Shares of another Class or another Sub-Fund.
- 5.7 The Special Sections indicate, for each Sub-Fund, which Classes are available and their characteristics.

## 6. INVESTMENT RESTRICTIONS

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

6.2 Eligible Investments:

6.2.1 The Company's investments may consist solely of:

- (a) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
- (b) Transferable Securities and Money Market Instruments dealt on Another Regulated Market in a Member State;
- (c) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in a non-Member State or dealt on Another Regulated Market in a non-Member State;
- (d) new issues of Transferable Securities and Money Market Instruments, provided that:
  - (i) the terms of issue include an undertaking that application will be made for admission to official listing on an Eligible Market;
  - (ii) such admission is secured within a year of issue;
- (e) units of UCITS and/or Other UCIs, provided that no more than 10% of the net assets of the UCITS or Other UCI whose acquisition is contemplated, can, according to their fund rules or constitutional documents, be invested in aggregate in units of other UCITS or Other UCIs;
- (f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve (12) months, provided that the credit institution has its registered office in an Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (g) FDIs, including equivalent cash-settled instruments, dealt in on an Eligible Market and/or OTC Derivatives, provided that:
  - (i) the underlying consists of Eligible Investments, financial indices, interest rates, foreign exchange rates or currencies, in which a Sub-Fund may invest according to its investment objectives as stated in the relevant Special Section;
  - (ii) the counterparties to OTC Derivative transactions are First Class Institutions; and
  - (iii) the OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;

- (h) Money Market Instruments other than those dealt in on an Eligible Market if the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
- (i) issued or guaranteed by a central, regional or local authority or central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong; or
  - (ii) issued by an undertaking, any securities of which are listed on a stock exchange or dealt in on an Eligible Market; or
  - (iii) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law; or
  - (iv) issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection rules equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which (i) represents and publishes its annual accounts in accordance with Directive 78/660/EEC, (ii) is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or (iii) is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

6.2.2 However, each Sub-Fund may:

- (a) invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to under paragraph 6.2.1 above; and
- (b) hold liquid assets on an ancillary basis.

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

6.3 Risk diversification:

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

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

- 6.3.3 The risk exposure to a counterparty of a Sub-Fund in an OTC Derivative transaction may not exceed:
- (a) 10% of its net assets when the counterparty is a credit institution referred to in subparagraph 6.2.1(f); or
  - (b) 5% of its net assets, in other cases.
- 6.3.4 Notwithstanding the individual limits laid down in paragraphs 6.3.1, 6.3.2 and 6.3.3 above, a Sub-Fund shall not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following:
- (a) investments in Transferable Securities or Money Market Instruments issued by that body;
  - (b) deposits made with that body; and/or
  - (c) exposures arising from OTC Derivative transactions undertaken with that body.
- 6.3.5 The 10% limit set forth in paragraph 6.3.1 above can be raised to a maximum of 25% in case of Covered Bonds. Sums deriving from the issue of Covered Bonds shall be invested in accordance with the law in assets which, during the whole period of validity of the Covered Bonds, are capable of covering claims attaching to the Covered Bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. Where a Sub-Fund invests more than 5% of its assets in Covered Bonds which are issued by a single issuer, the total value of such investments may not exceed 80% of the value its assets.
- 6.3.6 The 10% limit set forth in paragraph 6.3.1 above can be raised to a maximum of 35% for investments in Sovereign Instruments.
- 6.3.7 Transferable Securities and Money Market Instruments which fall under the special ruling given in paragraphs 6.3.5 and 6.3.6 are not counted when calculating the 40% risk diversification ceiling mentioned in paragraph 6.3.1.

The limits provided for in paragraphs 6.3.1 to 6.3.6 above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body or in deposits or FDIs made with this body shall under no circumstances exceed in total 35% of the assets of a Sub-Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this Section 6.3.

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

## 6.4 Exceptions

- 6.4.1 Without prejudice to the limits laid down in Section 6.7 the limits laid down in Section 6.3 are raised to a maximum of 20% for investment in shares and/or debt securities issued by the same body if, according to the relevant Special Section, the investment objective and policy of that Sub-Fund is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF, on the following basis:

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

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

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

## 6.5 Investment in UCITS and/or Other UCIs:

- 6.5.1 A Sub-Fund may acquire the units of UCITS and/or Other UCIs provided that no more than 20% of its net assets are invested in units of a single UCITS or Other UCI. For the purpose of the application of this investment limit, each compartment of a UCITS or Other UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.
- 6.5.2 Investments made in units of Other UCIs may not exceed, in aggregate, 30% of the assets of the Sub-Fund.
- 6.5.3 When a Sub-Fund has acquired units of UCITS and/or Other UCIs, the assets of the respective UCITS or Other UCIs do not have to be combined for the purposes of the limits laid down in Section 6.3.
- 6.5.4 When a Sub-Fund invests in the units of UCITS and/or Other UCIs that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, (regarded as more than 10% of the voting rights or share capital) (the **Management Company Affiliate**), the Management Company or the Management Company Affiliate may not charge subscription, conversion or redemption fees on account of the Sub-Fund's investment in the units of such UCITS and/or Other UCIs.
- 6.5.5 If a Sub-Fund invests a substantial proportion of its assets in other UCITS and/or Other UCIs, the maximum level of the management fees that may be charged both to the Sub-Fund itself and to the other UCITS and/or Other UCIs in which it intends to invest, shall be disclosed in the relevant Special Section. In the annual report of the Company it shall be indicated for each Sub-Fund the maximum proportion of management fees charged both to the Sub-Fund and to the UCITS and/or Other UCIs in which the Sub-Fund invests.

## 6.6 Tolerances and multiple compartment issuers:

If, because of reasons beyond the control of the Company or the exercising of subscription rights, the limits mentioned in this Section 6 are exceeded, the Company must have as a priority objective in its sale transactions to reduce these positions within the prescribed limits, taking into account the best interest of the Shareholders.

Whilst ensuring observance of the principle of risk-spreading, newly authorised Sub-Funds may deviate from the limits mentioned under Sections 6.3 to 6.5 above for a maximum period of six (6) months following the date of their authorisation.

If an issuer of Eligible Investments is a legal entity with multiple compartments and the assets of a compartment may only be used to satisfy the rights of the investors relating to that compartment and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that compartment, each compartment is considered as a separate issuer for the purposes of applying the limits set forth under Sections 6.3 to 6.5 above.

## 6.7 Investment prohibitions:

### 6.7.1 The Company is prohibited from:

- (a) acquiring any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body;
  - (b) acquiring more than
    - (i) 10% of the non-voting equities of one and the same issuer;
    - (ii) 10% of the debt securities issued by one and the same issuer;
    - (iii) 10% of the Money Market Instruments issued by one and the same issuer; or
    - (iv) 25% of the units of one and the same UCITS and/or Other UCI.
- The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the Money Market Instruments, or the net amount of the securities in issue, cannot be calculated.
- (c) selling Transferable Securities, Money Market Instruments and other Eligible Investments mentioned under Sections 6.2.1(e), (g) and (h) short;
  - (d) acquiring precious metals or related certificates;
  - (e) investing directly in real estate and purchasing or selling commodities or commodities contracts;
  - (f) borrowing on behalf of a particular Sub-Fund, unless:
    - (i) the borrowing is in the form of a back-to-back loan for the purchase of foreign currency;
    - (ii) the loan is only temporary and does not exceed 10% of the net assets of the Sub-Fund in question;

- (g) granting credits or acting as guarantor for third parties. This limitation does not refer to the purchase of Transferable Securities, Money Market Instruments and other Eligible Investments mentioned under Sections 6.2.1(e), (g) and (h) that are not fully paid up.

6.7.2 Sections 6.7.1(a) and 6.7.1(b) are waived as regards:

- (a) Sovereign Instruments;
- (b) shares held by a Sub-Fund in the capital of a company incorporated in a non-Member State investing its assets mainly in the securities of issuing bodies having their registered offices in that non-Member State, where under the legislation of that country such a holding represents the only way in which the Sub-Fund can invest in the securities of issuing bodies of that non-Member State. This derogation, however, shall apply only if in its investment policy the company from the non-Member State complies with the limits laid down in Sections 6.3, 6.5, 6.7.1(a) and 6.7.1(b). Where the limits set in Sections 6.3 and 6.5 are exceeded, section 6.6 shall apply *mutatis mutandis*;
- (c) shares held by one or more Sub-Funds in the capital of subsidiary companies pursuing only the business of management, advice or marketing in the country where the subsidiary is established, in regard to the repurchase of Shares at Shareholders' request exclusively on its or their behalf.

6.8 Risk management and limits with regard to FDIs:

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

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

6.8.2 Each Sub-Fund shall ensure that its global exposure relating to FDIs does not exceed the total net value of its portfolio. The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. This shall also apply to Sections 6.8.3 and 6.8.4.

6.8.3 A Sub-Fund may invest, as a part of its investment policy and within the limit laid down in Section 6.3.7, in FDIs provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in Section 6.3. When a Sub-Fund invests in index-based FDIs, those investments are not required to be combined for the purposes of the limits laid down in Section 6.3.

6.8.4 When a Transferable Security or Money Market Instrument embeds an FDI, the latter must be taken into account when complying with the requirements of this Section 6.8.

6.9 Investments between Sub-Funds:

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

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

6.10 Feeder Sub-Funds:

6.10.1 The Company may create one or more Feeder Sub-Funds. Each Feeder Sub-Fund will invest at least 85% and up to 100% of its assets in units of another eligible Master UCITS under the conditions set out by applicable law and the relevant Special Section.

6.10.2 Sections 6.5.1 through 6.5.5 do not apply to Feeder Sub-Funds.

## 7. EXCHANGE TRADING OF SUB-FUNDS

### General

7.1 The Company intends to structure all of the Sub-Funds as UCITS ETFs. As part of the related listings there is an obligation that one or more members of the relevant market act as Market Makers offering prices at which the Shares can be purchased or sold by investors on the Secondary Market. The spread between those purchase and sale prices may be monitored and regulated by the authority supervising the relevant market.

7.2 The relevant Special Section will, for each Sub-Fund, provide information on whether the relevant Sub-Fund qualifies as Index-Tracking Sub-Fund, Index-Tracking Leveraged Sub-Fund (which should be seen as a sub-category of Index-Tracking Sub-Funds) or Actively Managed Sub-Fund.

7.3 Where required, the Special Section will also contain a description on how the Indicative Net Asset Value is calculated and the frequency of its calculation.

### Index-Tracking Sub-Funds

7.4 Where a Sub-Fund qualifies as an Index-Tracking Sub-Fund its Special Section must include:

7.4.1 a clear description of the indices including information on their underlying components respectively a link to a website where the exact compositions of the indices are published;

7.4.2 information on how the index will be tracked (for example whether it will follow a full or sample based physical replication model or a synthetic replication) and the implications of the chosen method for investors in terms of their exposure to the underlying index and counterparty risk;

7.4.3 information on the anticipated level of Tracking Error in normal market conditions;

- 7.4.4 a description of factors that are likely to affect the ability of the Index-Tracking Sub-Fund to track the performances of the indices, such as transaction costs, small illiquid components, dividend reinvestment etc.
- 7.5 Information to be provided under Section 7.4.2 above should also be included in a summary form in the key investor information documents issued in respect of the relevant Sub-Fund.
- 7.6 The annual and half-yearly reports of the Company shall, in respect of any Index-Tracking Sub-Fund, state the size of the Tracking Error at the end of the period under review. The annual report should provide an explanation of any divergence between the anticipated and realised Tracking Error for the relevant period. The annual report should also disclose and explain the Annual Tracking Difference between the performance of the Index-Tracking Sub-Fund and the performance of the index or indices tracked.
- 7.7 Where an Index-Tracking Sub-Fund qualifies as an Index-Tracking Leveraged Sub-Fund its Special Section must include the following additional information:
- 7.7.1 a description of the leverage policy, how this is achieved (i.e. whether the leverage is at the level of the index or arises from the way in which the Sub-Fund obtains exposure to the index), the cost of the leverage (where relevant) and the risks associated with this policy;
- 7.7.2 a description of the impact of any reverse leverage (i.e. short exposure);
- 7.7.3 a description of how the performance of the Sub-Fund may differ significantly from the multiple of the index performance over the medium to long term.
- 7.8 Information to be provided under Section 7.7 above should also be included in a summary form in the key investor information documents issued in respect of the relevant Index Tracking Leveraged Sub-Fund.
- 7.9 For Index-Tracking Leveraged Sub-Fund the Management Company should generally calculate the global exposure using either the commitment approach or the relative Value at Risk approach.

#### **Index Replication Models**

- 7.10 Index-Tracking Sub-Funds will generally use either a physical or a synthetic replication model to track their respective Reference Index. Certain Index-Tracking Sub-Funds may be permitted to combine both models.

##### *Physical Trackers*

- 7.11 Index-Tracking Sub-Funds with a physical replication model (**Physical Trackers**) may carry out their investment objective by investing in a portfolio of Eligible Investments which effectively provides them with an exposure on their Reference Index. These Eligible Investments may comprise all, or a substantial number of, the constituents of their Reference Index as well as an optimised sample thereof. Physical Trackers may also invest in Eligible Investments which are unrelated to their Reference Index to the extent that these investments are furthering their investment objective.
- 7.12 Physical Trackers may temporary invest in cash balances and FDIs and to engage in EPMTs (such as SLT) to seek to reduce the Tracking Error.
- 7.13 Any changes to a Reference Index, such as the composition and/or weighting of its constituents, may require a Physical Tracker to make corresponding adjustments or rebalancings to its investment portfolio to conform to the relevant Reference Index. Such adjustments may result in (extraordinary) transaction costs. The Management Company and/or the Investment Manager will

monitor such changes and may make adjustments to the portfolio as necessary over several days, if necessary.

- 7.14 Physical Trackers may not be always in a position to hold every constituent or the exact weighting of a constituent in the Reference Index. Instead, they may utilise optimisation techniques (such as investments in ADRs, GDRs and similar receipts) and/or by investing in Eligible Investments that are unrelated to their Reference Index. Physical Trackers may further omit certain investments which do not have a material impact on the overall Tracking Error. The extent to which a Physical Tracker utilises optimisation techniques will partly depend on the nature of the constituents of its Reference Index.

*Synthetic Trackers*

- 7.15 Index-Tracking Sub-Funds with a synthetic replication model (**Synthetic Trackers**) do not invest directly in the constituents of the Reference Index. Instead, the exposure to the performance of the Reference Index will be achieved through investments in FDIs. Generally, Synthetic Trackers enter into OTC TRS with an Eligible Counterparty.
- 7.16 Synthetic Tracker will generally use unfunded TRS meaning that moneys received from Investors will be invested in a basket of Eligible Investments created in accordance with the restrictions set out in Section 6 above (the **Basket**) which may, but do not necessarily need to be, related to the Reference Index. The Basket's performance and/or income is then exchanged against the performance of the Reference Index.
- 7.17 Certain Synthetic Trackers may use fully funded TRS in which case the moneys received from investors will be transferred to the Eligible Counterparty which provides the required exposure to the Reference Index. The Eligible Counterparty will be required to provide Eligible Collateral.
- 7.18 A Synthetic Tracker may, with due regard to the best interests of its Shareholders and subject to any conditions set forth in the relevant Special Section, decide from time to time to switch partially or totally from a funded swap to an unfunded swap, and vice versa.
- 7.19 The Basket, the TRS and any EPMT (whether used to create exposure to the Reference Index or used in accordance with Section 8.2 below) will be managed by the Investment Manager. The management of the Basket will generally not involve the active buying and selling of Eligible Investments on the basis of investment judgement and economic, financial and market analysis.

*Change of replication model*

- 7.20 In exceptional circumstances (such as, but not limited to, disruptive market conditions, extremely volatile markets, illiquidity or restrictions to hold certain constituents of the Reference Index, bankruptcy of the Eligible Counterparty to the TRS etc.), the Company may decide to convert a Physical Tracker into a Synthetic Tracker and vice versa (the **Change of Model**) for a total portfolio or a part of it.
- 7.21 Shareholders of the affected Sub-Funds will principally be informed at least ten (10) Business Days prior to the Change of Model. In cases where immediate action is required, the Shareholders will be informed as soon as possible after the Change of Model. Where the Change of Model entails an increase of fees charged to the Shareholders, the affected Shareholders will be granted the right to redeem their shares free of any Redemption Fee for a period of at least one (1) month starting either from the date on which they were informed or, in case of a Change of Model in case of urgency, the date of effectiveness of the Change of Model.

### **Actively Managed Sub-Funds**

- 7.22 An Actively Managed Sub-Fund is a Sub-Fund which seeks to outperform a Reference Index through an active management of the composition of its portfolio, subject to the stated investment objectives and policies (as opposed to an Index-Tracking Sub-Fund which passively tracks the performance of a Reference Index).
- 7.23 The Company intends to structure Actively-Managed Sub-Fund as UCITS ETF which means that at least one of its Classes is traded throughout the day on at least one regulated market or multilateral trading facility with at least one Market Maker.
- 7.24 Actively Managed Sub-Funds are identified by the reference “(AM)” used at the end of their name.

### **Change of Reference Index**

- 7.25 The Company may decide to substitute the existing Reference Index of a Sub-Fund for another Reference Index in the following circumstances:
- 7.25.1 the weightings of constituents of the Reference Index would cause the Sub-Fund (if it were to follow the Reference Index closely) to be in breach of its investment restrictions and/or any other applicable law that may have a material impact on the Company and/or any Sub-Fund;
  - 7.25.2 the TRS and other EPMT which are necessary for the implementation of the relevant Sub-Fund's investment objective cease to be available in a manner which is regarded as acceptable by the Board;
  - 7.25.3 the accuracy and availability of data of a particular Reference Index has deteriorated;
  - 7.25.4 the constituents of the Reference Index would cause the Sub-Fund (if it were to follow the Reference Index closely) to be in breach of the limits set out under "Investment Restrictions" and/or materially affect the taxation or fiscal treatment of the Company or any of its Shareholders;
  - 7.25.5 the Reference Index ceases to exist or is replaced or superseded;
  - 7.25.6 there is a material change in the formula for or the method of calculating a constituent of the Reference Index
  - 7.25.7 there is a material modification of the constituents of the Reference Index;
  - 7.25.8 the index sponsor increases its license fees which leads to a material impact on the costs to be borne by the Sub-Fund's Shareholders or the Investment Manager; or
  - 7.25.9 the licence agreement with the index sponsor is terminated.
  - 7.25.10 the illiquidity or restrictions to hold substantial amount of constituents of the Reference Index
- 7.26 The above list is indicative only and cannot be understood as being exhaustive or limiting the ability of the Company to change the Reference Index in any other circumstances as the Board considers appropriate.
- 7.27 The Shareholders of the relevant Sub-Fund will be notified of the decision in accordance with Section 27.1.2 below.
- 7.28 The Prospectus will be updated in case of substitution of the Reference Index.

## **Benchmark Regulation**

The indices or benchmarks used by the Sub-Funds are, as at the date of this Prospectus, provided by benchmark administrators who benefit from the transitional arrangements afforded under Regulation (EU) 2016/1011 (the **Benchmark Regulation**) and accordingly may not appear yet on the register of administrators and benchmarks maintained by ESMA pursuant to the Benchmark Regulation. Benchmark administrators should apply for authorisation or registration as an administrator under the Benchmark Regulation before 1 January 2020. Updated information on this register should be available no later than 1 January 2020. The Prospectus will be updated in due time to inform Shareholders on whether the administrators of the benchmarks used by the Sub-Funds are included in the register referred to above. The Management Company maintains a written plan setting out the actions that will be taken in the event of the benchmark materially changing or ceasing to be provided

## **8. TECHNIQUES AND INSTRUMENTS, DERIVATIVE INSTRUMENTS AND COLLATERAL**

### **General rules**

- 8.1 The Company is authorised to employ efficient portfolio management techniques and instruments relating to Transferable Securities and Money Market Instruments, such as:
- 8.1.1 securities lending transactions (*opérations de prêt de titres*)
  - 8.1.2 repurchase transactions (*opérations à réméré*);
  - 8.1.3 reverse repurchase transactions (*opérations de prise en pension*);
  - 8.1.4 repurchase agreement transactions (*ventes de titres à réméré*);
  - 8.1.5 total return swap or invests in other FDIs with similar characteristics (**TRS**); and
  - 8.1.6 selling or buying futures on the stock exchange;
- (together: the **EPMT**).
- 8.2 The Company will apply EPMT in accordance with the provisions of Circular 08/356, Circular 14/592 and ESMA Guidelines 2014/937 and only if the relevant EPMT:
- 8.2.1 are economically appropriate and realised in a cost-effective way;
  - 8.2.2 aim at reduction of the Tracking Error;
  - 8.2.3 aim at a reduction of risk or cost or aim at generating additional capital or income in accordance with the requirements set out under Section 6 above; and
  - 8.2.4 the risks are adequately captured by the risk management process of the Company.
- 8.3 Currently, the Company employs neither SFT nor TRS. Should the Company start to use them it will update this prospectus accordingly.
- 8.4 The Company will provide all relevant information regarding EPMT in its half-yearly and annual reports in accordance with EU Regulation 2015/2365.
- 8.5 Under no circumstances shall these operations cause a Sub-Fund to diverge from its investment objectives as laid down in this Prospectus or result in additional risk higher than its risk profile as described in this Prospectus.

- 8.6 Securities lending and repurchase/reverse repurchase agreements may only be effected in accordance with normal market practice. All assets received by the Company in the context of EPMTs will be considered as collateral and must comply with the criteria laid down below.
- 8.7 If applicable, direct and indirect operational costs and fees arising from EPMTs will be deducted from the revenue delivered to the Company. To comply with the requirement of Section 8.2.1 above, they should under normal circumstances not be higher than 5% of the market value of the relevant EPMT. Direct and indirect costs and fees should not include hidden revenue. Those costs and fees incurred as well as the identity of the counterparty(ies) to the corresponding EPMT (and their relationship if any with the Investment Manager) will be disclosed in the annual report of the Company.
- 8.8 Where a Sub-Fund decides to use EPMT or to enter into any arrangements in this respect, the Company will ensure that its counterparties are always First Class Institutions which are not related parties to the Depositary or a central counter party designated by relevant stock exchange (an **Eligible Counterparty**). It is not expected that conflicts of interest will arise.

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

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

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

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

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

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

- 8.15 The purchase of securities with a repurchase option and reverse repurchase agreement transactions by the Company are subject to the following additional rules:
- 8.15.1 Securities that are the subject of purchase with a repurchase option transaction or that may be purchased in reverse repurchase agreements are limited to:
- (a) short-term bank certificates or Money Market Instruments;
  - (b) bonds issued or guaranteed by an OECD Member State or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
  - (c) shares or units issued by money market UCIs calculating a daily net asset value and being investment grade;
  - (d) bonds issued by non-governmental issuers offering an adequate liquidity;
  - (e) shares quoted or negotiated on a regulated market of an EU Member State or on a stock exchange of an OECD Member State, on the condition that these shares are included in a main index.
- 8.15.2 When entering in to reverse repurchase agreements the Company must ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement either on an accrued basis or on a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the relevant Sub-Fund.
- 8.15.3 The Company must ensure that when entering into a repurchase agreement it must be able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.
- 8.15.4 During the duration of a purchase with a repurchase option agreement, the Company may not sell the securities which are the subject of the contract, before the counterparty has exercised its option or until the deadline for the repurchase has expired, unless the Company has other means of coverage. During the duration of the reverse repurchase agreement, the Company may not sell or pledge/give as security the securities purchased through this contract, except if the Company has other means of coverage.
- 8.15.5 The securities purchased with a repurchase option must be in accordance with the relevant Sub-Fund's investment policy and must, together with the other securities that the respective Sub-Fund holds in its portfolio, globally comply with the applicable investment restrictions.

### **Use of TRS**

- 8.16 Where a Sub-Fund enters into TRS with an Eligible Counterparty, the assets held by the Sub-Fund should comply with the investment limits set out under Section 6. The underlying exposures of the TRS shall be taken into account to calculate those investment limits.
- 8.17 The relevant Special Section of a Sub-Fund using TRS must include the following:
- 8.17.1 information on the underlying strategy and composition of the Reference Index;

- 8.17.2 information on the Eligible Counterparty(ies) of the TRS;
  - 8.17.3 maximum and expected proportion of assets under management that can be subject to the TRS;
  - 8.17.4 a description of the risk of counterparty default and the effect on investor returns;
  - 8.17.5 the extent to which the Eligible Counterparty assumes any discretion over the composition or management of the Sub-Fund's investment portfolio or over the underlying of the TRS, and whether the approval of the Eligible Counterparty is required in relation to any investment portfolio transaction of the Sub-Fund;
  - 8.17.6 subject to the provisions in Section 8.18, identification of the Eligible Counterparty as an investment manager; and
  - 8.17.7 any further information required under EU Regulation 2015/2365.
- 8.18 Where the Eligible Counterparty has discretion over the composition or management of the Sub-Fund's investment portfolio or of the underlying of the TRS, the agreement between the Company acting for the account of the Sub-Fund and the Eligible Counterparty should be considered as an investment management delegation arrangement and should comply with the applicable legal requirements on delegation.
- 8.19 The Company will publish in its annual report:
- 8.19.1 the underlying exposure obtained through TRS for each affected Sub-Fund;
  - 8.19.2 the identity of the Eligible Counterparty(ies) to these TRS;
  - 8.19.3 the type and amount of Eligible Collateral received by the Sub-Fund to reduce its counterparty exposure; and
  - 8.19.4 any further information required under EU Regulation 2015/2365.

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

- 8.20 For each SLT or TRS (where applicable), the collateral received by the Company must be, during the lifetime of the transaction, at least be equivalent to 90% of the global valuation (interests, dividends and other eventual rights included) of the securities concerned.
- 8.21 The net exposure to a single Eligible Counterparty (exposure less Eligible Collateral received from that Eligible Counterparty) arising from one or more EPMT will be taken into account for the purpose of the 20% restriction set out in Section 6.3.2 above.

#### **Collateral management**

- 8.22 Collateral received by a Sub-Fund in relation to EPMT must take the form of:
- 8.22.1 liquid assets, i.e., cash, short-term certificates and Money Market Instruments (**Liquid Assets**). A letter of credit or a collateral at first-demand given by a First Class Institution not affiliated to the counterparty are considered as equivalent to liquid assets;
  - 8.22.2 Sovereign Instruments;
  - 8.22.3 shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent (**Money Market UCIs**);

- 8.22.4 shares or units issued by UCITS investing mainly in bonds/shares mentioned in 8.22.5 and 8.22.6 below (**Non-Sophisticated UCITS**);
- 8.22.5 bonds issued or guaranteed by first class issuers offering an adequate liquidity (**First Class Bonds**); or
- 8.22.6 shares admitted to or dealt in on a Regulated Market of an EU Member State or on a stock exchange of an OECD Member State, on the condition that these shares are included in a main index (**Main Index Shares**);

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

- 8.23 Where the Company enters into arrangements under which it is entitled to receive collateral as security, the collateral posted will typically be calculated on a daily mark-to-market basis. The rationale is that mark-to-market aims to provide a realistic appraisal of collateral received. In certain circumstances, the Company will also apply haircuts as further described in Section 7.24 below.
- 8.24 Eligible Collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Sub-Fund receives from a counterparty of EPMTs and FDIIs a basket of collateral with a maximum exposure to a given issuer of 20% of the Sub-Fund's net asset value. When a Sub-Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, a Sub-Fund may be fully collateralised in Sovereign Instruments. Such Sub-Fund should receive Sovereign Instruments from at least six different issues, but Sovereign Instruments from any single issue should not account for more than 30% of the Sub-Fund's net asset value. The intention to use this derogation as well as the identities of the relevant issuers of the Sovereign Instruments shall be disclosed in the relevant Special Section.
- 8.25 The Company must value on a daily basis the Eligible Collateral received. The Company will apply haircuts which depend on issuer, rating, maturity and guarantees to control and manage the Eligible Collateral (the **Haircut**). The Haircut is part of the counterparty risk process. It will take into account the level of risk related to the holding of the underlying asset(s) of the Eligible Collateral by the relevant Sub-Fund. Consequently, the agreement concluded between the Company and the Eligible Counterparty must include provisions to the effect that the Eligible Counterparty must provide additional Eligible Collateral at very short term in case the value of the Eligible Collateral already granted appears to be insufficient in comparison with the amount to be covered following the application of the Haircut. The Company will apply the following maximum Haircuts in respect of the value of each of Eligible Collateral received:
  - 8.25.1 of 5 % with respect to Liquid Assets, whereby no Haircut will be applied with respect to cash;
  - 8.25.2 of 5% with respect to Sovereign Instruments;
  - 8.25.3 of 10% with respect to Money Market UCIs;
  - 8.25.4 of 10% with respect to Non-Sophisticated UCITS;
  - 8.25.5 of 20% with respect to First Class Bonds;
  - 8.25.6 of 20% with respect to Main Index Shares.

Furthermore, the aforementioned agreement between the Company and the Eligible Counterparty must, if appropriate, provide for safety margins that take into consideration exchange risks or market risks inherent to the assets accepted as collateral.

- 8.26 The Eligible Collateral given under any form other than cash or shares/units of a UCI/UCITS must be issued by an entity not affiliated to the Eligible Counterparty.
- 8.27 Where there is a title transfer, the Eligible Collateral received should be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the Eligible Collateral.
- 8.28 The Company must make sure that:
- 8.28.1 it is able to claim its rights on the Eligible Collateral in case of occurrence of an event requiring the execution thereof;
  - 8.28.2 the Eligible Collateral is available at all times, either directly or through the intermediary of a First Class Institution or a wholly-owned subsidiary of this institution; in such a manner that the Company is able to appropriate or realise the assets given as collateral, without delay, if the counterparty does not comply with its obligation to return the securities;
  - 8.28.3 that its contractual rights relating to the relevant transactions permit, in case of a liquidation, of a reorganisation or in any other situation of equal ranking, to discharge its obligation to return the assets received as a collateral, if and to the extent that the restitution cannot be undertaken on the terms initially agreed; and
  - 8.28.4 during the duration of the agreement the collateral is not sold or given as a security or pledged, except when the Company has other means of coverage.

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

- 8.29 If the Eligible Collateral is given in the form of cash, such cash may be reinvested by the Company in:
- 8.29.1 shares or units in money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
  - 8.29.2 short-term bank deposits;
  - 8.29.3 Money Market Instruments;
  - 8.29.4 short-term bonds issued or guaranteed by an EU Member State, Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
  - 8.29.5 bonds issued or guaranteed by first class issuers offering an adequate liquidity; and
  - 8.29.6 reverse repurchase agreement transactions according to the provisions described under Sections 8.14 et. seq.
- 8.30 Financial assets other than bank deposits and units or shares of UCIs acquired by means of reinvestment of cash received as Eligible Collateral, must be issued by an entity not affiliated to the relevant Eligible Counterparty.
- 8.31 Financial assets other than bank deposits must not be safekept by the Eligible Counterparty, except if they are segregated in an appropriate manner from the latter's own assets. Bank deposits must in

principle not be safekept by the Eligible Counterparty, unless they are legally protected from consequences of default of the latter.

- 8.32 Financial assets may not be pledged/given as collateral, except if the Company has sufficient liquid assets enabling it to return the collateral by cash payment.
- 8.33 Short-term bank deposits, Money Market Instruments and bonds referred to in Sections 8.29.2 to 8.29.4 above must be Eligible Investments.
- 8.34 The exposure arising from the reinvestment of collateral received by the Company must be taken into account for the purpose of the diversification rules applicable to Company, as outlined under Section 6 above.
- 8.35 If the short-term bank deposits referred to in 8.29.2 are likely to expose the Company to a credit risk vis-à-vis the safekeeper, the Company must not invest more than 20% of its assets in such deposits made with the same body.
- 8.36 The reinvestment must, in particular if it creates a leverage effect, be taken into account for the calculation of the Company's global exposure. Any reinvestment of collateral provided in the form of cash in financial assets providing a return in excess of the risk free rate, is subject to this requirement.
- 8.37 Reinvestments must be specifically mentioned with their respective value in an appendix to the financial reports of the Company.
- 8.38 Reinvestment of cash exposes the Company to the risks in relation to the instruments described in Section 8.29 above which do not substantially differ from those risks which the Company may be exposed when investing into these instruments using directly the funds collected from investors. In this respect, please refer to Section 25.10 for a general description for a general description of the risks related to the investment in the Company.

## **9. CONFLICTS OF INTEREST AND RESOLUTION OF CONFLICT**

- 9.1 The Directors, the Management Company, the Distributor(s), the Administrator or and any of their respective subsidiaries, affiliates, associates, agents, directors, officers, employees or delegates (together the **Interested Parties** and each an **Interested Party**) may, in the course of their business, have potential conflicts of interests with the Company. Each Interested Party will have regard to their respective duties to the Company and other clients or persons when undertaking any transactions where conflicts or potential conflicts of interest may arise. In the event that such conflicts do arise, each Interested Party has undertaken or shall be requested by the Company to undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Company and the Shareholders are fairly treated.
- 9.2 Interested Parties may:
  - 9.2.1 contract or enter into any financial, banking or other transaction with one another or with the Company including, without limitation, investment by the Company, in securities in any company or body any of whose investments or obligations form part of the assets of the Company or any Sub-Fund, or be interested in any such contracts or transactions;
  - 9.2.2 invest in and deal with Shares, securities, assets or any property of the kind included in the property of the Company for their respective individual accounts or for the account of a third party; and

9.2.3 deal as agent or principal in the sale, issue or purchase of securities and other investments to, or from, the Company through, or with, the Management Company, any investment adviser or manager or any subsidiary, affiliate, associate, agent or delegate thereof.

9.3 Any assets of the Company in the form of cash may be invested in certificates of deposit or banking investments issued by any Interested Party. Banking or similar transactions may also be undertaken with or through an Interested Party (provided it is licensed to carry out this type of activities).

9.4 There will be no obligation on the part of any Interested Party to account to Shareholders for any benefits so arising and any such benefits may be retained by the relevant party.

9.5 Any such transactions must be carried out as if effected on normal commercial terms negotiated at arm's length.

## **10. DEALING IN THE SUB-FUNDS**

### **General**

10.1 The Sub-Funds are exchange traded funds which means that the Shares of the Sub-Funds are listed on one or more stock exchanges. Certain brokers are authorised by the Management Company to subscribe and redeem Shares directly with the Company in the Primary Market and they are referred to as Authorised Participants. Such Authorised Participants generally have the capability to deliver the Shares within the clearing systems relevant to the stock exchanges on which the Shares are listed. Authorised Participants usually sell the Shares they subscribe on one or more stock exchanges, the Secondary Market, where such Shares become freely tradable. Potential investors who are not Authorised Participants can purchase and sell the Shares of the Sub-Funds on the Secondary Market through a broker/dealer on a recognised stock exchange or OTC. For further details of such brokers please contact the Management Company.

### **Procedure for dealing on the Primary Market**

#### *General*

10.2 The Primary Market is the market on which Dealings in Shares between the Company and the Authorised Participants take place. Only Authorised Participants are able to Deal in Shares on the Primary Market. Investors who are not Authorised Participants should refer to Sections 10.28 et seq. The Common Depositary's Nominee, acting as the registered holder of Shares in the Fund, may not apply to become an Authorised Participant.

10.3 On each Dealing Day, Authorised Participants may submit Dealing requests by submitting a Dealing Form via facsimile to the Administrator. Unless otherwise determined in a Special Section:

10.3.1 each Business Day will be a Dealing Day in respect of the relevant Class; and

10.3.2 the applicable deadline to consider Dealing Forms received on the same day is 13.00 (Luxembourg time). Any Dealing Forms received by the Administrator after such deadline on a Dealing Day will be deferred to the next Dealing Day and processed on the basis of the Net Asset Value per Share calculated for such Dealing Day.

10.4 Dealing Forms, once accepted, shall (save as determined by the Management Company) be irrevocable. The Company, the Management Company and the Administrator shall not be responsible for any losses arising in the transmission of Dealing Forms.

### *Subscriptions*

- 10.5 The Company has absolute discretion to accept or reject in whole or in part any subscription for Shares without assigning any reason thereto.
- 10.6 The minimum amount (if any) (expressed in a currency or a number of Shares of the same Class or of the same Sub-Fund) for which an Authorised Participant must subscribe in each Class or Sub-Fund is available from the Investment Manager and will be specified in the agreement entered into between the Authorised Participant and the Management Company. The Company or the Management Company may, at their sole discretion, accept subscriptions below the Minimum Subscription Amount of a Class.
- 10.7 In the event that the Company decides to reject any subscription of Shares, the monies transferred by a relevant Authorised Participant will be returned without interest to the prospective Authorised Participant without undue delay (unless otherwise provided for by law or regulations).
- 10.8 During the Initial Offering Period or Initial Offering Date, Shares will be issued at the Initial Subscription Price plus any Subscription Fee stipulated in the relevant Special Section, on the first Business Day following the end of the Initial Offering Period or the Initial Offering Date.
- 10.9 After the Initial Offering Period or Initial Offering Date, Shares will be issued at the Net Asset Value per Share of the relevant Class, plus any Subscription Fee stipulated in the relevant Special Section.
- 10.10 The Company shall not recognise rights to fractions of Shares. Any purchases of Shares will be subject to the ownership restrictions set out in this Prospectus and the Articles.
- 10.11 The Company may agree, at the sole discretion of the Board and with prior approval of the Depositary, to issue Shares as consideration for a contribution in kind of assets, in accordance with Luxembourg law, in particular in accordance with the obligation to deliver a valuation report from an auditor (*réviseur d'entreprises agréé*), and provided that such assets are in accordance with the investment objectives and policies of the relevant Sub-Fund. All costs related to the contribution in kind are borne by the Shareholder acquiring Shares in this manner.

### *Redemptions*

- 10.12 Shares in a Sub-Fund may be redeemed at the request of the Shareholders on any Dealing Day.
- 10.13 Requests for redemption must be for either a number of Shares or an amount denominated in the relevant currency of the relevant Class.
- 10.14 An Authorised Participant who redeems Shares will receive an amount per Share redeemed equal to the Net Asset Value per Share as of the applicable Dealing Day in the relevant Sub-Fund (less, as the case may be, a Redemption Fee as stipulated in the relevant Special Section and any tax or duty imposed on the redemption of the Shares).
- 10.15 If as a result of a redemption, the value of an Authorized Participant's holding would become less than the relevant Minimum Holding Amount, the Authorized Participant may be deemed (if the Board so decides) to have requested the redemption of all Shares held by it.
- 10.16 Redemption of Shares may be suspended for certain periods of time as described under Section 23 of the General Section.
- 10.17 Proceeds of the redemption will be remitted to the account indicated by the Authorised Participant in its Dealing Form. The Company reserves the right not to redeem any Shares if it has not been provided with evidence satisfactory to the Company that the redemption request was made by an

Authorised Participant. Failure to provide appropriate documentation to the Administrator may result in the withholding of redemption proceeds.

- 10.18 If a Shareholder wants to redeem Shares of the Company, a Redemption Fee may be levied on the amount to be paid to the Authorised Participant. The applicable Redemption Fee (if any) will be stipulated in the relevant Special Section.
- 10.19 The Company may redeem Shares of any Authorised Participant under the conditions set out in the Articles.
- 10.20 The Company may only pay redemptions in cash.

#### *Conversions*

- 10.21 Unless otherwise stated in the relevant Special Section, Authorised Participants are allowed to convert all, or part, of the Shares of a given Class into Shares of the same or different Class of that or another Sub-Fund. The Company has absolute discretion to accept or reject in whole or in part any request for conversion of Shares without assigning any reason thereto
- 10.22 The right to convert Shares is subject to compliance with any condition (including any Minimum Subscription Amounts and eligibility requirements) applicable to the Class into which conversion is to be effected.
- 10.23 The conversion request must state either the amount in the relevant currency of the first Sub-Fund or the number of Shares of the relevant Classes in the relevant Sub-Fund, which the Authorised Participant wishes to convert.
- 10.24 A Conversion Fee, in favour of the original Sub-Fund or Class, may be levied to cover conversion costs. The applicable fee, if any, will be stipulated in the relevant Special Section and will, in principle, be calculated on the applicable NAV per Share which is to be converted into a share of another Class.
- 10.25 Conversion of Shares shall be effected on the Dealing Day, by the simultaneous:
- 10.25.1 redemption of the number of Shares of the relevant Class in the relevant Sub-Fund specified in the conversion request at the Net Asset Value per Share of the relevant Class in the relevant Sub-Fund; and
  - 10.25.2 issue of Shares on that Valuation Day in the new Sub-Fund or Class, into which the original Shares are to be converted, at the Net Asset Value per Share for Shares of the relevant Class in the (new) Sub-Fund.
- 10.26 Subject to any currency conversion (if applicable) the proceeds resulting from the redemption of the original Shares shall be applied immediately as the subscription monies for the Shares in the new Class or Sub-Fund into which the original Shares are converted.
- 10.27 Where Shares denominated in one currency are converted into Shares denominated in another currency, the number of such Shares to be issued shall be calculated by converting the proceeds resulting from the redemption of the Shares into the currency in which the Shares to be issued are denominated. The exchange rate for such currency conversion shall be calculated by the Administrator in accordance with the rules laid down under Section 22 of the General Section.

#### **Procedure for dealing on the Secondary Market**

- 10.28 The Secondary Market is the market on which the Shares can be purchased and/or sold directly on the stock exchanges or OTC.

- 10.29 For all purchases and/or sales of Shares made on the Secondary Market, no minimum purchase and/or sale is required other than the minimum that may be required by the relevant stock exchange.
- 10.30 The Company will not charge any purchase or sale fee in relation to the purchase or sale of the Shares of the Sub-Funds on the Secondary Market. However, some market intermediaries may charge broker fees or other kind of fees. The Company does not receive these fees.
- 10.31 The Shares of the Sub-Funds purchased on the Secondary Market are generally not redeemable with the Company. Investors must buy and sell the Shares on the Secondary Market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current NAV when buying Shares and may receive less than the current NAV when selling them.
- 10.32 In the event of a suspension of the Secondary Market, the Management Company will allow investors to redeem their Shares on the Primary Market at a price based at the applicable Net Asset Value per Share, provided that the Net Asset Value per Share is not itself suspended under the applicable regulations and/or this Prospectus and/or the Articles.

## **11. ANTI-MONEY LAUNDERING AND COUNTER-TERRORIST FINANCING REQUIREMENTS**

- 11.1 The Company, the Management Company and their agents will apply national and international regulations for the prevention of money laundering and terrorist financing, as amended from time to time (the **AML/CTF Regulations**). As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment must ascertain the identity of the investors. Accordingly, the Administrator may require, pursuant to its risks based approach, investors to provide proof of identity. In any case, the Administrator may require, at any time, additional documentation to comply with applicable legal and regulatory requirements. Such information shall be collected for compliance reasons only and shall not be disclosed to unauthorised persons unless if required by applicable laws and regulations.
- 11.2 Measures aimed towards the prevention of money laundering and terrorist financing require a detailed verification of an Authorised Participant's identity in accordance with the applicable AML/CTF Regulations. The Company, the Management Company and the Administrator reserve the right to request such information as is necessary to verify the identity of an Authorised Participant in conformity with the before mentioned laws and regulations. In the event of delay or failure by the Authorised Participant to produce any information required for verification purposes, the Company (and each of the intermediaries and administrators acting on behalf of the Company or the Management Company) may refuse to accept the application and all dealing monies.
- 11.3 The Company and the Administrator will specify what proof of identity is required, including but not limited to a certified copy of the certificate of incorporation (and any change of name), by-laws, memorandum and articles of association (or equivalent), and the names and addresses of all directors and beneficial owners and, as the case may be, their respective passport or identification card duly certified by a public authority such as a notary public, the police or the ambassador in their country of residence, together with evidence of the address. Shareholders may be, pursuant to the Administrator's risks based approach, requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.
- 11.4 It is further acknowledged that the Company, the Management Company and the Administrator shall be held harmless by the Authorised Participant against any loss arising as a result of a failure to process the subscription if information that has been requested by the Company has not been provided by the Authorised Participant.

11.5 Notwithstanding the foregoing, the payment of the Redemption Proceeds or dividends may be delayed if there are any specific local statutory provisions or events of force majeure which are beyond the Company's control which makes it impossible to transfer the Redemption Proceeds or to proceed to such payment within the normal delay. This payment shall be made as soon as reasonably practicable thereafter but without interest.

## **12. MARKET TIMING AND LATE TRADING**

12.1 Prospective investors and Shareholders should note that the Company may reject or cancel any subscription or conversion orders for any reason and in particular in order to comply with the CSSF circular 04/146 relating to the protection of UCIs and their investors against Late Trading and Market Timing practices.

12.2 For example, excessive trading of shares in response to short-term fluctuations in the market, a trading technique sometimes referred to as Market Timing, has a disruptive effect on portfolio management and increases the Sub-Funds' expenses. Accordingly, the Company may, in the sole discretion of the Board, compulsorily redeem Shares or reject any subscription orders and conversions orders from any investor that the Company reasonably believes has engaged in Market Timing activity. For these purposes, the Board may consider an investor's trading history in the Sub-Funds and accounts under common control or ownership.

12.3 The Company and the Board will not be held liable for any loss resulting from rejected orders or mandatory redemption.

12.4 Furthermore, the Company will ensure that the relevant cut-off time for requests for subscriptions, redemptions or conversions are strictly complied with and will therefore take all adequate measures to prevent practices known as Late Trading.

## **13. MANAGEMENT BODY OF THE COMPANY**

13.1 The Company shall be managed by the Board. The Board is vested with the broadest powers to perform all acts of administration and disposition in the Company's interests. All powers not expressly reserved by law to the general meeting of Shareholders fall within the competence of the Board.

13.2 As further described in the Articles, directors are nominated out of a list of candidates proposed by Shareholder(s) holding Shares of Class P (the **P Shareholders**) and, as the case may be, a list of candidates proposed by Shareholder(s) holding Shares issued by any Class other than Class P (the **Other Shareholders**) after each candidate has received the approval in principle by the CSSF on the basis of article 27 (1) of the 2010 Act.

13.3 In the event of a vacancy in the office of a P Director, the Board may temporarily fill the office by a director selected out of the list of candidates proposed by the P Shareholders. If no candidate is available on this list, the P Shareholders must propose a new list of candidates to the Board within a reasonable period of time indicated by the Board.

13.4 In the event of a vacancy in the office of an Other Director, the Board may temporarily fill the office by a director selected out of the list of candidates proposed by the Other Shareholders. If no candidate is available on this list, the Other Shareholders must propose a new list of candidates to the Board within a reasonable period of time indicated by the Board. If the Other Shareholders do not submit a list of candidates within a reasonable period of time indicated by the Board, the Board is entitled to temporarily fill the office by a P Director.

13.5 The Shareholders will take a final decision regarding such nominations at their next general meeting of Shareholders.

13.6 The Board is currently composed of the following Directors who are all P Directors:

13.6.1 Vincent Decalf, chairman of the Board, Luxembourg:

Vincent Decalf, a graduate from *Ecole des Sciences Economiques et Commerciales* (ESSEC), initially worked for KPMG group, then Paribas before joining the Socgen Capital Market division in 1989. After five years as COO of Socgen's branch in Spain, and ten years as Deputy CEO and then CEO of Socgen Luxembourg, Mr Decalf joined Groupe Foyer, Luxembourg's first insurance company and was a member of their executive committee until 2012.

Vincent Decalf has been an authorized director for credit institutions and management companies under CSSF's supervision since eighteen years. He started a new career in 2012 as an Independent Director, mainly in Luxembourg. He is a board member of various commercial or financial companies, listed and non-listed, as well as non-for-profit organisations among which the Luxembourg Stock Exchange, the ILA (*Institut Luxembourgeois des Administrateurs*), the French Chamber of Commerce in Luxembourg and the French school in Luxembourg.

13.6.2 Gleb Yakovlev, Director, Moscow:

Gleb Yakovlev has 20 years of experience in securities markets. Mr Yakovlev started career at Custody of Credit Suisse Moscow leaving it in 2002 as acting head to head Custody of Unicredito Moscow. In 2004 Mr Yakovlev has joined Renaissance Capital group of companies where he was responsible for equity finance, fund's market making, access and structured products and real estate structuring. In 2014 Mr Yakovlev has joined IT Invest as head of Treasury and structured products, managing director, member of board of directors. Gleb has graduated from Moscow University of International Relations with Finance and Banking qualification.

13.6.3 Nikolay Dontsov, Director, Spain:

Nikolay Dontsov has 23 years of experience in global securities markets and building trading infrastructure. Mr. Dontsov started his career in the emerging Russian financial market in 1995 joining newly founded Renaissance Capital Group in a junior position in settlements. Contributing to firm growth by helping to build in-house front-to-back technology, Mr. Dontsov became head of Global Operations of Renaissance Capital in 1998, helping to lead it through the financial crises and open international offices in London and New York. The area of responsibility by 2001 has included Operations, Risk Management and IT. Moving in 2002 to equity business of the firm as Business Manager, Mr. Dontsov built new trading and sales technology completely replacing old platform. In 2003 Mr. Dontsov decided to leave Renaissance Capital in order to get his MBA but spent one full year (2003) before the program working as Deputy CEO of Depository Clearing Company, which was one of two clearing and settlement depositories in Russia, later merged with NCC to form National Settlement Depository (central depository).

In 2004 Mr. Dontsov completed full-time MBA program at IMD in Lausanne, Switzerland. Mr. Dontsov returned to Renaissance Capital Group post-MBA in 2005 where he took responsibility as CEO of electronic trading business of the group offering DMA and prime services to both institutional and retail clients. That business has tight ties with Structured Product group which established index funds also the asset management arm of Renaissance Group providing them the technology and best execution service. In 2008 Mr. Dontsov moved on to a one year contract to help to build VTB Capital, the biggest by capital investment bank in Russia taking on the responsibility as Russia based COO reporting to global COO in London as well as Global business manager for Equities and Derivatives business.

After leaving VTB in 2009, Mr. Dontsov worked for 4 years as an independent consultant firstly from Russia and then from Spain where he moved permanently with the family in 2010. The projects included 3-6 month work assignments by international firms within Mr. Dontsov area of expertise both in Russia and Europe.

In 2013 Mr. Dontsov joined Da Vinci Capital, where he helped the private equity firm to select and buy Russian broker IT Invest, then later in 2014-2016 led its product platform transformation and international business development. Also, he launched from the scratch ITI Funds asset management business in 2015 by bringing the first client to ITI Funds platform. Moving as CEO of ITI Funds since the end of 2016, Mr. Dontsov developed its fund management platform and helped to launch and develop ETF platform in Luxemburg in partnership with EdR.

- 13.7 No Director has: (i) any unspent convictions in relation to indictable offences; or (ii) been bankrupt or the subject of a voluntary arrangement, or has had a receiver appointed to any asset of such Director; or (iii) been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into liquidation, creditors' voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangement with its creditors generally or with any class of its creditors; or (iv) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or (v) had any official public incrimination and / or sanction by statutory or regulatory authorities (including designated professional bodies); or (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.
- 13.8 None of the Directors nor any persons closely associated with the Directors has any interest in the Shares of the Company or any options in respect of such Shares.

#### **14. MANAGEMENT COMPANY**

- 14.1 The Company has appointed Fuchs Asset Management S.A. (the **Management Company**) to serve as its designated management company within the meaning of article 27 of the 2010 Act pursuant to the Management Company Services Agreement entered into with effect as of 4 August 2017. The Management Company Services Agreement has been entered into for an undetermined period of time and may be terminated by either party upon serving to the other a three (3) months' prior written notice.
- 14.2 The Management Company will provide, subject to the overall control of the Board and without limitation,
- 14.2.1 portfolio management and risk management services; portfolio management is delegated to Investment Manager;
  - 14.2.2 central administration, registrar and transfer agency services; these services are delegated to Administrator; and
  - 14.2.3 distribution services
- to the Company.
- 14.3 The Management Company is authorized under by Chapter 15 of the 2010 Act. The rights and duties of the Management Company are further laid down in articles 107 et seq. of the 2010 Act. The Management Company must at all times act honestly and fairly in conducting its activities in the best interest of the Shareholders and in conformity with the 2010 Act, the Prospectus and the Articles.
- 14.4 The Management Company is a public limited liability company (*société anonyme*) under Luxembourg Law with registered office at 49, boulevard Prince Henri, L-1724 Luxembourg, Grand-Duchy of Luxembourg. The Management Company is registered with the RCSL under B 188.359.

- 14.5 The Management Company is vested with the day-to-day administration of the Company. In fulfilling its duties as set forth by the 2010 Act and the Management Company Services Agreement, the Management Company is authorised, for the purpose of more efficient conduct of its business, to delegate, under its responsibility and control, and with the prior consent of the Company and subject to the approval of the CSSF, part or all of its functions and duties with respect to the Company to any third party, which, having regard to the nature of the functions and duties to be delegated, must be qualified and capable of undertaking the duties in question. The Management Company shall remain liable to the Company in respect of all matters so delegated.
- 14.6 The Management Company will require any such agent to which it intends to delegate its duties to comply with the provisions of the Prospectus, the Articles and the relevant provisions of the Management Company Services Agreement.
- 14.7 In relation to any delegated duty, the Management Company shall implement appropriate control mechanisms and procedures, including risk management controls, and regular reporting processes to ensure an effective supervision of the third parties to whom functions and duties have been delegated and that the services provided by such third party service providers are in compliance with the Articles, the Prospectus and the agreement entered into with the relevant third party service provider.
- 14.8 The Management Company shall be careful and diligent in the selection and monitoring of the third parties to whom functions and duties may be delegated and ensure that the relevant third parties have sufficient experience and knowledge as well as the necessary authorisations required to carry out the functions delegated to them.
- 14.9 The Management Company elaborated a remuneration policy dealing with each category of employees, including the management, the risk takers, the members of the control functions, and any employee who, due to his/her global remuneration, is in a remuneration range similar to those of the management and the risk takers whose professional activities have a significant impact on the risk profiles of the Management Company or the Company.
- 14.10 The rules set forth in this remuneration policy are compatible with a healthy and efficient management of the risks, endeavor such management and do not encourage risk taking that would neither be compatible with the risk profiles of the Company or its Articles, nor with the duty of the Management Company to act in the best interest of the Company.
- 14.11 The remuneration policy applies the principles of paragraphs 1 and 2 of article 111ter of the 2010 Act. This implies that the remuneration policy is, inter alia, in line with the following principles:
- 14.11.1 The remuneration policy is compatible with a healthy and efficient management of the risks, endeavor such management and do not encourage risk taking that would neither be compatible with the risk profiles or the Articles of the Company;
- 14.11.2 The remuneration policy complies with the economic strategy, the objectives, the values and the interests of the Management Company and the Company as well as those of the investors of the Company, and includes measures aiming at avoiding the conflict of interests;
- 14.11.3 The performances assessment process spans several years and is adapted to the detention period recommended to the investors of the Company in order to ensure that it is covering the long term performances of the Company and its investment risks and that the effective payment of the parts of the remuneration depending from the performances stretches over the same period;
- 14.11.4 An appropriate balance is provided for between the fix and variable components of the global remuneration, the fix component represents a sufficient part of the global

remuneration so that a fully flexible remuneration policy can be applied with regard to the variable components of the remuneration, especially the ability not to pay any variable component.

14.12 The updated remuneration policy of the Management Company including, inter alia, a description of the calculation method applied to determine the remuneration and the advantages, the identity of the persons responsible for the attribution of the remuneration and the advantages, is available on <http://www.fuchsgroup.com/fr/asset/information-investisseurs/iti-funds/>. A hardcopy of the remuneration policy can be obtained free of charge upon request at the registered office of the Management Company.

## 15. DEPOSITARY

15.1 Edmond de Rothschild (Europe) has been appointed to act as depositary bank and domiciliary agent of the Company (the **Depositary**) pursuant to a Depositary Agreement. Edmond de Rothschild (Europe) is a bank organized as a *société anonyme*, regulated by the CSSF and incorporated under the laws of the Grand Duchy of Luxembourg. Its registered office and administrative offices are at 20, Boulevard Emmanuel Servais L-2535 Luxembourg.

15.2 The Depositary Agreement provides that it will remain in force for an unlimited period and that it may be terminated by either party at any time upon 90 days' written notice.. The Depositary Agreement is governed by the laws of Luxembourg and the courts of Luxembourg shall have exclusive jurisdiction to hear any disputes or claims arising out of or in connection with the Depositary Agreement.

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

15.4 In addition, the Depositary shall also ensure:

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

15.5 The Depositary shall be liable to the Company or to the Shareholders for the loss of the Company's financial instruments held in custody by the Depositary or its delegates to which it has delegated its custody functions. A loss of a financial instrument held in custody by the Depositary or its delegate shall be deemed to have taken place when the conditions of article 18 of the EU Level 2 Regulation are met. The liability of the Depositary for losses other than the loss of the Company's financial instruments held in custody shall be incurred pursuant to the provisions of the Depositary Agreement.

- 15.6 In case of loss of the Company's financial instruments held in custody by the Depositary or any of its delegates, the Depositary shall return financial instruments of identical type or the corresponding amount to the Company without undue delay. However, the Depositary's liability shall not be triggered provided the Depositary can prove that all the following conditions are met:
- the event which led to the loss is not the result of any act or omission of the Depositary or of any of its delegates;
  - the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practice;
  - the Depositary could not have prevented the loss despite rigorous and comprehensive due diligence as documented in accordance with applicable provisions of the 2010 Act and the EU Level 2 Regulation.
- 15.7 The requirements referred to in points (i) and (ii) here above in this section may be deemed to be fulfilled in the following circumstances:
- natural events beyond human control or influence;
  - the adoption of any law, decree, regulation, decision or order by any government or governmental body, including any court or tribunal, which impacts the Company's financial instruments held in custody;
  - war, riots or other major upheavals.
- 15.8 The requirements referred to in points (i) and (ii) here above in this section shall not be deemed to be fulfilled in cases such as an accounting error, operational failure, fraud, failure to apply the segregation requirements at the level of the Depositary or any of its delegates.
- 15.9 The Depositary's liability shall not be affected by any delegation of its custody functions.
- 15.10 An up-to-date list of the delegates (including the global sub-custodian) appointed by the Depositary and of the sub-delegates of these delegates (including the global sub-custodian) is available on the following website: <http://www.edmond-de-rothschild.com/site/Luxembourg/en/asset-management/terms-and-conditions>.
- 15.11 In carrying out its functions, the Depositary shall act honestly, fairly, professionally, independently and solely in the interest of the Company and the Shareholders.
- 15.12 Potential conflicts of interest may nevertheless arise from time to time from the provision by the Depositary and/or its affiliates of other services to the Company, the Management Company and/or other parties. For example, the Depositary may act as depositary bank of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Fund and/or other funds for which the Depositary (or any of its affiliates) acts.
- 15.13 Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the Company and will treat the Company and the other funds for which it acts fairly and such that, so far as is reasonably practicable, any transactions are effected on terms which are not materially less favourable to the Company than if the conflict or potential conflict had not existed. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of the Depositary's functions from its other potentially conflicting tasks and by the Depositary adhering to its own conflicts of interest policy.

- 15.14 A description of the conflicts of interest that may arise in relation to the Depositary services including the identification of the conflicts of interest in relation to the appointment of the delegates, if any, will be made available to the Company's shareholders on request at the Company's registered office.
- 15.15 Under no circumstances shall the Depositary be liable to the Company, the Management Company or any other person for indirect or consequential damages and the Depositary shall not in any event be liable for the following direct losses: loss of profits, loss of contracts, loss of goodwill, whether or not foreseeable, even if the Depositary has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise.
- 15.16 The Depositary is not involved, directly or indirectly, with the business affairs, organisation, sponsorship or management of the Company and is not responsible for the preparation of this document and accepts no responsibility for any information contained in this document other than the above description. The Depositary shall not have any investment decision-making role in relation to the Company. Decisions in respect of the purchase and sale of assets for the Company, the selection of investment professionals and the negotiation of commission rates are made by the Company and/or the Management Company and/or their delegates. Shareholders may ask to review the Depositary Agreement at the registered office of the Company should they wish to obtain additional information as regards the precise contractual obligations and limitations of liability of the Depositary.
- 15.17 The fees and charges of the Depositary in connection with its services are borne by the Company in accordance with common practice in Luxembourg.

## **16. ADMINISTRATOR**

Pursuant to an Administration Agreement dated 4 August 2017, the Company and the Management Company have appointed Edmond de Rothschild Asset Management (Luxembourg) as administrative, paying and registrar and transfer agent of the Fund (the **Administrator**).

- 16.1 Edmond de Rothschild Asset Management (Luxembourg) is in charge of processing of the issue, redemption and conversion of the Shares and settlement arrangements thereof, keeping the Register, calculating the Net Asset Value, maintaining the records, and other general functions as more fully described in the Administration Agreement.
- 16.2 The Administrator will not be liable for the investment decisions regarding the Company nor the consequences of such investment decisions on the Company's performance and they are not responsible for the monitoring of the compliance of the Company's investments with the rules contained in its Articles and/or this Prospectus and/or in any investment management agreement(s) concluded between the Company/the Management Company and any investment manager(s).
- 16.3 The Administration Agreement provides that it will remain in force for an unlimited period and that it may be terminated by either party at any time upon 90 days' written notice.
- 16.4 In consideration of the services rendered, the Administrator receives a fee as detailed in Section 18 of this Prospectus.
- 16.5 The Administrator may delegate all or part of its functions to one or more sub-contractor(s) which, in view of functions to be delegated, has/have to be qualified and competent for performing them. The Administrator's liability shall not be affected by such delegation to one or more sub-contractor(s).
- 16.6 The Administrator shall not be liable for the contents of this Prospectus and will not be liable for any insufficient, misleading or unfair information contained in this Prospectus.

## **17. INVESTMENT MANAGERS AND ADVISERS**

- 17.1 The Management Company has, with the consent of the Company, appointed Da Vinci Capital Management Limited as the investment manager of the Sub-Funds (the **Investment Manager**) to carry out investment management services and to be responsible for the investment activities of the Sub-Funds.
- 17.2 The Investment Manager holds Category 1 license from The Guernsey Financial Services Commission.
- 17.3 In carrying out its services, the Investment Manager may be assisted by one or more advisers or may delegate its functions, with the approval of the Management Company and the CSSF, to one or more sub-investment managers. In case sub-investment managers or advisers are appointed, the relevant Special Section will be updated and will describe their duties and remuneration.

## **18. DISTRIBUTORS AND NOMINEES**

- 18.1 The Management Company may appoint distributors or dealers for the distribution of Shares in certain jurisdictions which in turn may, if permitted under the relevant agreements between the Management Company and the Distributors, appoint sub-distributors. Distributors and sub-distributors may, but do not necessarily need to be, Authorised Participants.
- 18.2 Authorised Participants may deal directly with the Company without having to go through Distributor(s) or a nominee.
- 18.3 Distributors, with regard to the distribution of certain Classes' are entitled to a distribution fee payable by the Company. This fee is accrued daily and paid periodically in arrears. Distributors have the right, at their discretion to reallocate such fee, in whole or in part, to sub-distributors.

## **19. EXPENSES AND FEES**

### **General**

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

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

- 19.2 Under the Management Company Services Agreement, the Management Company receives annual servicing fee in respect of each Sub-Fund. This fee is payable out of the fixed global fee at the end of each month by the Company in respect of each Sub-Fund and is accrued on each Valuation Day based on the applicable Net Asset Value. The fee is calculated by the agreed schedule to the Management Company Services Agreement and shall not exceed 0.10% per annum of the Net Asset Value of each Sub-Fund.

### **Remuneration of the Depositary**

- 19.3 Under the Depositary Agreement, the Depositary receives annual safekeeping and servicing fees in respect of each Sub-Fund. The depositary fee is payable out of the fixed global fee at the end of each month by the Company in respect of each Sub-Fund and is accrued on each Valuation Day based on the previous day's Net Asset Value and the number of transactions processed during that month. The depositary fee is calculated in accordance with usual practice in the Grand Duchy of Luxembourg and shall not exceed 0,30% per annum of the Net Asset Value of each Sub-Fund.

### **Remuneration of the Administrator**

- 19.4 Under the Administration Agreement, the Administrator receives annual administrative fees in respect of each Sub-Fund. The administrative fee is payable out of the fixed global fee at the end of each month by the Company in respect of each Sub-Fund and is accrued on each Valuation Day based on the previous Valuation Day's Net Asset Value. The administrative fee is calculated in accordance with usual practice in the Grand Duchy of Luxembourg, subject to a minimum flat fee of EUR 30,000 per annum for the first year and EUR 50,000 after the first anniversary of the launch of the Company. In addition to the above-mentioned fees, the Administrator and the Depositary are entitled to any other fees for specific services and transactions as agreed from time to time between the Company and the Depositary (the Other Fees), disclosed in the agreements. They are further entitled to be reimbursed by the Company for their respective reasonable out-of-pocket expenses properly incurred in carrying out their duties as such and for the charges of any correspondents. Other Fees include for example set-up fees, listing fees, fees in relation to the organization of Board meetings, Shareholders meetings, financial statements, extraordinary NAV calculation, KIID preparation, etc.

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

- 19.5 The Investment Manager will receive out of the fixed global fee a Management Fee, equal to the difference between the fixed global fee and the actual operating expenses incurred by the Company.

### **Operating Expenses**

- 19.6 The Company pays out of the assets of the relevant Sub-Fund a fixed global fee, which is accrued on each Valuation Day and paid monthly in arrears to the Investment Manager.
- 19.7 The global fee is fixed in the sense that the Investment Manager will either (i) bear any excess of the Company's actual operating expenses, as listed below, to the fixed global fee or (ii) be entitled to retain any amount of fixed global fee in excess of the Company's actual operating expenses, as listed below.
- 19.8 The fixed global fee covers expenses directly incurred by the Company including, without limitation, the following:
- 19.8.1 formation expenses;
  - 19.8.2 fees and expenses payable to the Management Company and to the Investment Manager;
  - 19.8.3 fees and expenses payable to all other service providers of the Company (including the Auditors, accountants, the Depositary and its correspondents, the Administrator, the Distributor(s) and any pricing agencies);
  - 19.8.4 costs in relation to lease of premises in Luxembourg or elsewhere or any permanent representation in places of registration, as well as any other agent employed by the Company
  - 19.8.5 the remuneration of the Directors and officers and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with board meetings;
  - 19.8.6 fees and expenses for legal and auditing services consultants;
  - 19.8.7 any fees and expenses involved in registering and maintaining the registration of the Company or any Sub-Fund with any governmental agencies or stock exchanges in Luxembourg and in any other country;

- 19.8.8 reporting and publishing expenses, including the costs of preparing, printing, advertising and distributing prospectuses, explanatory memoranda, periodical reports or registration statements;
  - 19.8.9 the costs of any reports to Shareholders;
  - 19.8.10 costs for the publication of the issue and redemption prices; and
  - 19.8.11 costs to pay interests, bank charges, postage, telephone and telex.
- 19.9 The Company may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods.
- 19.10 Furthermore, charges and expenses borne by the Company and included in the fixed global fee shall include all reasonable charges and expenses paid on its behalf, including but not limited to, telephone, fax, telex, telegram and postage expenses incurred by the Management Company or the Depositary on purchases and sales of portfolio securities in one or several Sub-Funds.
- 19.11 Each Sub-Fund shall pay for the costs and expenses directly attributable to it. Costs and expenses that cannot be attributed to a given Sub-Fund shall be allocated to the Sub-Funds on an equitable basis, in proportion to their respective net assets.

#### **Indemnified Persons**

- 19.12 The Company may indemnify any Director as well as the Management Company, any director, manager, authorised officer, employee or agent of the Company or the Management Company and, if the context requires, their respective heirs, executors and administrators (each an **Indemnified Person**), to the extent permitted by law, for all costs and expenses borne or paid by them in connection with any claim, action, law suit or proceedings brought against them in their respective capacity vis-à-vis the Company, except in cases where they are ultimately sentenced for gross negligence, wilful misconduct or fraud. In the case of an out of court settlement, such indemnification will only be granted if the Company's legal adviser is of the opinion that the Indemnified Person in question did not fail in his duty and only if such an arrangement is approved beforehand by the Board. The right to such indemnification does not exclude other rights to which the Indemnified Persons may be entitled. The rights to indemnification provided herein are separate and do not affect the other rights to which an Indemnified Person may now or later be entitled and shall be maintained for any person who has ceased his/her activity vis-à-vis the Company.
- 19.13 Expenses for the preparation and presentation of a defence in any claim, action, lawsuit or proceedings brought against an Indemnified Person will be advanced by the Company, prior to any final decision on the case, on receipt of a commitment by or on behalf of the Indemnified Person to repay this amount if it ultimately becomes apparent that they are not entitled to indemnification. Notwithstanding the above, the Company may take out the necessary insurance policies on behalf of Indemnified Persons.

#### **Creation Expenses, Formation of new Sub-Funds**

- 19.14 Expenses incurred in connection with the creation of the Company, including those incurred in the preparation and publication of the first Prospectus and KIIDs, as well as the taxes, duties and any other publication expenses, will be written off over a period of five (5) years following the date of the conversion. All fees, costs and expenses referred to in the preceding paragraph are referred to as Creation Expenses. Creation Expenses will be borne by the first Sub-Fund launched after the incorporation of the Company.

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

## **20. DIVIDENDS**

20.1 Each year the general meeting of Shareholders will decide, based on a proposal from the Board, for each Sub-Fund, on the use of the balance of the year's net income of the investments. A dividend may be distributed, either in cash or Shares. Further, dividends may include a capital distribution, provided that after distribution the net assets of the Company total more than EUR 1,250,000 (being provided that Shares of a Target Sub-Fund held by an Investing Sub-Fund shall not be taken into account for the purpose of the calculation of the EUR 1,250,000 minimum capital requirement).

20.2 Over and above the distributions mentioned in the preceding paragraph, the Board may decide to the payment of interim dividends in the form and under the conditions as provided by law.

20.3 The Board may issue distribution Shares and accumulation Shares within the Classes of each Sub-Fund, as indicated in the Special Sections. Accumulation Shares capitalise their entire earnings whereas distribution Shares pay dividends.

20.4 For Classes entitled to distribution, dividends, if any, will be declared and distributed on an annual basis. Moreover, interim dividends may be declared and distributed from time to time at a frequency determined by the Board within the conditions set forth by law.

20.5 Payments will be made in the Reference Currency of the relevant Sub-Fund or Class. With regard to Shares held through Euroclear or Clearstream (or their successors), dividends shall be paid by bank transfer to the relevant bank. Dividends remaining unclaimed for five years after their declaration will be forfeited and revert to the relevant Sub-Fund.

20.6 Dividends may be declared separately in respect of each Sub-Fund by a resolution of the Shareholders of the Sub-Fund concerned at the annual general meeting of Shareholders.

## **21. TAX ASPECTS**

### **Luxembourg**

21.1 Unless otherwise provided by the 2010 Act, the Company's assets are subject to a subscription tax (*taxe d'abonnement*) in Luxembourg of 0.05% p.a. on net assets (and 0.01% p.a. on total net assets in case of Sub-Funds or Classes reserved to Institutional Investors), payable quarterly. The 2010 Act notably provides for the following exemptions (the below list is not exhaustive):

21.1.1 In case some Sub-Funds are invested in other Luxembourg UCIs, which in turn are subject to the annual subscription tax (*taxe d'abonnement*) provided for by the 2010 Act, no annual subscription tax (*taxe d'abonnement*) is due from the Company on the portion of assets invested therein.

21.1.2 Sub-Funds whose Shares are listed or traded on at least one stock exchange or another regulated market operating regularly, recognised and open to the public and whose exclusive object is to replicate the performance of one or more indices are exempt from the annual subscription tax (*taxe d'abonnement*).

21.2 The Company's income is not taxable in Luxembourg. Income received from the Company may be subject to withholding taxes in the country of origin of the issuer of the security, in respect of which such income is paid. No duty or tax is payable in Luxembourg in connection with the issue of Shares of the Company.

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

**EU tax considerations for individual residents in the EU or in certain third countries or dependent or associated territories**

**Common Reporting Standard**

- 21.4 Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed the Common Reporting Standard (**CRS**) to address the issue of offshore tax evasion on a global basis. Aimed at maximizing efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The CRS has been implemented in the EU by Council Directive 2014/107/EU on the mandatory automatic exchange of tax information which was adopted on 9 December 2014 (the **Administration Cooperation Directive**). The Administration Cooperation Directive was implemented in Luxembourg by the law of 18 December 2015 (the **CRS Law**). As a result the Company is required to comply with the CRS due diligence and reporting requirements, as set forth in the CRS Law. Investors may be required to provide additional information to the Company to enable the Company to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory termination of its interest in the Company.
- 21.5 The Company may take such action as it considers necessary in accordance with applicable law in relation to an investor's holding to ensure that any withholding tax payable by the Company, and any related costs, interest, penalties and other losses and liabilities suffered by the Company, the Administrator, the Management Company, the Investment Manager, or any other investor, or any agent, delegate, employee, director, officer or affiliate of any of the foregoing persons, arising from such investor's failure to provide the requested information to the Company, is economically borne by such investor..

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

- 21.6 FATCA was enacted on 18 March 2010 as part of the Hiring Incentive to Restore Employment Act (the **HIRE**). It includes provisions under which a Foreign Financial Institution (**FFI**) may be required to report directly to the Internal Revenue Service (**IRS**) certain information about shares and Interests held by U.S. tax payers or other foreign entities subject to FATCA and to collect additional identification information for this purpose. FFI that do not enter into an agreement with the IRS and comply with the regulations relating to FATCA could be subject to 30% withholding tax in relation to certain US source income and gains. The regulations relating to FATCA become effective in phases between 1 July 2014 and 2017.
- 21.7 On 28 March 2014, Luxembourg signed a Model 1 Intergovernmental Agreement (the **IGA**) with the US and a memorandum of understanding in respect thereof. The Company will be obliged to comply with the provisions of FATCA under the terms of the IGA and under the terms of Luxembourg legislation implementing the IGA. Under the IGA, the Company will be required to collect information aiming to identify its direct and indirect Investors that are "Specified US Persons" for FATCA purposes ("*reportable accounts*"). Any such information on reportable accounts provided to the Company will be shared with the Luxembourg tax authorities that will exchange that information on an automatic basis with the IRS.

- 21.8 The schedules for implementing the IGA and the detailed implementation rules have not yet been finalised. The information that may be required to be collected and disclosed by the Company is thus uncertain and subject to change. The Company however generally intends to comply with the provisions of the IGA to be deemed compliant with FATCA and should thus not be subject to the 30% withholding tax (**FATCA Withholding**) with respect to its share of any such payments attributable to actual and deemed US investments of the Company.
- 21.9 To ensure compliance with the regulations relating to FATCA and the provisions of the IGA, the Company may:
- 21.9.1 require any Investor to furnish all information and documentary evidence to ascertain the Investor's FATCA status;
  - 21.9.2 report information concerning a Shareholder to the Luxembourg tax authorities if such account is deemed a reportable account (the Investors waive insofar, if applicable, any conflicting rules on banking secrecy data-protection) and report payments to certain entities; and
  - 21.9.3 provide information to third parties to allow these to make an applicable FATCA Withholding;
- all in accordance with the regulations relating to FATCA and the IGA.
- 21.10 The aforesaid shall apply in relation to other withholding taxes accordingly. In addition, the Company may also require any Investor to pay amounts to the Company in order to comply with its FATCA Withholding and other withholding tax obligations. Finally, amendments may be made to this Prospectus to address the implementation of tax regulations including regulations relating to FATCA and the IGA, and compliance with such tax regulations may increase the Company's operating expenses.
- 21.11 Even though the Company generally intends to comply with any obligations imposed on it under the regulations relating to FATCA to avoid the imposition of FATCA Withholding, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to FATCA Withholding as a result of a non-compliance with these regulations, the value of Shares may be materially affected. If an amount in respect of FATCA were to be deducted or withheld from distributions, repayment of capital or other payments on or with respect to the Shares, neither the Company nor any other party would have any obligation to pay additional amounts or otherwise indemnify Shareholders for any such withholding or deduction by the Company or any other party. As a result, if FATCA Withholding is imposed on these payments, Shareholders may receive lower amounts than expected.
- 21.12 The regulations relating to FATCA are particularly complex and their application to the Company, the Shares and the Investors are uncertain at this time. Investors should consult their own tax advisers to obtain a more detailed explanation of the regulations relating to FATCA and to learn how these regulations might affect them in their particular circumstance.

#### **Other jurisdictions**

- 21.13 Interest, dividend and other income realised by the Company on the sale of securities of non-Luxembourg issuers, may be subject to withholding and other taxes levied by the jurisdictions in which the income is sourced. It is impossible to predict the rate of foreign tax the Company will pay since the amount of the assets to be invested in various countries and the ability of the Company to reduce such taxes is not known.
- 21.14 It is expected that Shareholders may be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarise the tax consequences for each

prospective investor of subscribing, converting, holding, redeeming or otherwise acquiring or disposing of Shares in the Company. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with his or her personal circumstances.

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

21.15 The foregoing description of Luxembourg tax consequences of an investment in, and the operations of, the Company is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Company to income taxes or subject Shareholders to increased income taxes.

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

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

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

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

#### **Reference Currency**

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

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

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

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

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

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

22.5 The Net Asset Value per Share will in principle be calculated with four (4) decimal places and may be rounded up or down to the nearest whole unit of the currency in which the Net Asset Value of the relevant Shares are calculated.

- 22.6 The Net Asset Value of the Shares will be notified to the Relevant Stock Exchanges where the Shares of the relevant Sub-Fund are listed and or admitted to trading immediately upon calculation.

**Allocation of assets and liabilities**

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

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

22.7.2 Assets acquired by the Company upon the investment of the subscription proceeds and income and capital appreciation in relation to such investments which relate to a specific Sub-Fund/Class shall be attributed to such Sub-Fund/Class.

22.7.3 Assets disposed of by the Company as a consequence of the redemption of Shares and liabilities, expenses and capital depreciation relating to investments made by the Company and other operations of the Company, which relate to a specific Sub-Fund/Class shall be attributed to such Sub-Fund/Class.

22.7.4 Where the use of foreign exchange transactions, instruments or financial techniques relates to a specific Sub-Fund/Class the consequences of their use shall be attributed to such Sub-Fund/Class.

22.7.5 Where assets, income, capital appreciations, liabilities, expenses, capital depreciations or the use of foreign exchange transactions, instruments or techniques relate to more than one Sub-Fund/Class they shall be attributed to such Sub-Funds/Classes in proportion to the extent to which they are attributable to each such Sub-Fund/Class.

22.7.6 Where assets, income, capital appreciations, liabilities, expenses, capital depreciations or the use of foreign exchange transactions, instruments or techniques cannot be attributed to a particular Sub-Fund they shall be divided equally between all Sub-Funds or, in so far as is justified by the amounts, shall be attributed in proportion to the relative Net Asset Value of the Sub-Funds/Classes if the Company, in its sole discretion, determines that this is the most appropriate method of attribution.

22.7.7 Upon payment of dividends to the Shareholders of a Sub-Fund/Class the net assets of this Sub-Fund/Class are reduced by the amount of such dividend.

**Valuation of assets**

- 22.8 The assets of the Company will be valued as follows:

22.8.1 The value of any cash in hand or on deposit, notes and bills payable on demand and accounts receivable, prepaid expenses and cash dividends declared and interest accrued but not yet collected, shall be deemed the nominal value of these assets unless it is improbable that it can be paid and collected in full; in which case, the value will be arrived at after deducting such amounts as the Company or the Management Company may consider appropriate to reflect the true value of these assets.

22.8.2 Securities and Money Market Instruments listed on an official stock exchange or dealt on any other Regulated Market will be valued at their last available price in Luxembourg as of the Valuation Day and, if the security or Money Market Instrument is traded on several markets, on the basis of the last known price on the main market of this security. If the last known price is not representative, valuation will be based on the fair value at

which it is expected it can be sold, as determined with prudence and in good faith by the Company or the Management Company.

- 22.8.3 Unlisted securities and securities or Money Market Instruments not traded on a stock exchange or any other Regulated Market as well as listed securities and securities or Money Market Instruments listed on a Regulated Market for which no price is available, or securities or Money Market Instruments whose quoted price is, in the opinion of the Company or the Management Company, not representative of actual market value, will be valued at their last known price in Luxembourg or, in the absence of such price, on the basis of their probable realisation value, as determined with prudence and in good faith by the Company or the Management Company.
- 22.8.4 Securities or Money Market Instruments denominated in a currency other than the relevant Sub-Fund's or Class' valuation currency will be converted at the spot exchange rate (T+0 or T+1) of the currency concerned applicable on the Valuation Day.
- 22.8.5 The valuation of investments reaching maturity within a maximum period of 90 days may include straight-line daily amortisation of the difference between the principal 91 days before maturity and the value at maturity.
- 22.8.6 The liquidation value of futures, spot, forward or options contracts that are not traded on stock exchanges or other Regulated Markets will be equal to their net liquidation value determined in accordance with the policies established by the Company or the Management Company on a basis consistently applied to each type of contract. The liquidation value of futures, spot, forward or options contracts traded on stock exchanges or other Regulated Markets will be based on the latest available price for these contracts on the stock exchanges and Regulated Markets on which these options, spot, forward or futures contracts are traded, provided that if an option or future contract cannot be liquidated on the date on which the net assets are valued, the basis for determining the liquidation value of said contract shall be determined by the Company or the Management Company in a fair and reasonable manner.
- 22.8.7 Swaps are valued at their fair value based on the last known closing price of the underlying security.
- 22.8.8 UCIs are valued on the basis of their last available net asset value in Luxembourg. As indicated below, this net asset value may be adjusted by applying a recognised index so as to reflect market changes since the last valuation.
- 22.8.9 Liquid assets and Money Market Instruments are valued at their nominal value plus accrued interest, or on the basis of amortised costs.
- 22.8.10 Any other securities and assets are valued in accordance with the procedures put in place by the Company or the Management Company and, where necessary and appropriate, with the support of valuers who will be instructed to carry out valuations.

22.9 For the purpose of determining the value of a Sub-Fund's assets, the Administrator, having due regards to the standard of care and due diligence in this respect, may exclusively rely upon valuations or prices which can be:

- (a) either provided by or through independent, specialized and reputable external pricing sources which are either used by common market practice (including, but not limited to, (i) generally used information sources such as Reuters, Bloomberg, Telekurs and similar, (ii) brokers, prime brokers (if any) or external depositories, (iii) the administrators of portfolio funds and other assets, where the valuation of such assets is established by an administrator), or which have been specifically

appointed to that effect by the Company or the Management Company in accordance with the 2010 Act (the **External Pricing Sources**), or

(b) established by the Company itself or any external valuer appointed by the Company or the Management Company.

- 22.10 In such circumstances, the Administrator shall not, in the absence of manifest error, be responsible for any loss suffered by the Company or any Shareholder by reason of any error in the calculation of the Net Asset Value and the Net Asset Value per Share resulting from any inaccuracy in the information provided by the External Pricing Sources or by the Company itself or any external valuer.
- 22.11 In circumstances where one or more External Pricing Sources, the Company or the relevant service providers fail(s) to provide pricing/valuation for the assets of the Company or, if for any reason, the pricing/valuation of any asset of the Company may not be determined as promptly and accurately as required, the Administrator shall promptly inform the Company and/or the Management Company thereof and the Administrator shall obtain authorised instructions in order to enable it to finalize the computation of the Net Asset Value. The Company and/or the Management Company may decide to suspend the Net Asset Value calculation, in accordance with Section 22 of this Prospectus and the Articles, and instruct the Administrator to suspend the Net Asset Value calculation. The Company and/or the Management Company shall be responsible for notifying the suspension of the Net Asset Value calculation to the Shareholders, if required, or instructing the Administrator to do so. If the Company and/or the Management Company do(es) not decide to suspend the Net Asset Value calculation in a timely manner, the Company and/or the Management Company shall be solely liable for all the consequences of a delay in the Net Asset Value calculation, and the Administrator may inform the relevant authorities and the Company's auditor in due course.
- 22.12 In the context of Sub-Funds which invest in UCIs, valuation of their assets may be complex in some circumstances and the administrative agents of such UCIs may be late or delay communicating the relevant net asset values. Consequently, Administrator, under the responsibility of the Management Company, may estimate the assets of the relevant Sub-Funds as of the Valuation Day considering, among other things, the last valuation of these assets, market changes and any other information received from the relevant UCIs. In this case, the Net Asset Value estimated for the Sub-Funds concerned may be different from the value that would have been calculated on the said Valuation Day using the official net asset values calculated by the administrative agents of the UCIs in which the Sub-Fund invested. Nevertheless, the Net Asset Value calculated using this method shall be considered as final and applicable despite any future divergence.
- 22.13 If one or more sources of quotation are not able to provide relevant valuations to the Administrator, the latter is authorised to not calculate the Net Asset Value and, consequently, not to determine subscription, redemption and conversion prices. The Administrator shall immediately inform the Management Company and the Company if such a situation arises. If necessary, the Company may decide to suspend the calculation of the Net Asset Value in accordance with the procedures described in Section 23 of the General Section.

#### **Indicative Net Asset Value per Share**

- 22.14 The Company may at its discretion make available, or may designate other persons to make available on its behalf, on each Dealing Day, an indicative net asset value (the **iNAV**) for one or more Sub-Funds. The iNAV is the net asset value of a Fund calculated on a real time basis during trading hours. The values are intended to provide investors and market participants a continuous indication of a Sub-Fund's value. The values are usually calculated based on a valuation of the actual Sub-Fund portfolio using real-time prices from all relevant exchanges.

- 22.15 An iNAV is not, and should not be taken to be or relied on as being, the Net Asset Value of a Share or the market price at which Shares may be subscribed for or redeemed (for the Primary Market) or purchased or sold (on the Secondary Market). In particular, any iNAV provided for any Sub-Fund where the constituents of the Reference Index are not actively traded during the time of publication of such iNAV may not reflect the true value of a Share, may be misleading and should not be relied on.
- 22.16 Investors should be aware that the calculation and reporting of any iNAV may reflect time delays in the receipt of the prices of the relevant constituent securities in comparison to other calculated values based upon the same constituent securities including, for example, the Reference Index or the iNAV of other ETFs based on the same Reference Index. Investors interested in dealing in Shares on the Secondary Market should not rely solely on any iNAV which is made available in making investment decisions, but should also consider other market information and relevant economic and other factors (including, where relevant, information regarding the Reference Index, the relevant constituent securities and financial instruments based on the Reference Index corresponding to the relevant Sub-Fund).

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

- 23.1 The Company may at any time and from time to time suspend the determination of the Net Asset Value of Shares of any Sub-Fund or Class and for, the issue of the Shares of such Sub-Fund or Class to subscribers and for the redemption of the Shares of such Sub-Fund or Class from its Shareholders and for conversions of Shares of any Class in a Sub-Fund:
- 23.1.1 during any period in which any of the principal stock exchanges or other markets on which a substantial portion of the assets of the Sub-Fund or the relevant Class from time to time are quoted or traded is closed otherwise than for ordinary holidays, or during which transactions therein are restricted, limited or suspended, provided that such restriction, limitation or suspension affects the valuation of the assets of the Sub-Fund or the relevant Class;
- 23.1.2 where the existence of any state of affairs which, in the opinion of the Board, constitutes an emergency or renders impracticable a disposal or valuation of the assets attributable to a Sub-Fund;
- 23.1.3 during any breakdown of the means of communication or computation normally employed in determining the price or value of any of the assets attributable to a Sub-Fund;
- 23.1.4 during any period in which the Company is unable to repatriate monies for the purpose of making payments on the redemption of Shares or during which any transfer of monies involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board, be effected at normal rates of exchange;
- 23.1.5 when for any other reason the prices of any constituents of the underlying asset or, as the case may be, the hedging asset and, for the avoidance of doubt, where the applicable techniques used to create exposure to the underlying asset, cannot promptly or accurately be ascertained;
- 23.1.6 in case of the Company's liquidation or in the case a notice of termination has been issued in connection with the liquidation of a Sub-Fund or a Class;
- 23.1.7 where, in the opinion of the Board, circumstances which are beyond the control of the Board make it impracticable or unfair vis-à-vis the Shareholders to continue trading the Shares.

- 23.2 Any such suspension may be notified by the Company in such manner as it may deem appropriate to the persons likely to be affected thereby. The Company shall notify Shareholders requesting redemption of their Shares of such suspension. Any such suspension shall be notified immediately, and in any event within the same Business Day, to the Relevant Stock Exchanges (if any) where the Shares of the relevant Fund are listed and or admitted to trading.

## **24. GENERAL INFORMATION**

### **Auditor**

- 24.1 KPMG Luxembourg, *réviseur d'entreprises agréé*, has been appointed as the independent auditor of the Company.

### **Fiscal year**

- 24.2 The accounts of the Company are closed at 31 December each year. The first fiscal year shall begin on the date on which the Company was incorporated and shall end on 31 December 2018.

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

- 24.3 Audited annual reports of the end of each fiscal year will be established as at 31 December of each year. In addition, unaudited semi-annual reports will be established as per the last day of the month of June. Those financial reports will provide for information on each of the Sub-Fund's assets as well as the consolidated accounts of the Company and be made available to the Shareholders free of charge at the registered office of the Company and of the Depositary.
- 24.4 The financial statements of each Sub-Fund will be established in the Reference Currency of the Sub-Fund but the consolidated accounts will be in Euro.
- 24.5 Audited annual reports shall be published within four (4) months following the end of the accounting year (i.e. by 30 April each year) and unaudited semi-annual reports shall be published within two (2) months following the end of period to which they refer (i.e. by 31 August of each year). The first annual report will be published in relation to the financial period ending 31 December 2018. The first unaudited semi-annual report for the Company will be dated as of 30 June 2018.
- 24.6 Information on the Net Asset Value, the subscription price (if any) and the redemption price may be obtained at the registered office of the Company.

### **Shareholders' meetings**

- 24.7 The annual general meeting of the Shareholders in the Company shall be held at the registered office of the Company or on the place specified in the convening notice on 10<sup>th</sup> of April of each year at 12.00 pm (Luxembourg time). If such day is not a Business Day, the annual general meeting of the Shareholders will be held on the preceding day which is a Business Day. The first annual general meeting will take place in 2019.
- 24.8 Notice of any general meeting of shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the Company or of any Sub-Fund) will be mailed by registered letter to each registered Shareholder at least eight (8) days prior to the meeting, without prejudice to other means of communication which need to be accepted on an individual basis by their addressees and to warrant notification.
- 24.9 Such notices shall contain the agenda, the date and place of the meeting, the conditions of admission to the meeting and they shall refer to the applicable quorum and majority requirements. The meetings of Shareholders of Shares of a particular Sub-Fund may decide on matters which are relevant only for the Sub-Fund concerned.

### **Documents available to Investors**

- 24.10 The following documents shall also be available for inspection by Investors during normal business hours on any Business Day at the registered office of the Company:
- 24.10.1 the Articles;
  - 24.10.2 the Management Company Services Agreement;
  - 24.10.3 the Depositary Agreement;
  - 24.10.4 the Administration Agreement
  - 24.10.5 any agreement with a Distributor;
  - 24.10.6 the agreement with the Investment Manager and any sub-investment manager; and
  - 24.10.7 the most recent annual and semi-annual financial statements of the Company.
- 24.11 The above documents and agreements may be amended from time to time by all the parties involved.

### **Information and documents available on the website**

- 24.12 The following information may be inspected under [www.itifunds-etf.com](http://www.itifunds-etf.com)
- 24.12.1 the Prospectus;
  - 24.12.2 the Articles;
  - 24.12.3 the key investor information documents;
  - 24.12.4 the iNAV; and
  - 24.12.5 information on the portfolios of the Sub-Funds.

### **Changes of address of an Authorised Participant**

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

### **Shares available for issue**

- 24.14 The Shares available for issue are ITI Funds RTS Equity A (USD), A (EUR), A (CHF), A (RUB) and A (HKD) share classes and the ITI Funds Russia focused USD Eurobond ETF A (USD), A (CHF) and A (RUB) share classes and any such other Class of Shares as the Directors may resolve to issue from time to time in accordance with the Articles.

### **No indebtedness**

- 24.15 As at the date of this Prospectus, neither the Company or its Sub-Funds have any loan capital (including term loans) outstanding or created but unissued, nor any outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, or guarantees or other contingent liabilities.

### **No legal proceedings**

- 24.16 The Company has not since its incorporation been nor is it engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are pending or threatened against the Company which may have or have had a significant effect on the financial position of the Company.

### **Information to investors**

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

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

### **Dissolution of the Company**

- 25.1 The duration of the Company is not limited by the Articles. The Company may be wound up by decision of an extraordinary general meeting of Shareholders. If the total net assets of the Company falls below two-thirds of the minimum capital prescribed by law (i.e. EUR 1,250,000), the Board must submit the question of the Company's dissolution to a general meeting of Shareholders for which no quorum is prescribed and which shall pass resolutions by simple majority of the Shares represented at the meeting.
- 25.2 If the total net assets of the Company fall below one-fourth of the minimum capital prescribed by law, the Board must submit the question of the Company's dissolution to a general meeting of Shareholders for which no quorum is prescribed. A resolution dissolving the Company may be passed by Shareholders holding one-fourth of the Shares represented at the meeting.
- 25.3 The meeting must be convened so that it is held within a period of forty days from the date of ascertainment that the net assets have fallen below two-thirds or one-fourth of the legal minimum, as the case may be.
- 25.4 If the Company is dissolved, the liquidation shall be carried out by one or several liquidators appointed in accordance with the provisions of the 2010 Act. The decision to dissolve the Company will be published in the Mémorial and two newspapers with adequate circulation, one of which must be a Luxembourg newspaper. The liquidator(s) will realise each Sub-Fund's assets in the best interests of the Shareholders and apportion the proceeds of the liquidation, after deduction of liquidation costs, amongst the Shareholders of the relevant Sub-Fund according to their respective prorata. Any amounts unclaimed by the Shareholders at the closing of the liquidation of the Company will be deposited with the *Caisse de Consignation* in Luxembourg for a duration of thirty (30) years. If amounts deposited remain unclaimed beyond the prescribed time limit, they shall be forfeited.
- 25.5 As soon as the decision to wind up the Company is made, the issue, redemption or conversion of Shares in all Sub-Funds will be prohibited and shall be deemed void.

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

#### *Liquidation*

- 25.6 The Board may decide on a compulsory redemption of all Shares outstanding in a Sub-Fund or a Class on the basis of the Net Asset Value per Share (after taking account of current realisation

prices of the investments as well as realisation expenses), calculated as of the day the decision becomes effective, if:

- 25.6.1 for any reason, the net assets of a Sub-Fund or of any Class fall below the equivalent of EUR 5,000,000 or any higher amount which the Board considers to be insufficient to ensure an economically sound management of such Sub-Fund or Class;
- 25.6.2 a change in the economic or political environment of the relevant Sub-Fund or Class may have material adverse consequences on the Sub-Fund's investments; or
- 25.6.3 an economic rationalisation so requires.

The Company will serve a notice to the holders of the relevant Shares prior to the effective date for the compulsory redemption, which will indicate the reasons of and the procedure for the redemption operations. Shareholders will be notified in writing not later than one (1) month prior to the compulsory redemption becoming effective. Unless the Board decides otherwise in the interests of, or in order to keep equal treatment between the Shareholders, the Shareholders of the Sub-Fund or Class concerned may continue to request redemption or conversion of their Shares free of redemption or conversion charge. However, the liquidation costs will be taken into account in the redemption and conversion price.

- 25.7 Notwithstanding the powers granted to the Board as described in the previous paragraph, a general meeting of Shareholders of a Sub-Fund or Class may, upon proposal of the Board, decide to repurchase all the Shares in such Sub-Fund or Class and to reimburse the Shareholders on the basis of the Net Asset Value of their Shares (taking account of current realisation prices of the investments as well as realisation expenses) calculated as of the Valuation Day on which such decision shall become effective. No quorum shall be required at this general meeting and resolutions shall be passed by a simple majority of the shareholders present or represented, provided that the decision does not result in the liquidation of the Company.
- 25.8 Liquidation proceeds which cannot be distributed to the Shareholders upon the conclusion of the liquidation of a Sub-Fund or Class will be deposited with the *Caisse de Consignation* in Luxembourg on behalf of such beneficiaries.
- 25.9 All the Shares redeemed will be cancelled.

#### *Merger*

- 25.10 Merger of the Company or Sub-Funds with other UCITS
  - 25.10.1 The Company may, either as a merging UCITS or as a receiving UCITS be subject to cross-border and domestic mergers;
  - 25.10.2 The Board of Directors is competent to decide on the effective date of the merger with another UCITS;
  - 25.10.3 For the sake of this Sections 25.10:
    - (a) a merger means an operation in the meaning of article 1 (20) a) to b) of the 2010 Act;
    - (b) the term unitholders/units may also refer to the Shareholders/Shares of the Company or a Sub-Fund;
    - (c) the term UCITS may also refer to sub-funds of a UCITS (including the Sub-Funds); and

(d) the term Company may also refer to a Sub-Fund.

25.10.4 Where the Company is merging with another UCITS (the **Other UCITS**), either as the merging UCITS or the receiving UCITS, the following general rules will apply:

(a) The Company will provide appropriate and accurate information on the proposed merger to its Shareholders so as to enable them to make an informed judgment of the impact of the merger on their investment. This information (the **Merger Notification**) must be provided:

(i) only after the CSSF (or, as the case may be, the other supervising authority) has authorized the proposed merger; and

(ii) at least thirty (30) days before the last date on which Shareholders may exercise their Merger Dealing Rights (as defined below).

(b) The Shareholders have the right to request, without any charge other than those retained by the Company to meet disinvestment costs:

(i) the repurchase or redemption of their Shares; or, where possible,

(ii) the conversion of their Shares into units in another UCITS with similar investment policy and managed 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 **Merger Dealing Rights**).

The Merger Dealing Rights will become effective from the date of the Merger Notification, and will cease to exist five working days before the date for calculating the Merger Exchange Ratio (as defined below).

(c) Without prejudice to item (b) above, by way of derogation from articles 11, paragraph (2), and 28, paragraph (1), point b) of the 2010 Act, the Company may decide to temporarily suspend the subscription, repurchase or redemption of Shares, provided that any such suspension is justified for the protection of the Shareholders.

(d) The Company and the Other UCITS must draw up common draft terms of merger setting out the particulars as stipulated in article 69(1) of the 2010 Act (the **Common Draft Merger Terms**).

(e) The Common Draft Merger Terms will determine the effective date of the merger as well as the date for calculating the exchange ratio of units of the merging UCITS into units of the receiving UCITS and, as the case may be, for determining the relevant net asset value for cash payments (the **Merger Exchange Ratio**). Such dates will be after the approval, as the case may be, of the merger by the unitholders of the Company and the Other UCITS.

25.10.5 Where the Company is the merging UCITS the following rules will apply:

(a) For any merger where the Company ceases to exist, such merger will require the vote of Shareholders in the Company subject to the quorum and majority requirements provided for amendment to the Articles. This decision must be recorded by notarial deed.

- (b) The Company will entrust its statutory auditor to validate the following:
  - (i) the criteria adopted for valuation of the assets and, as the case may be, the liabilities on the date for calculating the Merger Exchange Ratio;
  - (ii) where applicable, the cash payment per share; and
  - (iii) the Merger Exchange Ratio and its calculation method.

A copy of this report shall be made available on request and free of charge to the unitholders of both the merging UCITS and the receiving UCITS and to their competent authorities.

25.10.6 Where the Company is the receiving UCITS the following rules will apply:

- (a) While ensuring observance of the principle of risk-spreading, the Company is allowed to derogate from articles 43, 44, 45 and 46 of the 2010 Act for six (6) months following the effective date of the merger.
- (b) The Management Company will confirm in writing to the Depositary that the transfer of assets and, as the case may be, liabilities is complete
- (c) The entry into effect of the merger will be made public through all appropriate means by the Company. The Company will further notify the CSSF and any other competent authority involved in the merger.

## **26. RISK FACTORS**

### **Introduction**

- 26.1 Before making an investment decision with respect to Shares of any Class in any Sub-Fund, prospective investors should carefully consider all of the information set out in this Prospectus and the relevant Special Section, as well as their own personal circumstances. Prospective investors should have particular regard to, among other matters, the considerations set out in this section and under the Sections “Specific Risk Factors” and “Profile of the typical investor” in the relevant Special Section. The risk factors referred to therein, and in this document, alone or collectively, may reduce the return on the Shares of any Sub-Fund and could result in the loss of all or a proportion of a Shareholder's investment in the Shares of any Sub-Fund. The price of the Shares of any Sub-Fund can go down as well as up and their value is not guaranteed. Shareholders may not receive, at redemption or liquidation, the amount that they originally invested in any Class or any amount at all.
- 26.2 The risks may include or relate to equity markets, bond markets, foreign exchange rates, interest rates, credit risk, the use of FDIs, counterparty risk, market volatility and political risks. The risk factors set out in this Prospectus, the relevant key investor information document and the relevant Special Section are not exhaustive. There may be other risks that a prospective investor should consider that are relevant to his own particular circumstances or generally.
- 26.3 An investment in the Shares of any Sub-Fund is only suitable for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.
- 26.4 Before making any investment decision with respect to the Shares, prospective investors should consult their own stockbroker, bank manager, lawyer, solicitor, accountant and/or financial adviser

and carefully review and consider such an investment decision in the light of the foregoing and the prospective investor's personal circumstances.

### **Nominee arrangements**

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

### **Risks in relation to Index-Tracking Sub-Funds**

- 26.6 The Index-Tracking Sub-Funds follow a passive investment strategy and hence are not "actively managed". Accordingly, the Management Company will generally not adjust the composition of a Sub-Fund's portfolio. Index-Tracking Sub-Funds do not try to "beat" the market they reflect and do not seek temporary defensive positions when markets decline or are judged to be overvalued. Accordingly, a fall in the relevant Reference Index may result in a corresponding fall in the value of the Shares of the relevant Sub-Fund.
- 26.7 It may not be practical or cost efficient for certain funds to replicate their respective Reference Index. Certain Index-Tracking Sub-Fund's may use optimisation techniques to track the performance of their respective Reference Index. Optimisation techniques may include the strategic selection of some (rather than all) of the securities that make up the Reference Index, holding securities in proportions that differ from the proportions of the Reference Index and/or the use of FDI to track the performance of certain securities that make up the Reference Index. The Company may also select securities which are not underlying constituents of the relevant Reference Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the relevant Reference Index. Optimising funds may potentially be subject to Tracking Error risk, which is the risk that their returns may not track exactly those of their respective Reference Index.
- 26.8 In addition, the Company relies on index licences granted by third party index providers to use and track the Reference Indices. In the event that an index provider terminates or varies an index licence, it will affect the ability of the impacted Sub-Funds to continue to use and track their Reference Index and to meet their investment objectives.

### **Specific Risks in relation to Physical Trackers**

- 26.9 In exceptional circumstances, such as, but not limited to, disruptive market conditions or extremely volatile markets, may cause a Physical Trackers tracking accuracy to diverge substantially from the Reference Index.
- 26.10 While Physical Trackers seek to track the performance of their respective Reference Index, whether through a replication or optimisation, there is no guarantee that they will achieve perfect tracking. There might be a risk of Tracking Error, which is the risk that their returns may not always track exactly those of their respective Reference Index. This Tracking Error may result from an inability to hold the exact constituents of the Reference Index, for example where there are local market trading restrictions, small illiquid components, a temporary unavailability or interruption in trading of certain securities comprising the Reference Index and/or where the applicable laws limit exposure to the constituents of the Reference Index.
- 26.11 Due to various factors, including the Physical Tracker's fees and expenses involved, the applicable concentration limits, other legal or regulatory restrictions, and, in certain instances, certain

securities being illiquid, it may not be possible or practicable to purchase all of the constituents in proportion to their weighting in the Reference Index or purchase certain of them at all.

- 26.12 Where a Physical Tracker uses EPMTs to optimize its exposure it may be subject to the additional risks listed under Section 26.39 et seq.

### **Investments in Transferable Securities**

- 26.13 Investments in fixed income securities such as corporate bonds may involve credit risk including default risk and credit spread risk. Furthermore a relevant Sub-Fund may be exposed to the integrity of the issuer's management, its commitment to repay the loan, its qualification, its operating record, its emphasis in strategic direction, financial philosophy, operational management and control systems as well as to its capacity and ability to generate cash flow to repay its debt obligations. A Sub-Fund may invest in debt instruments which are issued without any guarantee, letter of credit, debt insurance or collateral including junior debt.
- 26.14 Investments in stock-listed equities embed equity risk including failures of the issuer and substantial declines in value at any stage. Investments in listed equities made by a Sub-Fund depend for a large part of their performance on the evolution of the stock markets. Sales of equity may sometimes only be achievable at a significant discount to quoted market prices, if at all. Equity holders in general rank below debt holders and so are exposed to higher risks.
- 26.15 A Sub-Fund may invest in Transferable Securities issued in emerging markets and/or issued by issuers located, active or strongly exposed to emerging markets. Certain risks are more prevalent in emerging markets than in other markets, such as high inflation, macroeconomic volatility, capital restrictions and controls and political risks.
- 26.16 In certain markets, trading on the local exchange may be carried out by one or a small number of local market account holders. If such account holder(s) fail(s) to deliver securities or monies in relation to a trade, there is a risk of suspension in relation to all Funds which effect their trading on the local market through such account holder(s). This risk may be increased where a Sub-Fund participates in a SLT programme. Suspension in either case may increase the costs of the Sub-Fund.
- 26.17 A Sub-Fund may invest in Transferable Securities issued by small or medium size companies. There are certain risks associated with investing in small or medium capitalised stocks and the securities of small companies. The market prices of these securities may be more volatile than those of larger companies. Because small companies normally have fewer shares outstanding than larger companies it may be more difficult to buy and sell significant amounts of shares without affecting market prices. There is typically less publicly available information about these companies than for larger companies. The lower capitalisation of these companies and the fact that small companies may have smaller product lines and command a smaller market share than larger companies may make them more vulnerable to fluctuation in the economic cycle.

### **Listing and Secondary Market, Market price of Shares**

- 26.18 There can be no certainty that a listing on any stock exchange applied for by the Company will be achieved and/or maintained or that the conditions of listing will not change. Further, trading in Shares on a stock exchange may be halted pursuant to that stock exchange's rules due to market conditions and investors may not be able to sell their Shares until trading resumes.
- 26.19 The Net Asset Value of a Share represents the price for subscribing or redeeming Shares of that Sub-Fund. The market price of Shares may sometimes trade above or below this Net Asset Value. There is a risk, therefore, that investors may not be able to buy or sell at a price close to this Net Asset Value. The deviation from the Net Asset Value is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for underlying securities. The "bid/ask" spread of the Shares (being the difference between the prices being bid by

potential purchasers and the prices being asked by potential sellers) is another source of deviation from the Net Asset Value. The bid/ask spread can widen during periods of market volatility or market uncertainty, thereby increasing the deviation from the Net Asset Value.

### **Sovereign Risk**

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

### **Emerging Markets**

- 26.22 Investors in Sub-Funds with an exposure to emerging markets should be aware of the risk associated with investment in emerging markets. Investments in emerging markets may be subject to greater risks than investments in well developed markets, as a result of a number of considerations, including potentially significant legal and political risks.
- 26.23 Such considerations may include greater risk of market shutdown, greater governmental involvement in the economy, less complete and reliable official data and, in some cases, greater volatility, greater liquidity risks, greater unpredictability and higher risk of civil or international conflict. Emerging markets may also be exposed to greater political and economic risks, such as the possibility of nationalisation, expropriation, political changes, social instability or other developments which could adversely affect the economies of such nations or the foreign exchange rates.

### **Use of FDIs**

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

#### *Market risk*

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

#### *Control and monitoring*

- 26.26 FDI products are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities. The use of derivative techniques requires an understanding not only of the underlying assets of the FDI but also of the FDI itself, without the benefit of observing the performance of the FDI under all possible market conditions. In particular, the use and complexity of FDIs require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that an FDI adds to a

Sub-Fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

*Liquidity risk*

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

*Counterparty risk*

- 26.28 A Sub-Fund may enter into transactions in OTC markets, which will expose the Sub-Funds to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, a Sub-Fund may enter into swap arrangements or other derivative techniques as specified in the relevant Special Section, each of which exposes the Sub-Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, a Sub-Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. However, this risk is limited in view of the investment restrictions laid down in under Section 5 of the General Section.

*Different maturity*

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

*Other risks*

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

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

- 26.32 A Sub-Fund may, as a part of its investment policy, enter into interest rate, currency, total return swaps, credit default swaps and interest rate swaptions contracts. Interest rate swaps involve the exchange by a Sub-Fund with another party of their respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. Currency swaps may involve the exchange of rights to make or receive payments in specified currencies. Total

return swaps involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments.

- 26.33 Where a Sub-Fund enters into interest rate or total return swaps on a net basis, the two payment streams are netted out, with each Sub-Fund receiving or paying, as the case may be, only the net amount of the two payments. Interest rate or total return swaps entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to interest rate swaps is limited to the net amount of interest payments that the Sub-Fund is contractually obligated to make (or in the case of total return swaps, the net amount of the difference between the total rate of return of a reference investment, index or basket of investments and the fixed or floating payments). If the other party to an interest rate or total return swap defaults, in normal circumstances the Sub-Fund's risk of loss consists of the net amount of interest or total return payments that the Sub-Fund is contractually entitled to receive. In contrast, currency swaps usually involve the delivery of the entire principal value of one designated currency in exchange for the other designated currency. Therefore, the entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations.
- 26.34 A Sub-Fund may use credit default swaps. A credit default swap is a bilateral financial contract in which one counterparty (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer. The protection buyer must either sell particular obligations issued by the reference issuer for its par value (or some other designated reference or strike price) when a credit event (such as bankruptcy or insolvency) occurs or receive a cash settlement based on the difference between the market price and such reference price.
- 26.35 A Sub-Fund may use credit default swaps in order to hedge the specific credit risk of some of the issuers in its portfolio by buying protection. In addition, a Sub-Fund may buy protection under credit default swaps without holding the underlying assets provided that the aggregate premiums paid together with the present value of the aggregate premiums still payable in connection with credit default swaps purchased may not, at any time, exceed the net assets of the relevant Sub-Fund.
- 26.36 A Sub-Fund may also sell protection under credit default swaps in order to acquire a specific credit exposure. In addition, the aggregate commitments in connection with such credit default swaps may not, at any time, exceed the value of the net assets of the relevant Sub-Fund.
- 26.37 A Sub-Fund may also purchase a receiver or payer interest rate swaption contract. These give the purchaser the right, but not the obligation to enter into an interest rate swap at a pre-set interest rate within a specified period of time. The interest rate swaption buyer pays a premium to the seller for this right. A receiver interest rate swaption gives the purchaser the right to receive fixed payments in return for paying a floating rate of interest. A payer interest rate swaption would give the purchaser the right to pay a fixed rate of interest in return for receiving a floating rate payment stream.
- 26.38 The use of interest rate, currency, total return swaps, credit default swaps and interest rate swaptions is a highly specialised activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Company, the Management Company or an investment manager are incorrect in its forecasts of market values, interest rates and currency exchange rates, the investment performance of the Sub-Fund would be less favourable than it would have been if these investment techniques were not used.

#### **Specific risks in relation to certain EPMTs**

- 26.39 Use of EPMTs involves certain risks, some of which are listed in the following paragraphs, and there can be no assurance that the objective sought to be obtained from such use will be achieved.

- 26.40 Although Regulations require each Sub-Fund entering into EPMTs to receive sufficient collateral to reduce its counterparty exposure, the applicable rules do however not require that such counterparty exposure be fully covered by collateral. This leaves room for the Sub-Funds to be exposed to a net counterparty risk and investors should be aware of the possible resulting loss in case of default of the relevant counterparty.
- 26.41 In relation to reverse repurchase transactions and sale with right of repurchase transactions in which a Sub-Fund acts as purchaser and in the event of the failure of the counterparty from whom securities have been purchased, investors should note that:
- 26.41.1 there is the risk that the value of the securities purchased may yield less than the cash originally paid, whether because of inaccurate pricing of such securities, an adverse market value evolution, a deterioration in the credit rating of the issuers of such securities, or the illiquidity of the market in which these are traded; and
- 26.41.2 locking cash in transactions of excessive size or duration, and/or delays in recovering cash at maturity may restrict the ability of the Sub-Fund to meet redemption requests, security purchases or, more generally, reinvestment.
- 26.42 In relation to repurchase transactions and sale with right of repurchase transactions in which a Sub-Fund acts as seller and in the event of the failure of the counterparty to which securities have been sold, investors should note that:
- 26.42.1 there is the risk that the value of the securities sold to the counterparty is higher than the cash originally received, whether because of a market appreciation of the value of such securities or an improvement in the credit rating of their issuer; and
- 26.42.2 locking investment positions in transactions of excessive size or duration, and/or delays in recovering, at maturity, the securities sold, may restrict the ability of the Sub-Fund to meet delivery obligations under security sales or payment obligations arising from redemption requests.
- 26.43 In relation to SLT, investors should note that:
- 26.43.1 if the borrower of securities lent by a Sub-Fund fails to return these, there is a risk that the collateral received may be realised at a value lower than the value of the securities lent, whether due to inaccurate pricing of the collateral, adverse market movements in the value of the collateral, a deterioration in the credit rating of the collateral issuer, or the illiquidity of the market in which the collateral is traded; and
- 26.43.2 in case of reinvestment of cash collateral, such reinvestment may:
- (a) introduce market exposures inconsistent with the objectives of the Sub-Fund; or
- (b) yield a sum less than the amount of collateral to be returned; and
- 26.43.3 delays in the return of securities on loans may restrict the ability of a Sub-Fund to meet delivery obligations under security sales or payment obligations arising from redemption requests.

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

- 26.44 Investors should note that there may be restrictions in connection with the subscription, holding and trading in the Shares. For instance, access to the Primary Market is only permitted to Authorised Participants.

- 26.45 Such restrictions may have the effect of preventing the investor from freely subscribing, holding or transferring the Shares.

### **Valuation Risk**

- 26.46 The Sub-Fund's assets, the Reference Index or the FDI techniques used to link the two may be complex and specialist in nature. Valuations for such assets or FDIs will only usually be available from a limited number of market professionals which frequently act as counterparties to the transactions to be valued. Such valuations are often subjective and there may be substantial differences between any available valuations.

### **Taxation**

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

### **Change of law**

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

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

- 26.51 A Sub-Fund may, subject to the conditions set out in Section 6.5 of the General Section, invest in other UCITS and Other UCIs which may be operated and/or managed by the Management Company or a related party. As an investor in such other undertakings for collective investment, in addition to the fees, costs and expenses payable by a Shareholder in the Sub-Funds, each Shareholder will also indirectly bear a portion of the fees, costs and expenses of the underlying undertakings for collective investment, including management, investment management and, administration and other expenses.

### **Transaction costs**

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

**27. AMENDMENTS TO THE PROSPECTUS**

- 27.1 Subject to the approval of the CSSF, the Board may amend the provisions of this General Section and every Special Section as follows:
- 27.1.1 where the change is determined by the Board not to be material, upon decision of the Board; or
  - 27.1.2 where the change is determined by the Board to be material, the Company will apply the procedure laid down in CSSF Circular 14/591 on the protection of investors in case of a material change to an open-ended undertaking for collective investment.
- 27.2 Shareholders of the affected Sub-Funds will be notified by the Company of all amendments that are adopted without their consent in accordance with Section 27.1.1 of the General Section. Shareholders of the affected Sub-Funds will be notified in advance of any proposed material change to the General Section or the relevant Special Section(s) to ensure that they are able to make an informed judgment in respect of the expected amendments pursuant to Section 27.1.2.
- 27.3 Shareholders will be notified through the Company's website as well as, if necessary, in the official publications specified in the respective jurisdictions in which the Shares are made available for public distribution.
- 27.4 Any amendment to the Prospectus that would result in a discrepancy between the terms and provisions of the Articles and those of this Prospectus shall be subject to the prior amendment of the Articles, in accordance with the provisions of the 1915 Act and the Articles.

**PART B – SPECIAL SECTIONS**

## SPECIAL SECTION I

### ITI FUNDS RTS EQUITY UCITS ETF SICAV

This Special Section I is valid only if accompanied by the Prospectus. This Special Section only relates to ITI Funds RTS Equity UCITS ETF SICAV (the Sub-Fund).

#### 1. INVESTMENT OBJECTIVES AND POLICY

##### Investment objective

- 1.1 The investment objective of the Sub-Fund is to provide investors with a return which reflects the return of the RTS Index (Bloomberg: RTSI\$) (the “**Reference Index**”).

The Reference Index is a capitalization-weighted composite index calculated based on prices of the 50 most liquid Russian stocks of the largest and dynamically developing Russian issuers with economic activities related to the main sectors of the Russian economy presented on the Moscow Exchange.

- 1.2 Further information on the Reference Index can be found under <http://moex.com/en/index/RTSI>.

##### Investment strategy

- 1.3 The Sub-Fund is a Physical Tracker. To achieve its object it intends to replicate the Reference Index by buying the constituents of the Reference Index in the proportions reflecting as the Reference Index to the extent it is possible and practicable to mimic the performance of the underlying index.

- 1.4 In certain situations (namely, but not limited to restrictions applied physical holding of certain securities) the Investment Manager may switch to a synthetic replication model.

- 1.5 Under normal market conditions, the Investment Manager anticipates a level of Tracking Error of up to 2.0% on the annual basis.

- 1.6 The Tracking Error may be higher due to the following factors:

1.6.1 Where the assets of the Sub-Fund are below USD 10 million for a significant amount of time;

1.6.2 Decrease in liquidity of individual issuers of constituents of the Reference Index; and

1.6.3 External factors forcing the Sub-Fund to switch from a physical replication model to a synthetic replication model due to the costs required to restructure the investment model.

- 1.7 The Sub-Fund will employ EPMTs in accordance with the provisions of Section 7 of the General Section. It is typically expected that, where permitted, 0-10% of the net asset value of available instruments in the Sub-Fund may be subject to securities lending transactions or repurchase/reverse repurchase agreements, subject always to a maximum of 100% of the net asset value.

- 1.8 The Sub-Fund will not invest in TRS.

##### Investment restrictions

- 1.9 The Sub-Fund is subject to the investment restrictions laid down under Section 6 of the General Section.

- 1.10 Additionally, the Sub-Fund will comply with the following investment restrictions:
- 1.10.1 it will not invest more than 10% of its net assets in Other UCI or UCITS; and
  - 1.10.2 it will not borrow cash for investment purposes.
  - 1.10.3 It will continuously invest at least directly (or indirectly if the Investment Manager decides to switch to a synthetic replication model) 51% of its net assets in shares of corporations which are listed on a stock exchange or traded on an organized market.

### **Global exposure**

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

## **2. SPECIFIC RISK FACTORS**

- 2.1 Political factors

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

- 2.3 The United States and the European Union have instituted additional sanctions against certain Russian issuers which include prohibitions on transacting in or dealing in new debt of longer than 30 days maturity or new equity of such issuers. Securities held by the Sub-Fund issued prior to the date of the sanctions being imposed are not currently subject to any restrictions under the sanctions. However, compliance with each of these sanctions may impair the ability of the Sub-Fund to buy, sell, hold, receive or deliver the affected securities or other securities of such issuers. If it becomes impracticable or unlawful for the Sub-Fund to hold securities subject to, or otherwise affected by, sanctions (collectively, "affected securities"), or if deemed appropriate by the Investment Manager respect of the affected securities.

- 2.4 Also, if an affected security is included in the Sub-Fund's Reference Index, the Sub-Fund may, where practicable and permissible, seek to eliminate its holdings of the affected security by using optimisation techniques to seek to track the investment returns of its Reference Index. The use of (or increased use of) optimisation techniques may increase the Sub-Fund's tracking error risk. If the affected securities constitute a significant percentage of the Reference Index, the Sub-Fund may not be able to effectively implement optimisation techniques, which may result in significant tracking error between the Sub-Fund's performance and the performance of its Reference Index.

- 2.5 Sanctions may now, or in the future, result in retaliatory measures by Russia, including the immediate freeze of Russian assets held by the Sub-Fund. In the event of such a freeze of any Sub-Fund's assets, the Sub-Fund may not be able to pay out redemption proceeds in respect of the assets which are frozen or may need to liquidate non-restricted assets in order to satisfy redemption orders. The liquidation of the Sub-Fund's assets during this time may also result in the Sub-Fund receiving substantially lower prices for its securities.

- 2.6 These sanctions may also lead to changes in the Sub-Fund's Reference Index. An index provider may remove securities from a Reference Index or implement caps on the securities of certain issuers that have been subject to recent economic sanctions. In such an event, it is expected that the Sub-Fund will rebalance its portfolio to bring it in line with the relevant Reference Index as a result of any such changes, which may result in transaction costs and increased tracking error.

- 2.7 If any of the events above were to occur, the Directors may (at their discretion) take such action as they consider to be in the interests of investors in the Sub-Fund, including (if necessary) suspending trading in the Sub-Fund.
- 2.8 The laws relating to securities investments and regulations in Russia have been created on an ad-hoc basis and do not tend to keep pace with market developments leading to ambiguities in interpretation and inconsistent and arbitrary application. Monitoring and enforcement of applicable regulations is rudimentary.
- 2.9 Rules regulating corporate governance either do not exist or are underdeveloped and offer little protection to minority shareholders.
- 2.10 There are also counterparty risks in connection with the maintenance of portfolio securities and cash with local sub-custodians and securities depositories in Russia.
- 2.11 These factors may increase the volatility of the Sub-Fund and hence the risk of loss to the value of your investment.

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

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

### **4. INVESTOR PROFILE**

- 4.1 Typical investor into the Sub-Fund would be:
- 4.1.1 Asset managers seeking buyer or seller position on equities issued by Russian corporates;
  - 4.1.2 High-frequency and Algorithmic trading portfolio managers seeking to earn on dislocations between RTS futures and the Sub-Fund; or
  - 4.1.3 Hedge fund managers seeking to hedge their investment portfolios.
  - 4.1.4 Individuals seeking buyer or seller positions on equities issued by Russian corporates.
- 4.2 However, there is no guarantee investors will get back any of their original investment.
- 4.3 This Sub-Fund may be suitable for investors who have an investment time horizon of at least 3 years.

### **5. DISCLAIMER ON THE REFERENCE INDEX**

- 5.1 The Reference Index is a product of the Moscow Exchange (MOEX) and is licensed by S&P Dow Jones Indices LLC (SPDJI) and has been sublicensed for use by the Company for the Sub-Fund.
- 5.2 RTS® is a registered trademark of MOEX and has been licensed for use by SPDJI and sublicensed for certain purposes by the Company for the Sub-Fund. The Company is not sponsored, endorsed, sold or promoted by MOEX, SPDJI or any of their respective affiliates (collectively, the **Licensor Parties**).
- 5.3 The Licensor Parties make no representation or warranty, express or implied to the owners of the Company or any member of the public regarding the advisability of investing in securities generally or in the Sub-Fund particularly or the ability of the Reference Index to track general market performance. The Reference Index is determined, composed and calculated by MOEX without regard to the Company or the Sub-Fund. The Licensor Parties have no obligation to take the needs of the Company or the Sub-Fund into consideration in determining, composing or calculating the

Reference Index. The Licensor Parties have no obligation or liability in connection with the administration, marketing or trading of the Sub-Fund. There is no assurance that investment products based on the Reference Index will accurately track index performance or provide positive investment returns.

## 6. REFERENCE CURRENCY

The Reference Currency of the Sub-Fund is USD.

## 7. CLASSES OF SHARES

Class	A (USD)	A (EUR)	A (CHF)	A (RUB)	A (GBP)	A (HKD)
Permitted investors	All type of investors (including retail investors)					
Initial Subscription Period	15 January 2018 – 29 January 2018	As decided by the Board				
Reference Currency	USD	EUR	CHF	RUB	GBP	HKD
Initial Subscription Price	USD 25	USD 25 converted into EUR	USD 25 converted into CHF	USD 25 converted into RUB	USD 25 converted into GBP	USD 25 converted into HKD
Hedging through FDI	No					
Risks Hedged	Currency					
EPMTs permitted	Yes					
Conversion of Shares permitted	Yes					
Fixed Global Fee	0.65%					
Subscription Fee (max. of subscription amount)	Up to 3%					
Redemption Fee/Conversion Fee	Up to 3%					
Distribution policy (accumulating/distributing Shares)	Annual distribution					
Month of distribution	September					
Valuation Day	Daily					
Dealing Day	Daily					
Cut-off time (subscriptions)	13.00 (Luxembourg time) on the Dealing Day					
Cut-off time (redemptions)	13.00 (Luxembourg time) on the Dealing Day					
Cut-off time (conversions)	13.00 (Luxembourg time) on the Dealing Day					
Settlement Period for Dealings	Within two Business Days following the relevant Dealing Day T+2					
Subscription tax	None					

## 8. LISTING AND TRADING

Class	Listing	Trading	ISIN
A (USD)	Irish Stock Exchange	London Stock Exchange and Moscow Stock Exchange	LU1483649312
A (GBP)	Irish Stock Exchange	London Stock Exchange	LU1704652707
A (EUR)	Irish Stock Exchange	London Stock Exchange	LU1483649403
A (CHF)	Irish Stock Exchange	London Stock Exchange	LU1483649585
A (RUB)	Irish Stock Exchange	Moscow Stock Exchange	LU1483649668
A (HKD)	Irish Stock Exchange	Hong Kong Stock Exchange	LU1483649742

- 8.1 Application has been made for the listing of the Shares issued and available to be issued and to be admitted to the official list and to trading on the Main Securities Market of the Irish Stock Exchange. This Prospectus including this Special Section I and all information required to be disclosed by the listing requirements and procedures of the Irish Stock Exchange, together comprise listing particulars for the purposes of listing the Shares of Classes A (USD), A (EUR), A (CHF), A (RUB), A (GBP) and A (HKD) on the official list of the Irish Stock Exchange.
- 8.2 The Shares of Classes A (USD), A (EUR), A (CHF), A (RUB), A (GBP) and A (HKD) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as ordinary shares of a listed trading company.
- 8.3 Subsequent to the Irish Stock Exchange listing, it is envisaged that an application will be made to admit the Shares of Classes A (USD), A (EUR), A (GBP) and A (CHF) to the trading of the London Stock Exchange, the Shares of Class A (RUB) and A (USD) to the trading on the Moscow Stock Exchange and the Shares of Class A (HKD) to the Hong Kong Stock Exchange.
- 8.4 Neither the admission of the Shares to the official list and to trading on the main securities market of the Irish Stock Exchange nor the approval of these listing particulars pursuant to the listing requirements of the Irish Stock Exchange shall constitute a warranty or representation by the Irish Stock Exchange as to the competence of the service providers or any other party connected with the Company, the adequacy of information contained in the Prospectus or the suitability of the Company for investment purposes.

## 9. MANAGEMENT FEE

- 9.1 The Investment Manager will receive a Management Fee in accordance with Section 7 above.
- 9.2 The Management Fee is payable monthly in arrears.
- 9.3 The Investment Manager will be paid out of the fixed global fee. Further information on the remuneration of the Investment Manager is available at the registered office of the Company.

**10. PAST PERFORMANCE**

- 10.1 Investment in the Sub-Fund may not be suitable for all investors. Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting an investment.
- 10.2 Please refer to the relevant key investor information document of the Sub-Fund for information on the Sub-Funds past performance.

## **SPECIAL SECTION II**

### **ITI FUNDS RUSSIA-FOCUSED USD EUROBOND UCITS ETF SICAV**

This Special Section II is valid only if accompanied by the Prospectus. This Special Section II only relates to ITI Funds Russia-focused USD Eurobond UCITS ETF SICAV (the Sub-Fund).

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

##### **Investment objective**

- 1.1 The investment objective of the Sub-Fund is to provide investors with a return which reflects the performance of the ITI Funds Russia-focused USD Eurobond Index (Bloomberg: ITIEURBD) (the **Reference Index**).
- 1.2 The Reference Index is a market-price weighted bond index calculated based on USD Eurobonds of Russian sovereign and corporate issuers. It represents senior debt bullet Eurobonds denominated in USD with credit rating equivalent to Russia's sovereign rating or above by Standard & Poor's or Moody's. Index rules assume quarterly rebalancing.
- 1.3 Further information on the Reference Index can be found under <http://www.solactive.com>

##### **Investment strategy**

- 1.4 The Sub-Fund is a Physical Tracker. To achieve its object the Fund intends to replicate the Reference Index by buying all the constituents of the Reference Index in the proportions similar to the Reference Index.
- 1.5 In certain situations (namely, but not limited to restrictions applied physical holding of certain securities) the Investment Manager may switch to a synthetic replication model.
- 1.6 Under normal market conditions, the Investment Manager anticipates the level of Tracking Error of up to 5.0% annually.
- 1.7 The Tracking Error may be higher due to the following factors:
  - 1.7.1 Where the assets of the Sub-Fund are below USD 10 million for a significant amount of time;
  - 1.7.2 Decrease in liquidity of individual issuers of constituents of the Reference Index; and
  - 1.7.3 External factors forcing the Sub-Fund to switch from a physical replication model to a synthetic replication model due to the costs required to restructure the investment model.

- 1.8 The Sub-Fund will employ EPMTs in accordance with the provisions of Section 7 of the General Section. It is typically expected that, where permitted, 0-10% of the net asset value of available instruments in the Sub-Fund may be subject to securities lending transactions or repurchase/reverse repurchase agreements, subject always to a maximum of 100% of the net asset value.
- 1.9 The Sub-Fund will not invest in TRS.

##### **Investment restrictions**

- 1.10 The Sub-Fund is subject to the investment restrictions laid down under Section 6 of the General Section.

- 1.11 Additionally, the Sub-Fund will comply with the following investment restrictions:
- 1.11.1 it will not invest more than 10% of its net assets in Other UCI or UCITS; and
  - 1.11.2 it will not borrow cash for investment purposes.

### **Global Exposure**

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

## **2. SPECIFIC RISK FACTORS**

- 2.1 Political factors

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

- 2.3 The United States and the European Union have instituted additional sanctions against certain Russian issuers which include prohibitions on transacting in or dealing in new debt of longer than 30 days maturity or new equity of such issuers. Securities held by the Sub-Fund issued prior to the date of the sanctions being imposed are not currently subject to any restrictions under the sanctions. However, compliance with each of these sanctions may impair the ability of the Sub-Fund to buy, sell, hold, receive or deliver the affected securities or other securities of such issuers. If it becomes impracticable or unlawful for the Sub-Fund to hold securities subject to, or otherwise affected by, sanctions (collectively, "affected securities"), or if deemed appropriate by the Investment Manager respect of the affected securities.

- 2.4 Also, if an affected security is included in the Sub-Fund's Reference Index, the Sub-Fund may, where practicable and permissible, seek to eliminate its holdings of the affected security by using optimisation techniques to seek to track the investment returns of its Reference Index. The use of (or increased use of) optimisation techniques may increase the Sub-Fund's tracking error risk. If the affected securities constitute a significant percentage of the Reference Index, the Sub-Fund may not be able to effectively implement optimisation techniques, which may result in significant tracking error between the Sub-Fund's performance and the performance of its Reference Index.

- 2.5 Sanctions may now, or in the future, result in retaliatory measures by Russia, including the immediate freeze of Russian assets held by the Sub-Fund. In the event of such a freeze of any Sub-Fund's assets, the Sub-Fund may not be able to pay out redemption proceeds in respect of the assets which are frozen or may need to liquidate non-restricted assets in order to satisfy redemption orders. The liquidation of the Sub-Fund's assets during this time may also result in the Sub-Fund receiving substantially lower prices for its securities.

- 2.6 These sanctions may also lead to changes in the Sub-Fund's Reference Index. An index provider may remove securities from a Reference Index or implement caps on the securities of certain issuers that have been subject to recent economic sanctions. In such an event, it is expected that the Sub-Fund will rebalance its portfolio to bring it in line with the relevant Reference Index as a result of any such changes, which may result in transaction costs and increased tracking error.

- 2.7 If any of the events above were to occur, the Directors may (at their discretion) take such action as they consider to be in the interests of investors in the Sub-Fund, including (if necessary) suspending trading in the Sub-Fund.

- 2.8 The laws relating to securities investments and regulations in Russia have been created on an ad-hoc basis and do not tend to keep pace with market developments leading to ambiguities in

interpretation and inconsistent and arbitrary application. Monitoring and enforcement of applicable regulations is rudimentary.

- 2.9 Rules regulating corporate governance either do not exist or are underdeveloped and offer little protection to minority shareholders.
- 2.10 There are also counterparty risks in connection with the maintenance of portfolio securities and cash with local sub-custodians and securities depositories in Russia.
- 2.11 These factors may increase the volatility of the Sub-Fund and hence the risk of loss to the value of your investment.

### 3. TERM OF THE SUB-FUND

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

### 4. INVESTOR PROFILE

4.1 Typical investor into the Sub-Fund would be:

4.1.1 Fund manager seeking exposure to USD-denominated fixed income instruments of Russian issuers; or

4.1.2 Individual investor seeking exposure to USD-denominated fixed income instruments of Russian issuers.

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

4.3 This Sub-Fund may be suitable for investors who have an investment time horizon of at least 3 years.

### 5. REFERENCE CURRENCY

The Reference Currency of the Sub-Fund is USD.

### 6. CLASSES OF SHARES

Class	A (USD)	A (CHF)	A (GBP)	A (RUB)
Permitted investors	All type of investors (including retail investors)			
Initial Subscription Period/Initial Subscription Date	15 January 2018 – 29 January 2018	As decided by the Board	As decided by the Board	As decided by the Board
Reference Currency	USD	CHF	GBP	RUB
Initial Subscription Price	USD 25	USD 25 converted into CHF	USD 25 converted into GBP	USD 25 converted into RUB
Hedging through FDI	No			
Risks Hedged	Currency			
EPMTs permitted	Yes			
Conversion of Shares permitted	Yes			
Fixed Global Fee	0.50%			
Subscription Fee (max. of subscription amount)	Up to 3%			

<b>Class</b>	<b>A (USD)</b>	<b>A (CHF)</b>	<b>A (GBP)</b>	<b>A (RUB)</b>
Redemption Fee/Conversion Fee	Up to 3%			
Distribution policy (accumulating/distributing Shares)	All Shares are accumulating Shares			
Valuation Day	Daily			
Dealing Day	Daily			
Cut-off time (subscriptions)	13.00 (Luxembourg time) on the Dealing Day			
Cut-off time (redemptions)	13.00 (Luxembourg time) on the Dealing Day			
Cut-off time (conversions)	13.00 (Luxembourg time) on the Dealing Day			
Settlement Period for Dealings	Within two Business Days following the relevant Dealing Day T+2			
Subscription tax	None			

## 7. LISTING AND TRADING

<b>Class</b>	<b>Listing</b>	<b>Trading</b>	<b>ISIN</b>
A (USD)	Irish Stock Exchange	London Stock Exchange and Moscow Stock Exchange	LU1483649825
A (GBP)	Irish Stock Exchange	London Stock Exchange	LU1704653424
A (CHF)	Irish Stock Exchange	London Stock Exchange	LU1483650088
A (RUB)	Irish Stock Exchange	Moscow Stock Exchange	LU1483650161

- 7.1 Application has been made for the listing of the Shares issued and available to be issued and to be admitted to the official list and to trading on the Main Securities Market of the Irish Stock Exchange. This Prospectus including this Special Section II and all information required to be disclosed by the listing requirements and procedures of the Irish Stock Exchange, together comprise listing particulars for the purposes of listing the Shares of Classes A (USD), A (CHF), A (GBP) and A (RUB) on the official list of the Irish Stock Exchange.
- 7.2 The Shares of Classes A (USD), A (CHF), A (GBP) and A (RUB) are fully transferable among investors. It is envisaged that Shares will be bought and sold by public and institutional investors in the secondary market in the same way as ordinary shares of a listed trading company.
- 7.3 Subsequent to the Irish Stock Exchange listing, it is envisaged that an application will be made to admit the Shares of Classes A (USD), A (GBP) and A (CHF) to the trading of the London Stock Exchange and the Shares of Class A (RUB) and A (USD) to the trading on the Moscow Stock Exchange.
- 7.4 Neither the admission of the Shares of the Company to the official list and to trading on the main securities market of the Irish Stock Exchange nor the approval of these listing particulars pursuant to the listing requirements of the Irish Stock Exchange shall constitute a warranty or representation by the Irish Stock Exchange as to the competence of the service providers or any other party

connected with the Company, the adequacy of information contained in the Prospectus or the suitability of the Company for investment purposes.

**8. MANAGEMENT FEE**

- 8.1 The Investment Manager will receive a Management Fee in accordance with Section 18 of the General Section.
- 8.2 The Management Fee is payable monthly in arrears.
- 8.3 The Investment Manager will be paid out of the fixed global fee. Further information on the remuneration of the Investment Manager is available at the registered office of the Company.

**9. PAST PERFORMANCE**

- 9.1 Investment in the Sub-Fund may not be suitable for all investors. Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting an investment.
- 9.2 Please refer to the relevant key investor information document of the Sub-Fund for information on the Sub-Funds past performance.

## **Addendum for investors in the United Kingdom**

The UK Facilities Agent for ITI Funds UCITS ETF SICAV (the Company) is Maples Fiduciary Services (UK) Limited.

Address:

Maples Fiduciary Services (UK) Limited  
11th Floor, 200 Aldersgate Street London  
EC1A 4HD  
United Kingdom

The following documents relating to the Company will be available for inspection and can be obtained free of charge during regular business hours at the offices of the Facilities Agent:

- (1) The Articles of Incorporation;
- (2) The Prospectus;
- (3) The Key Investor Information Documents;
- (4) The annual and semi-annual financial reports.

The Prospectus contains information describing where information can be obtained about the Company's most recently published sale and purchase prices of Shares and where a shareholder of the Company may redeem Shares in the Company and from which payment of the Redemption Price may be obtained.

For UK investors, information in English can be obtained about prices of the share classes and where a participant may arrange for redemption of shares in the Company and arrange payment from the Facilities Agent.

Any person who has a complaint to make about the operation of the Company can submit his complaint to the Facilities Agent at the address set out above