

PROSPECTUS

Relating to the permanent offer of shares of the Investment Company with Variable Capital (“SICAV”) under Luxembourg law and with multiple sub-funds (each a “Sub-Fund”)

LFP S&P CAPITAL IQ FUND

August 2016

The shares of the various Sub-Funds of the investment Company with variable capital LFP S&P CAPITAL IQ FUND (the “**Company**”) may only be subscribed on the basis of the information contained in the present prospectus and the appendices of each Sub-Fund as they are mentioned in the present document and giving a descriptive of the different Sub-Funds of the Company.

The present Prospectus may only be distributed together with the latest annual report of the Company and the latest semi-annual report of the Company published after the said annual report.

No other information may be given other than that stated in the present Prospectus, in the key investor information document and in the documents mentioned therein, which are available to the public.

LFP S&P CAPITAL IQ FUND

60, Avenue J.F. Kennedy

L-1855 Luxembourg

Grand Duchy of Luxembourg

List of active Sub-Funds

Name of the Sub-Funds	Reference currency
LFP S&P CAPITAL IQ FUND – LFP R2P GLOBAL CREDIT	USD
LFP S&P CAPITAL IQ FUND – LFP R2P GLOBAL HIGH YIELD	USD
LFP S&P CAPITAL IQ FUND – LUX R2P CREDIT FLEX	USD

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DISCLOSURE

LFP S&P CAPITAL IQ FUND was created on 9 August 2012.

Prior to considering subscription to shares, prospective investors are recommended to carefully read the present prospectus (the "**Prospectus**") and examine the last annual report of the Company, copies of which may be obtained from BNP Paribas Securities Services, Luxembourg Branch and from companies ensuring the financial services and the distribution of the shares of the Company. Subscription applications may only be made on the basis of the conditions and methods stipulated in the present Prospectus. Prior to investing in the Company, prospective investors should request appropriate advice from their own legal tax and financial advisors.

No other information may be given other than that stated in the Prospectus and in the documents mentioned therein, which are available to the public.

The Company is authorised as an undertaking for collective investment in transferable securities (a "**UCITS**") in Luxembourg, where its shares may be offered and sold. No steps have been taken to allow the public offer of the shares in any other jurisdiction than the countries listed in the "Important Information" section. The present Prospectus is neither an offer nor a solicitation of sale. It may not be used for such a purpose in any jurisdiction where this would not be allowed, nor may it be distributed to any persons prohibited from purchasing such shares.

None of the shares have been registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), or under the securities laws of any state or political subdivision of the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico (the "**United States**"). The Company has not been registered with the US Securities and Exchange Commission under the United States Investment Company Act of 1940, as amended, nor under any other US federal laws. Consequently, this document has not been approved by the above-mentioned authority.

Accordingly, no shares may therefore be directly or indirectly offered or sold to US Persons in the USA (including its territories and possessions), except in connection with transactions in compliance with applicable law.

For the purposes of this Prospectus, a US Person includes, but is not limited to, a person (including a partnership, corporation, limited liability company or similar entity) that is a citizen or a resident of the United States of America or is organized or incorporated under the laws of the United States of America or a person that meets the substantial presence test or any other person that is not a foreign person. Shares will only be offered to a US Person at the sole discretion of the Management Company. Certain restrictions also apply to any subsequent transfer of shares in the United States or to US Persons. Should a shareholder become a US Person, he may be subject to US withholding taxes and tax reporting.

Any failure to abide by these restrictions may stand as a breach of US laws on transferable securities. The board of directors of the Company (the "**Board of Directors**") may compulsorily redeem any shares purchased or held by US Persons inclusive any investors who would become US Persons subsequent to the purchase of shares.

If you are in any doubt as to your status, you should consult your financial or other professional adviser. Please refer to Section IX 1. C. for general information related to the United States Tax Withholding and Reporting under the Foreign Account Tax Compliance Act ("**FATCA**").

Considering the economic and stock exchange risks, no guaranty can be given that the Company shall achieve its investment objectives; as a consequence, the value of the shares may decrease as well as increase.

ORGANISATION OF THE COMPANY

REGISTERED OFFICE:

60, Avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

BOARD OF DIRECTORS:

Chairman:

Alain GERBALDI
Chairman
LA FRANCAISE AM INTERNATIONAL
2, boulevard de la Foire
L-1528 Luxembourg
Grand Duchy of Luxembourg

Directors:

Pascale AUCLAIR
Managing Director
LA FRANCAISE ASSET MANAGEMENT
(formerly LA FRANCAISE DES PLACEMENTS)
128, Boulevard Raspail
F-75006 Paris

France

Isabelle KINTZ
Conducting Officer
LA FRANCAISE AM INTERNATIONAL
2, boulevard de la Foire
L-1528 Luxembourg
Grand Duchy of Luxembourg

Philippe LECOMTE
Chief Executive Officer
La Française AM International
2 Boulevard de la Foire
L-1528 Luxembourg
Grand Duchy of Luxembourg

Michael THOMPSON
Managing Director
Standard & Poor's Financial Services LLC
55, Water Street
10041 New-York
USA

Andrea BERTOCCHINI
Head of Sales Benelux
LA FRANCAISE AM INTERNATIONAL
2, boulevard de la Foire
L-1528 Luxembourg
Grand Duchy of Luxembourg

MANAGEMENT COMPANY
LA FRANCAISE AM INTERNATIONAL
2, boulevard de la Foire
L-1528 Luxembourg
Grand Duchy of Luxembourg

DEPOSITARY BANK, DOMICILIATION AND LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch
60, Avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

ADMINISTRATIVE AGENT

BNP Paribas Securities Services, Luxembourg Branch
60, Avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

AUTHORISED AUDITORS

DELOITTE AUDIT
560, rue de Neudorf
L-2220 Luxembourg
Grand Duchy of Luxembourg

INVESTMENT MANAGERS - INVESTMENT ADVISERS

For the Sub-Funds: LFP S&P CAPITAL IQ FUND – LFP R2P GLOBAL CREDIT
LFP S&P CAPITAL IQ FUND – LFP R2P GLOBAL HIGH YIELD
LFP S&P CAPITAL IQ FUND – LUX R2P CREDIT FLEX

Investment Manager: LA FRANCAISE ASSET MANAGEMENT
(formerly LA FRANCAISE DES PLACEMENTS)
128, Boulevard Raspail
F-75006 Paris
France

Investment Advisor: MCGRAW-HILL FINANCIAL RESEARCH EUROPE LIMITED
20 Canada Square,
Canary Wharf
London E14 5 LH

IMPORTANT INFORMATION

The Company is registered on the official list of undertakings for collective investment in accordance with the law of 17 December 2010 relating to undertakings for collective investment (the “**2010 Law**”) and the law of 10 August 1915 on commercial companies, as both may be amended from time to time. In particular, it is subject to the provisions of **Part I of the 2010 Law** which relates specifically to undertakings for collective investment as defined by the European Directive 2009/65/EC, as amended. However, such listing does not require any Luxembourg authority to approve or disapprove either the adequacy or the accuracy of this Prospectus or the portfolio of securities held by the Company. Any representation to the contrary would be unauthorised and unlawful.

The Company’s Board of Directors has taken all possible precautions to ensure that the facts indicated in the Prospectus are accurate and that no point has been omitted which could render any information as erroneous. All of the directors accept their responsibility in this matter.

Any information or representation not contained in the Prospectus, key investor information document, appendices of each Sub-Fund (the “**Appendix(ces)**” and/or “**Appendix 1**”) or in the periodic reports that form an integral part thereof, should be considered unauthorised. Neither the remittance of this Prospectus, key investor information document, or the offer, issue or sale of shares of the Company shall constitute a representation that the information given in this Prospectus is correct as of any time other than the date stipulated in the relevant document. In order to take important changes such as the opening of a new Sub-Fund of shares, new categories and/or new classes of shares (“**Classes of Shares**” or “**Classes**”) into account, this Prospectus and its Appendices shall be up-dated at the appropriate time. Subscribers are therefore advised to contact the Company in order to establish whether any later Prospectus and/or key investor information document have been published. Prospective subscribers and purchasers of shares of the Company are thus advised to enquire as to the possible tax consequences, legal controls, foreign exchange restrictions and controls they may face in the countries of their domicile or of which they are national or resident, which may regulate the subscription, purchase, holding or sale of Company shares.

Data Protection

Pursuant to data protection law applicable in Luxembourg, the Company, the Management Company, the Administrative Agent and other service providers and their affiliates may collect, store, and process by electronic or other means the personal data supplied by investors, at the time of their subscription for the purpose of fulfilling the services required by the Shareholders and complying with their respective legal obligations, whereby a Shareholder is a holder of Share(s) entitled to an undivided co-ownership of the assets and liabilities comprising the relevant Sub-Fund and to participate and share in the gross income of the relevant Sub-Fund, registered by the Management Company, respectively the register and transfer agent appointed by the Management Company, in the Shareholder register as the owner of the Shares.

In particular, the data supplied by investors is processed for the purpose of:

- (i) maintaining the register of Shareholders,
- (ii) processing subscriptions, redemptions and conversions of Shares and payments of dividends to Shareholders,
- (iii) performing controls on late trading and market timing practices,
- (iv) carrying out the services provided by the entities mentioned above as well as
- (v) complying with applicable company law, anti-money laundering rules, FATCA rules, common reporting standard (“CRS”) or similar laws and regulation (e.g. at OECD or EU level).

By subscribing for Shares of the Company, investors consent to the aforementioned processing of their personal data and in particular, the disclosure of their personal data to, and the processing of their personal data by the parties referred to above including affiliates situated in countries outside of the European Union which may not offer a similar level of protection as the one deriving from Luxembourg data protection law. Investors acknowledge that the transfer of their personal data to these parties may occur via, and/or their personal data may be processed by, parties in countries (such as, but not limited to, the United States) which may not have data protection requirements deemed equivalent to those prevailing in the European Union.

Investors acknowledge and accept that failure to provide relevant personal data requested by the Company, the Management Company and/or the Administrative Agent in the course of their relationship with the Company may prevent them from maintaining their holdings in the Company and may be reported by the Company, the Management Company and/or the Administrative Agent to the relevant Luxembourg authorities.

Investors acknowledge and accept that the Company, the Management Company or the Administrative Agent will report any relevant information in relation to its investments in the Company to the Luxembourg tax authorities which will exchange this information on an automatic basis with the competent authorities in the United States or other permitted jurisdictions as agreed in the FATCA Law, CRS on OECD and EU levels or equivalent Luxembourg legislation.

Each Shareholder has a right to access his/her/its personal data and may ask for a rectification or deletion thereof in cases where such data is inaccurate and/or incomplete. In relation thereto, each Shareholder has the right to ask for a rectification by a letter addressed to the Company.

The Shareholder has a right of opposition regarding the use of its personal data for marketing purposes. This opposition can be made by a letter addressed to the Company.

Reasonable measures have been taken to ensure confidentiality of the personal data transmitted between the parties mentioned above. However, due to the fact that the personal data is transferred electronically and made available outside of Luxembourg, the same level of confidentiality and the same level of protection in relation to data protection law as currently in force in Luxembourg may not be guaranteed while the personal data is kept abroad.

The Company will accept no liability with respect to any unauthorised third party receiving knowledge and/or having access to the investor's personal data, except in the event of wilful negligence or gross misconduct of the Company.

Personal data shall not be held for longer than necessary with regard to the purpose of the data processing, subject always to applicable legal minimum retention periods.

Investor Responsibility

Prospective investors should review this Prospectus and each relevant KIID carefully in its entirety and consult with their legal, tax and financial advisors in relation to:

- (i) the legal requirements within their own countries for the subscription, holding, redemption or disposal of Shares;
- (ii) any foreign exchange restrictions to which they are subject in their own country in relation to the subscription, holding, redemption or disposal of Shares; and
- (iii) the legal, tax, financial or other consequences of subscribing for, holding, redeeming or disposing of Shares. Prospective investors should seek the advice of their legal, tax and financial advisors if they have any doubts regarding the contents of this Prospectus and each KIID.

FATCA Requirements

FATCA provisions generally impose a reporting to the U.S. Internal Revenue Service of U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities. Failure to provide the requested information will lead to a 30% withholding tax applying to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends.

The basic terms of FATCA include the Company as a "Financial Institution", such that in order to comply, the Company may require all Shareholders to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned legislation. For further details, please refer to Section IX 1.C. of the Prospectus.

Shareholder Rights

The Company draws the investors' attention to the fact that any investors will only be able to fully exercise his investor rights directly against the Company, notably the right to participate in general meetings of Shareholders if the investor is registered himself and in his own name in the register of Shareholder of the Company. 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.

The abbreviations below denote the following currencies:

EUR Euro
USD Dollar

Working day means a bank working day in Luxembourg.

PROSPECTUS

relating to the permanent offer of shares
in the Investment Company with Variable Capital
LFP S&P CAPITAL IQ FUND

I. GENERAL DESCRIPTION

1. INTRODUCTION

The Company, LFP S&P CAPITAL IQ FUND, is an investment company with variable capital (*Société d'investissement à capital variable*) set up as an umbrella structure. Each sub-fund may hold a portfolio of separate assets made up of transferable securities denominated in different currencies. The characteristics and investment policy of each Sub-Fund are listed in Appendix 1 appended to the Prospectus.

The Company's capital may be divided between several Sub-Funds each of which can offer several categories as defined for each of the Sub-Funds: some categories can offer one or more classes of shares as defined in Chapter IV.

The Company may create new Sub-Funds and/or new categories and/or new classes of shares. Whenever new Sub-Funds, categories and/or classes of shares are launched, the Prospectus shall be updated accordingly.

The opening of any new Sub-Fund, of any category or class of shares of a Sub-Fund mentioned in the Prospectus shall be subject to a decision of the Board of Directors which shall in particular determine the price and period/date of initial subscription as well as the date of payment of such initial subscription.

For each Sub-Fund, the management objective shall be to combine a maximisation of growth and capital return.

The shares of each Sub-Fund, category or class of shares of the Company shall be issued and redeemed at a price to be determined in accordance with the Articles of Incorporation and the Prospectus at the frequency indicated in Appendix 1 (a day set for such calculation being defined as a “**Valuation Day**”).

For each Sub-Fund, category or class of shares of the Company, the price shall be based on the Net Asset Value per share.

In relation to any Class of Shares in a Sub-Fund, the price shall be based on the Net Asset Value per Share, i.e. the value of the net assets of the relevant Sub-Fund attributable to the relevant Class of Shares of that Sub-Fund (the “**Net Asset Value**” or “**NAV**”). For the avoidance of doubt, when the content so requires, the term “Net Asset Value” shall also mean the Net Asset Value of a given Sub-Fund, being the sum of the Net Asset Value of the Shares, category or Class of Shares of such Sub-Fund.

The Net Asset Value of each Sub-Fund, category or class of shares of the Company shall be expressed in the reference currency of that Sub-Fund or in a certain number of other currencies, as indicated in Appendix 1.

As a matter of principle, switching from one Sub-Fund, category or class of shares of the Company to another Sub-Fund, category or class of shares may be done each Valuation Day. This can be achieved by converting shares of one Sub-Fund, category or class of shares of the Company into shares of another Sub-Fund, category or class of shares of the Company subject to payment of a conversion commission, as mentioned in Appendix 1.

2. THE COMPANY

The Company was incorporated in Luxembourg on 9 August 2012 and for an indefinite period under the name “**LFP S&P CAPITAL IQ FUND**”.

The minimum capital is set at EUR 1,250,000 (one million two hundred fifty thousand Euros) or its equivalent in USD. The Company's capital is expressed in USD and is at any time equal to the equivalent of the Net Asset Value of its Sub-Funds, categories and classes of shares and represented by shares of no par value.

Variations in the capital are effected “ipso jure” and without compliance with measures regarding publication and entry in the Trade and Companies Register in Luxembourg prescribed for increases and decreases of capital of public limited companies.

The Company's articles of incorporation (the “**Articles of Incorporation**”) were published in the *Mémorial, Recueil des Sociétés et Associations* on 24 August 2012.

The Company is registered with the Trade and Companies Register in Luxembourg under number B 170.917.

The fact that the Company is registered on the official list established by the *Commission de Surveillance du Secteur Financier*, the Luxembourg supervisory authority for the financial sector (“**CSSF**”) may under no circumstances be considered to represent a positive opinion on the part of the said supervisory authority as to the quality of the shares put up for sale.

II. MANAGEMENT AND ADMINISTRATION

1. BOARD OF DIRECTORS

The Board of Directors is responsible for the administration and management of the Company and of the assets of each Sub-Fund. It may carry out all acts of management and administration on behalf of the Company; in particular it may purchase, sell, subscribe or exchange any transferable securities and exercise all rights directly or indirectly attached to the Company's assets.

The list of the members of the Board of Directors as well as of the other administrating bodies may be found in this Prospectus and in the periodic reports.

2. MANAGEMENT COMPANY

LA FRANCAISE AM INTERNATIONAL (the "**Management Company**") has been appointed as management company of the Company. The Management Company is a UCITS Management Company authorised under chapter 15 of the 2010 Law. It was incorporated on October 14th 1985 as a *société anonyme* under Luxembourg law for an unlimited period and is registered with the Trade and Companies Register in Luxembourg under number B 23447. Its registered office is at 2, boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg. The Articles of Incorporation have been deposited with the Luxembourg Trade and Companies Register and were last amended on 25 February 2016.

The corporate purpose of the Management Company is to manage investment funds under Luxembourg law.

The Company has appointed the Management Company by a management Company services agreement ("**Management Company Services Agreement**") effective on 9 August 2012 as management Company of the Company to provide it with investment management, administration and marketing services (the "**Services**"). The Management Company Services Agreement has been concluded for an unlimited period and can be terminated by either party upon giving to the other party no less than three months' written notice. The responsibilities of the Company remain unchanged further to the appointment of the Management Company.

In the provision of the Services, the Management Company is authorised, in order to conduct its duties efficiently, to delegate with the consent of the Company and the Luxembourg supervisory authority, under its responsibility and control, part or all of its functions and duties to any third party.

In particular, the management function includes the following tasks:

- To give all opinions or recommendations concerning the investments to be made,
- To conclude contracts, to purchase, sell, exchange and/or deliver all transferable securities and all other assets,
- On behalf of the Company, to exercise all voting rights attached to the transferable securities constituting the Company's assets.

In particular, the functions of administrative agent include:

- (i) calculation and publication of the Net Asset Value of the shares of each Sub-Fund in accordance with the 2010 Law and the Company's Articles of Incorporation, and
- (ii) the provision, on behalf of the Company, of all the administrative and accounting services necessary to the management.

As keeper of the register and transfer agent, the Management Company is responsible for processing subscription, redemption and conversion applications regarding shares of the Company and for keeping the register of shareholders of the Company in accordance with the provisions described in more detail in the Management Company Services Agreement.

The functions of the principal distributor include the marketing of the shares of the Company in Luxembourg and/or abroad.

The rights and obligations of the Management Company are governed by agreements entered into for an indefinite term.

In accordance with the laws and regulations in force and with the prior consent of the Board of Directors of the Company and subject to the approval of the CSSF, the Management Company is authorised, at its own cost and under its responsibility and control, to delegate one or more of its functions and powers or part thereof to any entities it deems appropriate, provided the Prospectus is updated in advance and the Management Company retains full liability for acts committed by its delegate/s. Any such delegate/s, with regards 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 will require any such agent to which it intends to delegate its duties to comply with the provisions of the Prospectus, the Articles of Incorporation, the relevant provisions of the Management Company Agreement and any applicable laws and regulations.

In relation to delegated duties, the Management Company will implement appropriate control mechanisms and procedures, including risk management controls, and regular reporting processes, in order 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.

The Management Company will be diligent and exhaustive 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 delegated functions.

At the present time, the functions of management, administrative agent and register and transfer agent are delegated or further described in this Prospectus.

In accordance with the Directive 2009/65/EC and Article 111bis of the 2010 Law, the Management Company has established a remuneration policy for those categories of staff whose professional activities have a material impact on the risk profiles of the Management Company or the Company. Those categories of staff includes any employees who are decision takers, fund managers, risk takers and persons who take real investment decisions, control functions, persons who have the power to exercise influence on such employees or members of staff, including investment advisors and analysts, senior management and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and decision takers. The remuneration policy is compliant with and promotes a sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles of the Company or with its Articles and which are in line with the business strategy, objective values and interests of the Management Company and does not interfere with the obligation of the Management Company to act in the best interests of the Company. The remuneration policy includes an assessment of performance set in a multi-year framework appropriate to the holding period recommended to the investors of the Company in order to ensure that the assessment process is based on the long-term performance of the Company and its investment risks. The variable remuneration component is also based on a number of other qualitative and quantitative factors. The remuneration policy contains an appropriate balance of fixed and variable components of the total remuneration.

The La Française Group has established a remuneration committee that operates on a group-wide basis. The remuneration committee is organised in accordance with internal rules in compliance with the principles set out in the Directive 2009/65/EC and Directive 2011/61/EU. The remuneration policy has been designed to promote sound risk management and to discourage risk taking that exceeds La Française's level of tolerated risk, having regard to the investment profiles of the funds managed and

to establish measures to avoid conflicts of interest. The remuneration policy is reviewed on an annual basis.

The up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee, is made available at <https://www.lafrancaise-gam.com/fileadmin/docs/corporate/PolitiqueRemunerationShortAIFMETUCITLFI.pdf>. A paper copy is available free of charge upon request at the Management Company's registered office.

3. DEPOSITARY BANK

BNP Paribas Securities Services, Luxembourg Branch has been appointed as depositary bank by the Company (the “**Depositary Bank**”).

BNP Paribas Securities Services Luxembourg is a branch of BNP Paribas Securities Services SCA, a wholly-owned subsidiary of BNP Paribas SA. BNP Paribas Securities Services SCA is a licensed bank incorporated in France as a *Société en Commandite par Actions* (partnership limited by shares) under No.552 108 011, authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) and supervised by the *Autorité des Marchés Financiers* (AMF), with its registered address at 3 rue d'Antin, 75002 Paris, acting through its Luxembourg Branch, whose office is at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg, and is supervised by the CSSF

The Depositary Bank performs three types of functions, namely (i) the oversight duties (as defined in Article 34(1) of the 2010 Law, (ii) the monitoring of the cash flows of the Company (as set out in Article 34(2) of the 2010 Law) and (iii) the safekeeping of the Company's assets (as set out in Article 34(3) of the 2010 Law).

Under its oversight duties, the Depositary Bank is required to ensure:

- (1) that the sale, issue, repurchase, redemption and cancellation of Shares effected on behalf of the Company are carried out in accordance with the Luxembourg Law and with the Articles of Incorporation,
- (2) that the value of Shares is calculated in accordance with the Luxembourg Law and the Articles of Incorporation,
- (3) to carry out the instructions of the Company or the Management Company acting on behalf of the Company, unless they conflict with the Luxembourg Law or the Articles of Incorporation,
- (4) that in transactions involving the Company's assets, the consideration is remitted to the Company within the usual time limits;
- (5) that the Company's revenues are allocated in accordance with Luxembourg Law and its Articles of Incorporation.

The overriding objective of the Depositary Bank is to protect the interests of the Shareholders of the Company, which always prevail over any commercial interests.

Conflicts of interest may arise if and when the Management Company or the Company maintains other business relationships with BNP Paribas Securities Services, Luxembourg Branch in parallel with an appointment of BNP Paribas Securities Services, Luxembourg Branch acting as Depositary Bank.

Such other business relationships may cover services in relation to

- Outsourcing/delegation of middle or back office functions (e.g. trade processing, position keeping, post trade investment compliance monitoring, collateral management, OTC valuation, fund administration inclusive of net asset value calculation, transfer agency, fund dealing services) where BNP Paribas Securities Services or its affiliates act as agent of the Company or the Management Company, or
- Selection of BNP Paribas Securities Services or its affiliates as counterparty or ancillary service provider for matters such as foreign exchange execution, securities lending, bridge financing.

The Depositary Bank is required to ensure that any transaction relating to such business relationships between the Depositary Bank and an entity within the same group as the Depositary Bank is conducted at arm's length and is in the best interests of Shareholders.

In order to address any situations of conflicts of interest, the Depositary Bank has implemented and maintains a management of conflicts of interest policy, aiming namely at:

- Identifying and analysing potential situations of conflicts of interest;
- Recording, managing and monitoring the conflict of interest situations either in:
 - o Relying on the permanent measures in place to address conflicts of interest such as segregation of duties, separation of reporting lines, insider lists for staff members;
 - o Implementing a case-by-case management to (i) take the appropriate preventive measures such as drawing up a new watch list, implementing a new Chinese wall (i.e. by separating functionally and hierarchically the performance of its Depositary Bank duties from other activities), making sure that operations are carried out at arm's length and/or informing the concerned Shareholders of the Company, or (ii) refuse to carry out the activity giving rise to the conflict of interest.
 - o Implementing a deontological policy;
 - o Recording of a cartography of conflict of interests permitting to create an inventory of the permanent measures put in place to protect the Company's interests; or
 - o Setting-up internal procedures in relation to, for instance (i) the appointment of service providers which may generate conflicts of interests, (ii) new products/activities of the Depositary Bank in order to assess any situation entailing a conflict of interest.

In the event that such conflicts of interest do arise, the Depositary Bank will 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.

The Depositary Bank may delegate to third parties the safe-keeping of the Company's assets subject to the conditions laid down in the applicable laws and regulations

The process of appointing such delegates and their continuing oversight follows the highest quality standards, including the management of any potential conflict of interest that should arise from such an appointment. Such delegates must be subject to effective prudential regulation (including minimum capital requirements, supervision in the jurisdiction concerned and external periodic audit) for the custody of financial instruments. The Depositary Bank's liability shall not be affected by any such delegation.

A potential risk of conflicts of interest may occur in situations where the delegates may enter into or have a separate commercial and/or business relationships with the Depositary Bank in parallel to the custody delegation relationship.

In order to prevent such potential conflicts of interest from cristalizing, the Depositary Bank has implemented and maintains an internal organisation whereby such separate commercial and / or business relationships have no bearings on the choice of the delegate or the monitoring of the delegates' performance under the delegation agreement.

A list of these delegates and sub-delegates for its safekeeping duties is available on the website http://securities.bnpparibas.com/files/live/sites/portal/files/contributed/files/Regulatory/Ucits_delegates_EN.pdf.

Such list may be updated from time to time. Updated information on the Depositary Bank's custody duties, a list of delegations and sub-delegations and conflicts of interest that may arise may be obtained, free of charge and upon request, from the Depositary Bank.

Updated information on the Depositary Bank's duties and the conflict of interests that may arise are available to investors upon request.

4. DOMICILIATION AND LISTING AGENT

The Company has appointed BNP Paribas Securities Services, Luxembourg Branch as its Domiciliary and Listing Agent. In its capacity as such, it will be responsible for all corporate agency duties required by Luxembourg law, and in particular for providing and supervising the mailing of statements, reports, notices and other documents to the shareholders, in compliance with the provisions of, and as more fully described in, the agreement mentioned hereinafter.

The rights and duties of the Domiciliary and Listing Agent are governed by an agreement entered into for an unlimited period of time dated 9 August 2012. This agreement may be terminated by each of the parties with prior notice of ninety (90) days (as stipulated in the applicable contractual provisions).

5. ADMINISTRATIVE AGENT

BNP Paribas Securities Services, Luxembourg Branch, with its registered office at 60, Avenue J.F. Kennedy; L-1855 Luxembourg, performs the functions of Administrative Agent, including the functions of Transfer and Registrar Agent, pursuant to an agreement between the Management Company and BNP Paribas Securities Services, Luxembourg Branch dated 9 August 2012. This agreement may be terminated by each of the parties by means of prior notice of ninety (90) days (as stipulated in the applicable contractual provisions).

In this context, BNP Paribas Securities Services, Luxembourg Branch performs the administrative functions required by the 2010 Law such as the bookkeeping of the Company and calculation of the Net Asset Value per share. The Administrative Agent supervises all submissions of declarations, reports, notices and other documents to shareholders.

As Transfer and Registrar Agent, it takes responsibility in particular for keeping the registrar of registered shares. It is also responsible for the process of subscription and applications for the redemption of shares and, if applicable, applications for the conversion of shares as well as acceptance of such transfers of funds. Moreover, it must deliver share confirmations and accept share confirmations submitted for replacement and if such should be the case for redemption or conversion.

6. INVESTMENT ADVISORS AND INVESTMENT MANAGERS

The Management Company may be assisted by one or more delegate investment advisor(s) and/or investment manager(s) as specified in Appendix 1. The control and final responsibility of the activities of the investment advisor(s) and/or investment manager(s) shall rest with the Board of Directors of the Company. The name of the investment advisor(s) and/or investment manager(s) shall be indicated in the Appendices of each Sub-Fund. The investment advisor(s) and/or investment manager(s) shall be entitled to receive the payment of an advisory and/or a management fee, the rates and methods of calculation of which are mentioned in the Appendices of each Sub-Fund.

7. DISTRIBUTORS AND NOMINEES

The Management Company may decide to appoint nominees and distributors for the purpose of assisting in the distribution of the shares of the Company in the countries in which they shall be sold.

Distribution and nominee agreements shall be concluded between the Company, the Management Company and the various nominees / distributors.

In accordance with these distribution and nominee agreements, the name of the nominee, rather than that of the investors investing in the Company, shall be recorded in the registrar of shareholders. The terms and conditions of the distribution and nominee agreements shall stipulate, among others, that an investor who has invested in the Company via a nominee may request at any time that the shares be re-registered under his/her own name. In this case the investor's name shall be entered in the registrar of shareholders as soon as the Company receives the transfer instructions from the nominee.

Prospective shareholders may subscribe for shares by applying directly to the Company, without having to act through one of the nominees/distributors.

Copies of the distribution and nominee agreements may be consulted by the shareholders at the Company's registered office as well as at the administration agent's registered office and at the registered offices of the nominees/distributors during normal office hours.

8. AUDITING OF THE COMPANY'S OPERATIONS

The auditing of the Company's accounts and annual financial statements is entrusted to Deloitte Audit, having its registered office at 560, rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg, in its capacity as approved statutory auditor of the Company.

III. INVESTMENT POLICIES

The main objective of the Company is to offer shareholders the opportunity to participate in the professional management of portfolios of transferable securities, money market instruments and other permitted assets with the purpose of spreading investment risks as further detailed in the investment policy of each Sub-Fund of the Company (cf. Appendix 1).

The Company can offer no guarantee that its objectives will be fully achieved. Nevertheless, diversification of the portfolios comprising the Sub-Funds helps limit the risks inherent to any investments, if unable to eliminate them completely.

The Company's investments shall be made under the control and authority of its Board of Directors.

1. INVESTMENT POLICIES - GENERAL PROVISIONS

The specific investment policy of each Sub-Fund, as detailed in Appendix 1 of the Sub-Funds, has been defined by the Board of Directors.

The Company allows shareholders to modify the trend of their investments and, where applicable, to change investment currencies through the conversion of shares held in a Sub-Fund, category or class of shares of the Company into shares of another Sub-Fund, category or class of shares of the Company.

The objective of each Sub-Fund is the maximum appreciation of the assets invested. The Company may take as much risk as it deems reasonable in line with its objectives; it cannot however guarantee that it shall reach such objectives due to stock exchange fluctuations and other risks incurred by investments made.

Unless otherwise specified in each Sub-Fund's investment policy, no guaranty can be given on the realisation of the investment objectives of the Sub-Funds and past performance is not an indicator of future performances.

2. SPECIAL REGULATIONS AND INVESTMENT RESTRICTIONS

The general provisions hereunder shall apply to all the Sub-Funds of the Company unless otherwise provided in the specific investment objectives of a Sub-Fund. In this case, Appendix 1 of that Sub-Fund shall list the specific restrictions intended to take over the present general provisions.

A. **The Company's investments must comprise only one or more of the following:**

- (1) Transferable securities and money market instruments admitted to or dealt in a regulated market within the meaning of Directive 2004/39/EC.
- (2) Transferable securities and money market instruments dealt in on another market in a member State of the European Union (the "EU") which is regulated, operates regularly, and is recognised and open to the public.
- (3) Transferable securities or money market instruments admitted to official listing on a stock exchange in the EU or dealt in on another market in a non-Member State of the EU which is regulated, operates regularly and is recognised and open to the public in any other country in Eastern and Western Europe, the American continent, Asia, Oceania and Africa.
- (4) Transferable securities and money market instrument newly issued provided that:

- (i) the terms governing the issue include the provision that application shall be made for official listing on a stock exchange, or on another regulated market which operates regularly, and is recognised and open to the public; and
 - (ii) such listing is secured within one year of issue.
- (5) Shares of UCITS and/or other UCI within the meaning of Article 1(2), first and second hyphens of Directive 2009/65/EC, whether or not established in a Member State of the EU, provided that:
 - (i) such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Regulatory Authority to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently guaranteed;
 - (ii) the level of protection of shareholders in the other UCI is equivalent to the level of protection of shareholders of a UCITS and in particular the provisions for separate management of the Company's assets, borrowing, credit allocation and short selling of securities and money market instruments are equivalent to the requirements of the Directive 2009/65/EC;
 - (iii) the business activity of the other UCI is subject to semi-annual and annual report which permits a statement to be made on the assets and liabilities, earnings and transactions within the reporting period; and
 - (iv) in accordance with its articles of incorporation the UCITS or other UCI whose shares are being acquired may invest altogether a maximum 10% of its assets in the shares of other UCITS or other UCI.
- (6) Sight deposits or callable deposits with a maximum term of twelve months with credit institutions, provided the credit institution in question has its registered office in an EU Member State or, if the registered office of the credit institution is in a third state, provided it is subject to supervisory provisions that the CSSF holds to be equivalent to those of EU law.
- (7) Derivatives, including similar instruments giving rise to a settlement in cash, which are traded on a regulated market of the type referred to in points (1), (2) and (3) above, and/or derivatives traded over the counter (hereinafter called "OTC derivatives"), provided that:
 - (i) the underlying assets are instruments within the meaning of this section A, financial indices, interest rates, exchange rates or currencies, in which the Company may invest in accordance with its investment objectives;
 - (ii) with regard to transactions involving OTC derivatives, the counterparts are institutions from categories subject to official supervision which is approved by the Luxembourg supervisory authorities;
 - (iii) the OTC derivatives are subject to reliable and examinable valuation on a daily basis and can at an appropriate time on the initiative of the Company be disposed of, liquidated or realised by counter-transaction at any time and at their fair value.
 - (iv) in no case shall these transactions lead the Company to diverge from its investment objectives.

In particular, the Company may intervene in transactions relating to options, future contracts on financial instruments and options on such contracts.

- (8) Money-market instruments, that are not traded on a regulated market, provided the issuer or the issuer of such instruments are subject to provisions concerning deposits and investor protection, and provided they are:
- (i) issued or guaranteed by a central state, regional or local body or central bank of a Member State of the EU, the European Central Bank, the European Union or the European Investment Bank, a third state or in the case of a federal state, a Member State of the federation, or an international public law institution, which at least belongs to a Member State of the EU, or
 - (ii) issued by a Company the securities of which are traded on the regulated markets referred to in points (1), (2) and (3) above; or
 - (iii) issued or guaranteed by an establishment subject to prudential surveillance according to the criteria defined by EU Law, or by an establishment which is subject to and abides by prudential rules considered by the CSSF to be at least as strict as those provided by EU legislation; or
 - (iv) issued by other issuers which belong to a category approved by the CSSF, provided that for investments in these instruments there are provisions for investor protection which are equivalent to the first, second or third point and provided the issuer is either a Company with equity capital and reserves of at least ten million euros (EUR 10,000,000), which draws up and publishes its annual reports in accordance with the provisions of the Directive 78/660/EEC, or a legal entity which, within a group of companies with one or more stock market listed companies, is responsible for the financing of the group, or a legal entity where the security backing of liabilities will be financed by use of a line of credit granted by a bank.

B. Moreover, the Company may for each Sub-Fund:

- (1) Invest up to 10% of the net assets of the Sub-Fund in transferable securities or money market instruments other than those referred to in A (1) to (4) and (8).
- (2) On an ancillary basis, hold liquidities and other instruments similar to liquidities.
- (3) Borrow up to 10% of the net assets of the Sub-Fund, insofar as these are temporary borrowings. Commitments in relation to option contracts, purchases and sales of future contracts are not considered borrowings for calculation of the investment limit.
- (4) Acquire currencies through a type of face-to-face loan.

C. Furthermore, as regards the net assets of each Sub-Fund, the Company shall observe the following investment restrictions per issuer:

(1) Rules as to distribution of risks

For calculation of the limits described in points (1) to (5) and (8) above, companies included in the same group of companies shall be considered a single issuer.

To the extent that an issuer is a legal entity with multiple Sub-Funds where the assets of one Sub-Fund respond exclusively to the rights of investors in relation to that Sub-Fund and those of the creditors whose claims arise out of the incorporation, operation or liquidation of that Sub-Fund, each Sub-Fund shall be considered a separate issuer for application of the rules as to the distribution of risks.

- **Transferable Securities and Money Market Instruments**

- (1) A Sub-Fund may not acquire additional transferable securities and money market instruments from one and the same issuer if, as a consequence of that acquisition:
 - a. more than 10% of its net assets correspond to transferable securities or money market instruments issued by that entity.
 - b. the total value of the transferable securities and money market instruments held of issuers in each of which it invests more than 5% exceeds 40% of the value of its net assets. That limit is not applicable to deposits with financial establishments subject to prudential surveillance and to OTC transactions on derivatives with those establishments.
- (2) The limit of 10% fixed in point (1)(a) is raised to 20% if the transferable securities and money market instruments are issued by the same group of companies.
- (3) The maximum limit of 10% indicated in section (1) (a) may be increased to a maximum 35% if the securities or money market instruments are issued or guaranteed by a Member State of the EU or its regional bodies, by a third state or by international public law institutions which at least belong to an EU Member State.
- (4) The maximum limit of 10% indicated in section (1) (a) may be increased to a maximum 25% for specific bonds, if these are issued by a credit institution with registered office in a Member State of the EU, and which is subject to specific official supervision on the basis of the legal provisions for the protection of holder of those bonds. In particular, the proceeds from the issue of these bonds must in accordance with legal provisions be invested in assets which during the entire term of the bonds adequately cover the liabilities arising therefrom and which are allocated for the due repayment of capital and the payment of interest in the event of the default of the issuer. If a Sub-Fund invests more than 5% of its net assets in such bonds that are issued by one and the same issuer, then the total value of those investments may not exceed 80% of the value of the net assets of the Sub-Fund.
- (5) The securities and money-market instruments mentioned in sections (3) and (4) above are not included when applying the investment limit of 40% provided in section (1) (ii).
- (6) Irrespective of the foregoing conditions, each Sub-Fund may, pursuant to the risk distribution principle, invest up to 100% of its assets in securities and money market instruments of different issues, brought out or guaranteed by an EU Member State or its member corporations or by an OECD Member State or by international public law organisations to which belong one or more EU Member States, provided that:
 - (i) said securities are brought out under at least six different issues, and
 - (ii) securities from one and the same issue may not exceed 30% of the net assets of the relevant Sub-Fund.
- (7) Notwithstanding the limits imposed in section (b) hereinafter, the limits mentioned under point (1) are increased to a maximum 20% for investments in shares and/or bonds issued by the same entity, when the Company's investment policy aims to reproduce the composition of a specific share or bond index recognised by the CSSF, on the following bases:
 - (i) the composition of the index is sufficiently diversified,

- (ii) the index constitutes a representative benchmark for the market to which it relates,
- (iii) it is subject to the appropriate publication.

The limit of 20% amounts to 35% provided this is justified on the basis of extraordinary market circumstances, in particular on regulated markets on which certain securities or money market instruments are extremely dominant. An investment up to this maximum limit is only possible with a single issuer.

- **Bank deposits**

- (8) The Company may not invest more than 20% of the net assets of each Sub-Fund in deposits placed with the same entity.

- **Derivatives**

- (9) The default risk of the counterparty in transactions with OTC derivatives may not exceed 10% of the net assets of the Sub-Fund, if the counterparty is a credit institution as described in A (6) above. For other cases, the limit is up to a maximum of 5% of the net assets.
- (10) Investments may be made in derivatives insofar as, globally, the risks to which the underlying assets are exposed do not exceed the investment limits fixed in points (1) to (5), (8), (9), (13) and (14). When the Company invests in derivatives based on an index, those investments are not necessarily combined to the limits fixed in points (1) to (5), (8), (9), (13) and (14).
- (11) When a transferable security or money market instrument contains a derivative, the latter must be taken into account in applying the provisions of Section C, point (14) and Section D, point (1) as well as for assessing the risks associated with derivatives transactions, insofar as the overall risk associated with derivatives does not exceed the total Net Asset Value of the assets.

- **Shares in open-ended funds**

- (12) The Company may not invest more than 20% of the net assets of each Sub-Fund in the shares of the same UCITS or other UCI, as defined in Section A, point (5).

- **Combined limits**

- (13) Notwithstanding the individual limits fixed in points (1), (8) and (9) above, a Sub-Fund may not combine:
 - Investments in transferable securities or money market instruments issued by the same entity,
 - Deposits with the same entity, and/or
 - Risks arising from OTC derivatives transactions with a single entity, which are greater than 20% of its net assets.
- (14) The limits provided in points (1), (3), (4), (8), (9) and (13) above may not be combined. As a consequence, the investments of each Sub-Fund in transferable securities or money market instruments issued by the same entity, in deposits with that entity or in derivatives traded with that entity in accordance with points (1), (3), (4), (8), (9) and (13) may not exceed a total 35% of the net assets of that Sub-Fund.

(2) Limitations as to control.

(15) The Company may not acquire any voting shares that would enable it to exercise a considerable influence on the management of the issuer.

(16) A Sub-Fund may not acquire:

- (i) more than 10% of non-voting equities of one and the same issuer;
- (ii) more than 10% of the bonds of one and the same issuer;
- (iii) more than 10% of the money market instruments of one and the same issuer; or
- (iv) more than 25% of the shares of the same UCITS and/or other UCI.

The limits provided under points (ii) to (iv) need not to be respected on acquisition if the gross amount of the bonds or money market instruments, or the net amount of the issued securities cannot be calculated at the time of acquisition.

The provisions under points (15) and (16) are not applicable to:

- Securities and money market instruments issued or guaranteed by an EU Member State or its regional bodies; securities and money market instruments issued or guaranteed by a third state;
- Securities and money market instruments issued or guaranteed by international public law organisations, to which belong one or more EU Member States;
- Shares held in the capital of a Company from a third state, under the provisions that:
 - (i) the Company invests its assets essentially in securities of issuers who are residents in said third state,
 - (ii) owing to the legal regulations of that third state, such a stake represents the only possibility to invest in securities of issuers of that third state, and
 - (iii) in its investment policy the Company observes the rules of diversification of risk and limitations as to control indicated in Section C, point (1), (3), (4), (8), (9), (12), (13), (14), (15) and (16) and in Section D, point (2);
- Shares held in the capital of subsidiaries carrying on any management, advisory or marketing activities solely for the exclusive benefit of the Company in the country where the subsidiary is located as regards the redemption of shares on the application of shareholders.

D. Moreover, the Company must observe the investment restrictions for the following instruments:

- (1) Each Sub-Fund shall ensure that the overall risk associated with derivatives does not exceed the total net value of its portfolio.
Risks are calculated taking account of the current value of the underlying assets, counterparty risk, foreseeable market evolution and the time available to liquidate positions.
- (2) Investments in the shares of UCI other than UCITS may not in total exceed 30% of the net assets of the Company.

E. Furthermore, the Company shall ensure that the investments of each Sub-Fund comply with the following rules:

- (1) The Company may not acquire commodities, precious metals or even certificates representing them, it being understood that transactions relating to currencies, financial instruments, indices or securities and likewise future contracts, option contracts and swap contracts relating thereto are not considered transactions relating to merchandise within the meaning of this restriction.
- (2) The Company may not acquire real estate, unless such acquisitions are indispensable in the direct exercise of its activity.
- (3) The Company may not use its assets to guarantee securities.
- (4) The Company may not issue warrants or other instruments conferring a right to acquire shares of the Company.
- (5) Without prejudice to the possibility for the Company to acquire bonds and other debt securities and to hold bank deposits, the Company may not grant loans or act as guarantor on behalf of third parties. This restriction is not an obstacle to the acquisition of transferable securities, money market instruments or other financial instruments not fully paid up.
- (6) The Company may not make short sales of transferable securities, money market instruments or other financial instruments mentioned in Section A points (5), (7) and (8).

F. Notwithstanding all the aforementioned provisions:

- (1) The limits fixed previously may not be respected in the exercise of subscription rights relating to transferable securities or money market instruments which are part of the assets of the Sub-Fund concerned.
- (2) If limits are exceeded irrespectively of the desire of the Company or as a consequence of the exercise of subscription rights, the Company must, in its sale transactions, regularise the situation in the best interests of the shareholders.

The Board of Directors shall be entitled to determine other investment restrictions to the extent that those limits are necessary to comply with the 2010 Law and regulations of the country in which the shares of the Company shall be offered or sold.

G. Cross-Investments

Finally, a Sub-Fund of the Company may subscribe, acquire and/or hold securities to be issued or issued by one or more other Sub-Funds of the Company (a “**Target Sub-Fund**”), provided that:

- The Target Sub-Fund does not, in turn, invest in the Sub-Fund investing in the Target Sub-Fund;
- The Target Sub-Fund may not, according to its investment policy, invest more than 10% of its net assets in other UCITS or UCIs;
- Voting rights, attaching to the shares of the Target Sub-Fund are suspended for as long as they are held by the Sub-Fund;
- In any event, for as long as the shares are held by the Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purpose of verifying the minimum threshold of the net assets imposed by the 2010 Law;
- Subscription, redemption or conversion fees may only be charged either at the

level of the Sub-Fund investing in the Target Sub-Fund or at the level of the Target Sub-Fund;

- No duplication of management fee is due on that portion of assets between those at the level of the Sub-Fund and this Target Sub-Fund.

H. Master-Feeders structures

Under the conditions set forth in Luxembourg laws and regulations, the Board of Directors may, at any time it deems appropriate and to the widest extent permitted by applicable Luxembourg laws and regulations:

- Create any Sub-Fund and/or class of shares qualifying either as a feeder UCITS or as a master UCITS,
- Convert any existing Sub-Fund and/or class of shares into a feeder UCITS sub-fund and/or class of shares or change the master UCITS of any of its feeder UCITS sub-fund and/or class of shares.

By way of derogation from Article 46 of the 2010 Law, the Company or any of its Sub-Funds which acts as a feeder (the “**Feeder**”) of a master-fund shall invest at least 85% of its assets in another UCITS or in a sub-fund of such UCITS (the “**Master**”).

The Feeder may not invest more than 15% of its assets in the following elements:

- (1) Ancillary liquid assets in accordance with Article 41, paragraph (2), second subparagraph of the 2010 Law;
- (2) Financial derivative instruments which may be used only for hedging purposes, in accordance with Article 41 first paragraph, point g) and Article 42 second and third paragraphs of the 2010 Law;
- (3) Movable and immovable property which is essential for the direct pursuit of the Company’ business.

3. FINANCIAL TECHNIQUES AND INSTRUMENTS

A. GENERAL PROVISIONS

For efficient management of the portfolio and/or with the aim of protecting its assets and liabilities, in each Sub-Fund the Company may use techniques and instruments which have transferable securities or money market instruments.

To that end, each Sub-Fund or category is authorized in particular to carry out transactions which have as their object the sale or purchase of future foreign exchange contracts, the sale or purchase of future contracts on currencies and the sale of call options and the purchase of put options on currencies, with the aim of protecting its assets against exchange rate fluctuations or of optimizing its return, for efficient management of the portfolio.

In applying techniques and instruments for the purposes of efficient management of the portfolio and/or with the aim of protecting its assets and liabilities, the Company shall at all times comply with the 2010 Law as well as any present or future related Luxembourg law or implementing regulations, circulars, CSSF positions and ESMA guidelines, in particular the provisions of article 11 of the Grand-Ducal regulation of 8 February 2008*, of CSSF

* Grand-ducal Regulation of 8 February 2008 relating to certain definitions of the amended Law of 20 December 2002 on undertakings for collective investment and implementing Commission Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions.

Circular 08/356 relating to the rules applicable to undertakings for collective investment when they use certain techniques and instruments relating to transferred securities and money market instruments (as these pieces of regulations may be amended or replaced from time to time) and CSSF Circular 14/592 relating to ESMA Guidelines on ETFs and other UCITS issues, as amended from time to time (the “**Regulations**”).

In particular, techniques and instruments relating to transferable securities and money market instruments should not:

- Result in a change of the declared investment objective of the Company, respectively the Sub-Fund concerned; or
- Add substantial risks in comparison to the original risk policy as described herein and/or the relevant Appendix of the Sub-Fund concerned.

All the revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs, shall be returned to the relevant Sub-Fund.

The Company, in entering into efficient portfolio management transactions, shall take into account these operations when developing its liquidity risk management process in order to ensure it is able to comply at any time with its redemption obligations.

When these transactions relate to the use of derivatives, the conditions and limits fixed previously in section A, point (7), in Section C, points (1), (9), (10), (11), (13) and (14) and in Section D, point (1) must be respected.

The Company’s annual report shall contain details of the following:

- (1) The exposure obtained through efficient portfolio management techniques;
- (2) The identity of the counterparty(ies) to these efficient portfolio management techniques;
- (3) The type and amount of collateral received by the Company, respectively the relevant Sub-Fund, to reduce counterparty exposure; and
- (4) The revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.

B. RISKS - WARNING

With a view to optimizing the return on their portfolio, all the Sub-Funds are authorized to use the derivative techniques and instruments described above (in particular swap contracts on rates, currencies and other financial instruments, future contracts, options on transferable securities, on rates or on future contracts), observing the conditions mentioned above.

Investors’ attention is drawn to the fact that market conditions and the regulations in force may restrict the use to these instruments. No guarantee may be given as to the success of these strategies. The Sub-Funds using these techniques and instruments bear risks and costs associated with such investments which they might not have been borne if they had not followed such strategies. Investors’ attention is further drawn to the increased risk of volatility arising from Sub-Funds using these techniques and instruments other than for hedging purposes. If the forecasts of managers and delegate managers as to the movements of markets in securities, currencies and interest rates prove to be inaccurate, the Sub-Fund affected might find itself in a worse situation than if those strategies had not been followed.

When using derivatives, each Sub-Fund may carry out over-the-counter transactions on future and cash contracts on indices or other financial instruments as well as on swaps on indices or other financial instruments with first-class banks or stockbrokers specialising in this matter acting as counterparties. Although the corresponding markets are not necessarily

deemed more volatile than other futures markets, operators are less well protected against insolvency in their transactions on these markets since the contracts traded there are not guaranteed by a clearing house.

C. SECURITIES LENDING OPERATIONS

To the extent permitted by applicable Regulations, the Company may enter into securities lending transactions provided it complies with the following rules:

- (1) The Company may lend the securities included in its portfolio to a borrower either directly or through a standardised lending system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specialised in this type of transactions. In all cases, the counterparty to the securities lending agreement (i.e. the borrower) must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law. In case the aforementioned financial institution acts on its own account, it is to be considered as counterparty in the securities lending agreement. If the Company lends its securities to entities that are linked to the Company by common management or control, specific attention has to be paid to the conflicts of interest which may result therefrom.
- (2) The Company must receive, previously or simultaneously to the transfer of the securities lent, a guarantee which the value at conclusion of the contract and during the life of the contract must be at least equal to the total value of the securities lent. At maturity of the securities lending transaction, the guarantee will be remitted simultaneously or subsequently to the restitution of the securities lent.
- (3) In case of a standardised securities lending system organised by a recognised clearing institution or in case of a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specialised in this type of transactions, securities lent may be transferred before the receipt of the guarantee if the intermediary in question assures the proper completion of the transaction. Such intermediary may, instead of the borrower, provide to the Company a guarantee which the value at conclusion of the contract must be at least equal to the total value of the securities lent.
- (4) The Company must ensure that the volume of the securities lending transactions is kept at an appropriate level or that it is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of Company's assets in accordance with its investment policy.
- (5) In its financial reports, the Company must disclose the global valuation of the securities of the date of reference of these reports.

D. REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

To the extent permitted by applicable Regulations, the Company may enter into repurchase agreement transactions, which consist of a forward transaction at the maturity of which the Company has the obligation to repurchase the asset sold and the buyer (the counterparty) the obligation to return the asset received under the transaction.

To the extent permitted by applicable Regulations, the Company may enter into reverse repurchase agreement transactions, which consist of a forward transaction at the maturity of which the seller (the counterparty) has the obligation to repurchase the asset sold and the Company the obligation to return the asset received under the transaction.

However, its involvement in such transactions is subject to the following rules:

- (1) The Company may enter into these transactions only if the counterparties to these transactions are subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law.
- (2) At the maturity of the contract, the Company must ensure that it has sufficient assets to be able to settle the amount agreed with the counterparty for the restitution of the Company. The Company must take care to ensure that the volume of the repurchase agreement transactions is kept at a level such that it is able, at all times, to meet its redemption obligation towards shareholders.
- (3) In its financial reports, the Company must provide separate information on securities sold under repurchase agreements, disclosing the total amount of the open transactions on the date of reference of these reports.
- (4) When entering into a repurchase agreement the Company shall ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.
- (5) Fixed-term repurchase agreements that do not exceed seven days shall be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.
- (6) When entering into a reverse repurchase agreement in the context of a given Sub-Fund the Company shall ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is callable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement shall be used for the calculation of the Net Asset Value of the relevant Sub-Fund.
- (7) Fixed-term reverse repurchase agreements that do not exceed seven days shall be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

E. EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES

- (1) The income, net of direct and indirect operational costs, arising from securities lending transactions and efficient portfolio management transactions will revert to the Sub-Fund. Details of such amounts and the security clearing body or financial institution arranging the securities lending transaction and any links between the Management Company and or the Depository Bank will be disclosed in the financial report of the Company.
All costs/fees arising from efficient portfolio management techniques will be borne by the Sub-Fund.
- (2) The Company should 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.

F. MANAGEMENT OF COLLATERAL FOR OTC FINANCIAL DERIVATIVE TRANSACTIONS AND EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES

- (1) All assets received by a relevant Sub-Fund in the context of efficient portfolio management techniques are considered as collateral for the purpose of these provisions and shall comply with the criteria laid down in the paragraph below.
- (2) Where the Company, in relation to a Sub-Fund, enters into OTC financial derivative transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure shall comply with the following criteria at all times:

- a) **Liquidity** – any collateral received other than cash shall be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received shall also comply with the provisions of the 2010 Law.
- b) **Valuation** – collateral received shall be valued on at least a daily basis and assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place. Where a Sub-Fund uses this possibility, the relevant Appendix shall indicate such haircuts.
- c) **Issuer credit quality** – collateral received shall be of high quality.
- d) **Correlation** – the collateral received by the Company in relation to a Sub-Fund shall be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- e) **Collateral diversification (asset concentration)** – collateral shall be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Company in relation to a Sub-Fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its Net Asset Value. When the Company in relation to 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, the Company may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a EU member state, by its local authorities or by an OECD member state or Brazil, Singapore or any G20 member state, or public international bodies to which one or more member state belong. In such a case, the Company, on behalf of the relevant Sub-Fund, should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the relevant Sub-Fund's Net Asset Value
- f) **Risks linked to the management of collateral**, such as operational and legal risks, shall be identified, managed and mitigated by the risk management process.
- g) **Where there is a title transfer**, the collateral received shall be held by the Depositary Bank. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- h) **Collateral received shall be capable of being fully enforced** by the Company at any time without reference to or approval from the counterparty.
- i) **Non-cash collateral** received shall not be sold, re-invested or pledged.
- j) **Cash collateral** received shall only be:
 - Placed on deposit with entities prescribed in the 2010 Law;

- Invested in high-quality government bonds;
- Used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;
- Invested in short-term money market funds as defined in the CESR Guidelines on a Common Definition of European Money Market Funds (Ref. CESR/10-049).

(3) Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.

Collateral policy

In relation to Efficient Portfolio management techniques and OTC financial instruments and in accordance with its collateral policy, the Sub-Fund will ensure that its counterparty delivers and each day maintains collateral of at least the market value of the securities lent. Such collateral must be in the form of:

- (i) liquid assets (i.e., cash and short term bank certificates, money market instruments as defined in Council Directive 2007/16/EC of 19 March 2007) and their equivalent (including letters of credit and a guarantee at first-demand given by a first class credit institution not affiliated to the counterparty);
- (ii) bonds issued or guaranteed by a Member State of the OECD or their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
- (iii) shares or units issued by money market UCIs calculating a net asset value on a daily basis and assigned a rating of AAA or its equivalent;
- (iv) shares or units issued by UCITS investing mainly in bonds/shares satisfying the conditions under (v) and (vi) hereafter;
- (v) bonds issued or guaranteed by first class issuers offering an adequate liquidity; or
- (vi) shares admitted to or dealt in on a Regulated Market or on a stock exchange of a Member State of the OECD, provided that these shares are included in a main index.

When using OTC derivatives and/or efficient portfolio management techniques, assets provided as collateral by the counterparties to such transactions may take the form of the assets listed above and shall always comply with the criteria provided by the CSSF Circular 13/559 and CSSF Circular 08/356.

For the valuation of the collateral presenting a significant risk of value fluctuation, the Sub-Fund will apply prudent discount rates. Except as otherwise decided by the Sub-Fund on a case by case basis, a discount of 20% will be applied for shares or convertible bonds which are comprised in a main index, and 15% for debt and debt-related securities issued by a non-governmental issuer rated at least BBB- by at least one ratings agency. Collateral in the form of cash deposits in a currency other than the currency of exposure is also subject to a discount of 10%.

As the case may be, cash collateral received by each Sub-Fund in relation to any of these transactions may be reinvested in a manner consistent with the investment objectives of such Sub-Fund in (a) shares or units issued by short-term money market undertakings for collective investment as defined in the CESR's Guidelines on a common definition of European money market funds (Ref.: CESR/10-049), (b) short-term bank deposits, (c) high-quality government 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, and (d) reverse repurchase agreement transactions according to the provisions described under section XII Article 43 J) of ESMA Guidelines on ETFs and other UCITS issues released by the CSSF under CSSF Circulars 13/559 and 08/356. Such reinvestment will be taken into account for the calculation of each concerned Sub-Fund's global exposure, in particular if it creates a leverage effect.

4. RISKS WARNINGS

A. CUSTODY RISK

The Depository Bank's liability only extends to its own negligence and wilful default and to that caused by the negligence or wilful misconduct of its local agent, and does not extend to losses due to the liquidation, bankruptcy, negligence or wilful default of any registrar. In the event of such losses, the Company will have to pursue its rights against the issuer and/or the appointed registrar of the securities.

Securities held with a local agent or clearing / settlement system or securities correspondent ("Securities System") may not be as well protected as those held within the Depository Bank in Luxembourg. In particular, losses may be incurred as a consequence of the insolvency of the local correspondent or Securities System. In some markets, the segregation or separate identification of a beneficial owner's securities may not be possible or the practices of segregation or separate identification may differ from practices in more developed markets.

B. CONFLICTS OF INTERESTS

The Management Company, the Distributor(s), the Investment Manager and/or the Investment Adviser, the Depository Bank and the Administrative Agent may, in the course of their business, have potential conflicts of interests with the Company. Each of the Management Company, the Distributor(s), the Investment Manager and/or the Investment Adviser, the Depository Bank and the Administrative Agent will have regard to their respective duties to the Company and other persons when undertaking any transactions where conflicts or potential conflicts of interest may arise. In the event that such conflicts do arise, each of such persons has undertaken or will 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.

C. INTERESTED DEALINGS

The Management Company, the Distributor(s), the Investment Manager and/or the Investment Adviser, the Depository Bank and the Administrative Agent and any of their respective subsidiaries, affiliates, associates, agents, directors, officers, employees or delegates (together the Interested Parties and, each, an Interested Party) may:

- 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;
- 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
- 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 Investment Manager or the Depository Bank or any subsidiary, affiliate, associate, agent or delegate thereof.

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).

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

D. CONFLICTS OF INTERESTS OF THE INVESTMENT MANAGER IN CASE OF SECURITIES LENDING

The Investment Manager may also be appointed as the lending agent of the Company under the terms of a securities lending management agreement. Under the terms of such an agreement, the lending agent is appointed to manage the Company's securities lending activities and is entitled to receive a fee which is in addition to its fee as investment manager. The income earned from stock lending will be allocated between the Company and the Investment Manager and the fee paid to the Investment Manager will be at normal commercial rates. Full financial details of the amounts earned and expenses incurred with respect to stock lending for the Company, including fees paid or payable, will be included in the annual and semi-annual financial statements. The Management Company will, at least annually, review the stock lending arrangements and associated costs.

The Investment Manager may execute trades through their affiliates on both a principal and agency basis, as may be permitted under applicable law. As a result of these business relationships, the Investment Manager's affiliates will receive, among other benefits, commissions and mark-ups/mark-downs, and revenues associated with providing prime brokerage and other services.

Certain conflicts of interest may arise from the fact that affiliates of the Investment Manager and/or the Investment Adviser or the Management Company may act as sub-distributors of interests in respect of the Company or certain Sub-Funds. Such entities may also enter into arrangements under which they or their affiliates will issue and distribute notes or other securities the performance of which will be linked to the relevant Sub-Fund.

Where a commission (including a rebated commission) is received by the Investment Manager by virtue of an investment by a Sub-Fund in the units of another collective investment scheme, this commission must be paid into that Sub-Fund.

E. CONFLICTS OF INTERESTS IN THE CASE OF SECURITIES LENDING

The Depository Bank may also be appointed as the lending agent of the Company under the terms of a securities lending agreement. Under the terms of such an agreement, the lending agent is appointed to manage the Company's securities lending activities and is entitled to receive a fee which is in addition to its fee as Depository Bank. The income earned from stock lending will be allocated between the Company and the Depository Bank and the fee paid to the Depository Bank will be at normal commercial rates. Full financial details of the amounts earned and expenses incurred with respect to stock lending for the Company, including fees paid or payable, will be included in the annual and semi-annual financial statements. The Management Company will, at least annually, review the stock lending arrangements and associated costs.

The Depository Bank may execute trades through its affiliates on both a principal and agency basis, as may be permitted under applicable law. As a result of these business relationships, the Depository Bank's affiliates will receive, among other benefits, commissions and mark-ups/mark-downs, and revenues associated with providing prime brokerage and other services.

Certain conflicts of interest may arise from the fact that affiliates of the Depository Bank or the Management Company may act as sub-distributors of interests in respect of the Company or certain Sub-Funds. Such entities may also enter into arrangements under which they or their affiliates will issue and distribute notes or other securities the performance of which will be linked to the relevant Sub-Fund.

Where a commission (including a rebated commission) is received by the Depository Bank by virtue of an investment by a Sub-Fund in the units of another collective investment scheme, this commission must be paid into that Sub-Fund.

F. EMERGING MARKETS

- (1) In certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect investment in those countries. There may be less publicly available information about certain financial instruments than some investors would find customary and entities in some countries may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which certain investors may be accustomed. Certain financial markets, while generally growing in volume, have for the most part, substantially less volume than more developed markets, and securities of many companies are less liquid and their prices more volatile than securities of comparable companies in more sizeable markets. There are also varying levels of government supervision and regulation of exchanges, financial institutions and issuers in various countries. In addition, the manner in which foreign investors may invest in securities in certain countries, as well as limitations on such investments, may affect the investment operations of the Sub-Funds.
- (2) Emerging country debt will be subject to high risk and will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation. The issuer or governmental authority that controls the repayment of an emerging country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. As a result of the foregoing, a government obligor may default on its obligations. If such an event occurs, the Company may have limited legal recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government debt securities to obtain recourse may be subject to the political climate in the relevant country. In addition, no assurance can be given that the holders of commercial debt will not contest payments to the holders of other foreign government debt obligations in the event of default under their commercial bank loan agreements.
- (3) Settlement systems in emerging markets may be less well organised than in developed markets. Thus, there may be a risk that settlement may be delayed and that cash or securities of the Sub-Funds may be in jeopardy because of failures or of defects in the systems. In particular, market practice may require that payment will be made prior to receipt of the security which is being purchased or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank (the Counterparty) through whom the relevant transaction is effected might result in a loss being suffered by Sub-Funds investing in emerging market securities.
- (4) The Company will seek, where possible, to use Counterparties whose financial status is such that this risk is reduced. However, there can be no certainty that the Company will be successful in eliminating this risk for the Sub-Funds, particularly as Counterparties operating in emerging markets frequently lack the substance or financial resources of those in developed countries.
- (5) There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of

securities held by or to be transferred to the Sub-Funds. Furthermore, compensation schemes may be non-existent or limited or inadequate to meet the Company's claims in any of these events.

- (6) In some Eastern European countries there are uncertainties with regard to the ownership of properties. As a result, investing in Transferable Securities issued by companies holding ownership of such Eastern European properties may be subject to increased risk.

G. NOT IN BANK ASSETS

The Depositary Bank for the Company may provide reporting services for a variety of investments that are not held in safekeeping at the Depositary Bank, classified as “Not In Bank” (NIB) assets. The counterparty which holds these NIB assets is chosen by the Company which is fully responsible for this choice and cannot liaise with the Depositary Bank’s responsibility. The Depositary Bank remains responsible for these NIB assets’ supervision, but cannot offer the same protection as required if the assets are held at the Depositary Bank or its representative, particularly in case of the counterparty’s bankruptcy. Therefore, these NIB assets are not as well protected as the assets held by the Depositary Bank or its representative. Moreover, reports are the sources of these records, which are periodically provided by the relevant counterparties or their agents to the Depositary Bank. Due to the nature of these investments, the responsibility of servicing and maintaining these assets falls under the jurisdiction of the counterparties with which the investments are placed and not the Depositary Bank. Similarly, the reporting of investment information and the accuracy of the same is the responsibility of the same counterparties and their agents. The Depositary Bank has no liability for any errors, mistakes or inaccuracies in the information provided by these sources.

H. FATCA

Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the 30% withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax as a result of FATCA, the value of shares held by all shareholders may be materially affected.

The Company and/or its shareholders may also be indirectly affected by the fact that a non-U.S. financial entity does not comply with FATCA regulations even if the Company satisfies with its own FATCA obligations.

Please refer to Section IX 1. C. for general information related to the United States Tax Withholding and Reporting under the Foreign Account Tax Compliance Act.

5. GLOBAL EXPOSURE

The relevant Sub-Funds will employ the commitment approach to calculate their global exposure as mentioned on a case-by-case basis in their appendix.

The global exposure of the Sub-Funds may also be measured by the Value at Risk (VaR) methodology as mentioned in the relevant appendices.

In financial mathematics and financial risk management, VaR is a widely used risk measure of the risk of loss on a specific portfolio of financial assets. For a given investment portfolio, probability and time horizon, VaR measures the potential loss that could arise over a given time interval under normal market conditions, and at a given confidence level. The calculation of VaR is conducted on the basis of a one-sided confidence interval of 99% and a holding period of 20 days. The exposure of the Sub-Funds is subject to periodic stress tests.

The exposure of a Sub-Fund may further be increased by transitory borrowings not exceeding 10% of the assets of a Sub-Fund.

The method used to calculate the global exposure and the expected level of leverage as calculated in accordance with the applicable regulations for each Sub-Fund are set out in Appendix 1.

IV. SHARES OF THE COMPANY

1. THE SHARES

The Company's capital is represented by the assets of its various Sub-Funds. Subscriptions are invested in the assets of the respective Sub-Fund.

Within a Sub-Fund, the Board of Directors may establish categories and/or classes of shares corresponding:

- (i) to a specific distribution policy, for instance giving a right to distributions ("**distribution shares**") or not giving a right to distributions ("**capitalisation shares**"), and/or
- (ii) to a specific structure for issue or redemption costs, a specific structure for costs payable to distributors or to the Company, and/or
- (iii) to a specific structure for management costs or those for or investment advice, and/or
- (iv) to a particular reference currency as well as a hedge policy or not regarding exchange risks; and/or
- (v) to any other specific feature applicable to a category/class of shares.

In the event of the Company's dissolution as further described in Article 28 of the Articles of Incorporation, the liquidation thereof shall be carried out by one or more liquidators appointed by the general shareholders' meeting, in accordance with the Luxembourg 2010 Law and with the Company's Articles of Incorporation. The net result of the liquidation of each Sub-Fund shall be distributed to the shareholders of the share class in question, in proportion to the number of shares which they hold in this class. Any amounts which remain unclaimed by shareholders upon the completion of the liquidation process shall be deposited with the public trust office, the *Caisse de Consignation* in Luxembourg to be held for the benefit of person(s) entitled thereto and shall be forfeited after 30 days.

Shareholders may request the conversion of all or part of their shares into shares of one or more different Sub-Funds, categories or classes of shares of the Company (see item 4 of this Section).

Subject to the provisions set out in Appendix 1, any individual or corporate entity may acquire shares in the various Sub-Funds, categories or classes of shares subscribing to Shares and paying the subscription price determined in accordance with item 2 of this Section.

The shares of each Sub-Fund are of no par value and convey no preferential or pre-emptive rights of subscription upon the issue of new shares. Each share is entitled to one vote at the general meeting of shareholders, regardless of its Net Asset Value.

All shares in the Company must be fully paid-up.

The shares shall at the option of the shareholder be issued as bearer or registered shares, regardless of the respective Sub-Fund. Fractions of shares up to three decimal points may be issued for registered or bearer shares.

Registered shares may be converted into bearer shares and vice versa, at the request and expense of the shareholder.

Bearer shares will only be accounted to the credit of the shareholder's securities account with the Registrar and Transfer Agent. There will be no material issue of certificates for bearer shares.

Share transfer forms for the transfer of registered shares are available at the registered office of the Company and from the Depositary Bank.

In any event, no distribution may be made if, as a result thereof, the Net Asset Value of the SICAV would fall below the equivalent in USD of EUR 1,250,000.

2. ISSUE AND SUBSCRIPTION PRICE OF SHARES

Applications for shares may be submitted on any business day to the Transfer Agent offices or to the offices of other establishments designated by it, where the Prospectus and the application forms are available.

The shares of each Sub-Fund, category or class of shares of the Company are issued at the subscription price determined on the relevant Valuation Day following receipt of the completed subscription application. Subscription lists shall be closed on the days and at the times provided for in Appendix 1.

Subscriptions in any class of shares or in any Sub-Fund may be subject to a minimum investment amount and/or a minimum holding requirement as stated in Appendix 1 of the Prospectus, as the case may be.

The subscription price corresponds to the Net Asset Value per Share determined in accordance with Chapter V, increased by a commission the rate of which may differ depending of the Sub-Fund, category or class of shares in which the subscription is made, as indicated in Appendix 1. Payment for shares subscribed is made in the reference currency of each Sub-Fund, category or class of shares or in a certain number of other currencies and within the deadlines as specified in Appendix 1.

The Company may agree to issue shares in consideration of a contribution in kind of securities, for example in the case of a merger with an external Sub-Fund, to the extent that those transferable securities are in accordance with the objectives and the investment policy of the Sub-Fund concerned and in accordance with the provisions of the 2010 Law. Such contribution in kind will be subject to a valuation report drawn up by an approved statutory auditor, which may be consulted at the Company's registered office. All the costs associated with the contribution in kind of securities shall be borne by the shareholders concerned.

Any changes in the maximum rate of the fees listed in Appendix 1 of the relevant Sub-Fund shall require the approval of the Company's Board of Directors. Any increases of the maximum rate of these fees, the Prospectus will be updated accordingly after a one month prior notice sent to the shareholders. These changes will be further communicated in the annual report.

Any taxes or brokerage fees which may be payable in relation to the subscription to Shares are paid by the subscriber. Under no circumstances may these costs exceed the maximum authorised by the laws, ordinances or general banking practices of the countries in which the shares are acquired.

The Board of Directors may suspend or interrupt the issue of Shares of a Sub-Fund, category or class of shares at any time. Moreover, without having to justify its actions, it also has the right to:

- Reject any subscription of shares;
- Proceed at any time to the compulsory redemption of shares in the Company which have been wrongfully subscribed or held or where the Shareholder does not provide necessary information requested by the Board of Directors in order to comply with the applicable legal and/or regulatory rules, such as, but not limited to, the FATCA and CRS provisions.

For the avoidance of doubt, in the event that a minimum subscription amount is provided for with regards to a Sub-Fund, a category or a Class of Shares, the Company may waive such minimum amount in its sole discretion. Attention of Investors is hereby drawn to the fact that the minimum subscription amount the case being provided for in the relevant Appendix shall not apply to the Management Company, any entity within the Group La Française, or investors subscribing directly through La Française AM Gestion Privée, whose minimum subscription will be 1 Share. When, following suspension of the issue of shares of one or more share Sub-Funds, the Board of Directors decides to resume the issue, all pending subscriptions shall be processed on the basis of the Net Asset Value determined once the issue has been resumed.

Prevention of money laundering and terrorist financing

In accordance with international regulations and Luxembourg laws and regulations (including, but not limited to, the amended Law of 12 November 2004 on the fight against money laundering and financing of terrorism), the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012, CSSF Circulars 13/556 and 15/609 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements, obligations have been imposed on all professionals of the financial sector in order to prevent undertakings for collective investment from money laundering and financing of terrorism purposes. As result of such provisions, the register and transfer agent of a Luxembourg UCI must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Register and Transfer Agent may require subscribers to provide any document it deems necessary to effect such identification. In addition, the Register and Transfer Agent, as delegate of the Company, may require any other information that the Company may require in order to comply with its legal and regulatory obligations, including but not limited to the CRS Law (as defined in Section IX).

Within the framework of the fight against money laundering, all physical persons must attach a copy of the subscriber's passport which has been legally certified for example by an Embassy, Consulate, notary's office or police commissioner, to the subscription form; in the case of legal entities, a copy of the articles of incorporation of such entity must be attached. This applies in the following instances:

- (1) Direct subscriptions with the Company;
- (2) Subscriptions through a provider of financial services who is resident in a country in which there is no identification obligation which fulfils the Luxembourg specifications intended to combat the use of the financial system for money laundering purposes;
- (3) Subscriptions through a subsidiary or branch office of a parent company which is subject to an identification obligation which fulfils the provisions of Luxembourg law, if the law which applies to the parent company does not require it to ensure that its subsidiaries and branch offices also comply with the legal stipulations.

This obligation is mandatory, unless:

- (a) the subscription form is submitted to the Company by one of its Distributor Agents situated in a country which has ratified the conclusions of the report of the Financial Action Task Force (“**FATF**”) on money laundering, or
- (b) the subscription form is sent directly to the Company and the subscription is settled either by:
 - A bank transfer from a financial institution residing in an FATF country, or
 - A cheque drawn on the personal account of the subscriber with a bank residing in a FATF country or a bank cheque issued by a bank residing in a FATF country.

In case of delay or failure by an applicant to provide the required documentation, the subscription request will not be accepted and in case of redemption, payment of redemption proceeds delayed. Neither the Company nor the Register and Transfer Agent will be held responsible for said delay or failure to process deals resulting from the failure of the applicant to provide documentation or incomplete documentation.

From time to time, shareholders may be asked to supply additional or updated identification documents in accordance with clients' on-going due diligence obligations according to the relevant laws and regulations.

In addition, the Company has to identify the provenance of money from financial institutions that are not subject to an obligation of identification that fulfils the provisions of Luxembourg law. Subscriptions may be temporarily blocked until the provenance of the monies has been identified.

Market timing and late trading

The Board of Directors shall not, knowingly, authorise any practice associated with market timing and late trading and shall reserve the right to reject orders for subscription or conversion of shares originating from investors which the Board of Directors might suspect of employing such practices or associated practices and if necessary to take the measures necessary to protect the other investors in the Company.

Market timing is understood to be the technique of arbitrage by which an investor subscribes to and systematically repurchases or redeems shares of the Company within a short lapse of time by exploiting discrepancies of timing and/or imperfections or deficiencies in the system for determining the Net Asset Value of shares of the Company.

Late trading is understood to be the acceptance of an order for subscription, redemption or conversion of shares received after the deadline for acceptance of orders on Valuation Day and its execution at the price based on the Net Asset Value applicable on Valuation Day.

3. REPURCHASE OF SHARES

Shareholders may request the redemption in cash of all or a portion of their shareholdings at any time. Redemption requests, considered as irrevocable, may be sent to the Transfer Agent or to the other offices designated by the Company, or to the registered office of the Company. Such applications shall include the following information: the exact identity and exact address of the person applying for the redemption together with the number of shares to be redeemed, the Sub-Fund, category or class of shares of the Company of which such shares are part, whether they are registered or bearer shares, as well as the reference currency of the Sub-Fund.

Redemption lists shall be closed on the days and at the times provided for in Appendix 1. Redemption applications registered after the deadline shall automatically be considered as redemption applications received for the next following bank business day. The redemption price of the shares shall be paid out in the currency in which that particular Sub-Fund is expressed.

For each share presented, the amount reimbursed to the shareholder is equal to the Net Asset Value per Shares determined on the relevant Valuation Day after deduction of a commission in favour of the Company and/or financial intermediaries, the rate of which appears in Appendix 1 (if any).

The redemption value may be equal to, higher than, or lower than the acquisition price paid.

Redemption proceeds shall be paid within such time limits as are indicated in Appendix 1.

Redemption proceeds shall only be paid out after receipt of the confirmation representing the shares to be redeemed, and of the statement of transfer for registered shares.

With the express written agreement of the shareholders concerned, and if the principle of the equal treatment is observed, the Company may proceed with total or partial redemptions of shares, by way of payment in kind in accordance with the conditions established by the Company (including, and without limitation, the presentation of an independent valuation report from the Company's approved statutory auditor).

Suspension of the calculation of the Net Asset Value of the Company's shares automatically leads not only to the suspension of share issues but also of redemption and conversion operations. Notification of any suspension of redemption operations shall be made in accordance with section V.2. of the present Prospectus, by all appropriate means, to shareholders who have presented requests for the redemption of their shares, whereby the processing of these requests shall be delayed or suspended accordingly.

If as a result of any request for redemption, the investment held by any shareholder in a class of shares or Sub-Fund would fall below the minimum amount indicated in Appendix 1 of the Prospectus, if any, the Company may treat such request as a request to redeem the entire shareholding of such shareholder in such class of shares or Sub-Fund.

If the Board of Directors is unable to process the settlement of redemption applications made if the net total of the redemption applications received relates to more than 10% of a Sub-Fund's assets, it may decide that all the redemption applications presented are reduced and deferred on a pro rata basis, so as to reduce the number of shares redeemed that day to 10% of the relevant Sub-Fund's assets during a period of time which it shall determine and not exceeding 30 calendar days.

Neither the Company's Board of Directors nor the Depositary Bank may be held responsible for any default of payment resulting from possible exchange restrictions, or other circumstances beyond their control which may limit or render impossible the transfer to other countries of the redemption proceeds.

4. CONVERSION OF SHARES INTO SHARES OF OTHER SUB-FUNDS, CATEGORIES OR CLASSES OF SHARES

Shareholders may request the conversion of all or part of their shares into shares of another Sub-Fund, category or class of shares of the Company by notifying the Transfer Agent or other offices designated by the Company, in writing or by telex or fax, giving the name of the Sub-Fund into which the shares should be converted and specifying whether the shares to be converted and the shares of the new Sub-Fund, category or class of shares of the Company to be issued should be registered or bearer shares. Failure to specify the required class of shares shall lead to conversion into shares of the same category and/or class of shares. Conversion lists shall be closed at the same time as issue and redemption lists, as defined in Appendix 1 of each Sub-Fund.

Exceptionally, only shareholders who can be qualified as "Institutional Investors" may apply for conversion of the shares into shares of the "Institutional" category as the shares of that category are exclusively reserved for Institutional Investors.

Conversion requests are to be accompanied, as the case may be, by the bearer share confirmation(s), or by the confirmation(s) representing registered shares. Subject to a suspension of the calculation of the Net Asset Value, the conversion of shares may be carried out on every Valuation Day following receipt of the conversion application by reference to the Net Asset Value of the shares of the Sub-Fund concerned for that Valuation Day.

The conversion may not take place if the calculation of Net Asset Value of one of the Sub-Funds, categories or classes of shares concerned is suspended. In the case of significant applications (i.e. more than 10% of the Sub-Fund's assets) it may also be delayed under the same conditions which may be applied to redemptions. The number of shares allocated in the new Sub-Fund, the new category or the new class of shares shall be established according to the following formula:

$$A = \frac{B \times C}{D}$$

where:

- A is the number of shares allocated in the new Sub-Fund, the new category or the new class of shares;
- B is the number of shares presented for conversion;
- C is the Net Asset Value of a share in the Sub-Fund, category or class of shares in which the shares are presented for conversion on transaction day;
- D is the Net Asset Value of a share in the new Sub-Fund, the new category or the new class of shares on transaction day.

Following conversion, the Transfer Agent shall inform the shareholder as to the number of shares held in the new Sub-Fund and the corresponding price.

If actual registered and un-certificated or dematerialised bearer share confirmations have been issued, fractional shares that may result from the conversion shall not be allocated and the shareholder shall be deemed to have requested their redemption. In that case the shareholder shall be repaid the amount of any possible difference between the Net Asset Values of the shares thus exchanged unless such difference is lower than EUR 10.- or as the case may be their equivalent in another currency. Undistributed fractions shall be aggregated and shall be paid back into the concerned Sub-Fund.

Conversions of shares of one Sub-Fund, category or class of shares of the Company into shares of another Sub-Fund, category or class of shares of the Company (a “switch”) are subject to the commissions or fees if any, as listed in Appendix 1.

In converting shares of a class of shares or Sub-Fund for shares of the same class of shares of another Sub-Fund or of another Sub-Fund, a shareholder must meet the applicable minimum initial investment requirements imposed by the acquired Sub-Fund, if any.

If, as a result of any request for conversion, the investment held by any shareholder in a class of shares or Sub-Fund would fall below the minimum amount, if any, indicated in Exhibit 1 of the Prospectus in the section “Minimum Investment” under the specific information for each Sub-Fund, the Company may treat such request as a request to convert the entire shareholding of such shareholder.

Shares in any class of Shares or Sub-Fund will not be converted in circumstances where the calculation of the Net Asset Value per Share in the relevant classes of Shares or Sub-Funds is suspended by the Company pursuant to Article 12 of the Articles.

In the case of suspension of dealings in shares, the request for conversion will be dealt with on the first Valuation Day following the end of such suspension period.

5. STOCK EXCHANGE LISTING

As set forth in Appendix 1 of each Sub-Fund, the shares of each Sub-Fund of the Company may, upon decision of the Board of Directors, be admitted to official listing on the *Bourse de Luxembourg* (Luxembourg Stock Exchange).

V. NET ASSET VALUE

1. GENERAL

A. DEFINITION AND CALCULATION OF THE NET ASSET VALUE

The Net Asset Value per share of each Sub-Fund, category or class of shares is calculated in Luxembourg by the Administrative Agent, under the ultimate responsibility of the Board of Directors of the Company, according to the frequency indicated in Appendix 1 of each Sub-Fund. The minimum frequency shall be at least twice a month. If such a day is a bank legal holiday in Luxembourg, the Net Asset Values of the Sub-Funds shall be calculated on the next following bank business day.

The accounts of each Sub-Fund or category or class of shares shall be kept separately. The Net Asset Value shall be calculated for each Sub-Fund or category or class of shares and shall be expressed in the reference currency, as specified in Appendix 1.

The Net Asset Value of the shares in each Sub-Fund or category or class of shares shall be determined by dividing the Net Asset Value of each Sub-Fund or category or class of shares by the total number of shares of each Sub-Fund or category or class of shares in circulation. The Net Asset Value of each Sub-Fund or category or class of shares correspond to the difference between the assets and the liabilities of each of the Sub-Funds or categories or classes of shares.

B. DEFINITION OF THE POOL OF ASSETS

The Board of Directors shall form a separate pool of net assets for each Sub-Fund. Amongst the shareholders, this pool of assets shall be attributed only to the shares issued by the respective Sub-Fund, although the possibility of allocation of such a pool between the various categories and/or classes of shares of the Sub-Fund as defined in the present section must be taken into consideration.

For the purpose of establishing separate pools of assets corresponding to a Sub-Fund or to two or more categories and/or classes of shares of a given Sub-Fund, the following rules apply:

- a) if two or more categories/classes of shares relate to a specific Sub-Fund, the assets attributed to those categories and/or classes shall be invested together according to the investment policy of the Sub-Fund concerned subject to the specific features associated with those categories and/or classes of shares;
- b) the proceeds resulting from the issue of shares relating to one category and/or one class of shares shall be attributed in the Company's books to the Sub-Fund which offers that category and/or class of shares given that, if several categories and/or classes of shares are issued for that Sub-Fund, the corresponding amount will increase the proportion of the net assets of that Sub-Fund attributable to the category and/or class of shares to be issued;
- c) the assets, liabilities, income and costs relating to a Sub-Fund shall be attributed to the category or categories and/or class or classes of shares corresponding to that Sub-Fund;
- d) when one asset arises out of another asset, that asset shall be attributed, in the Company's books, to the same Sub-Fund or to the same category and/or class of shares to which the asset belongs from which it arises, and to each new valuation of an asset, the increase or reduction of value shall be attributed to the Sub-Fund or to the category and/or class of shares which corresponds;

- e) when the Company bears a liability which is attributable to an asset of a specific Sub-Fund or a category and/or class of shares or to a transaction carried out in relation to an asset of a specific Sub-Fund or a category and/or class of shares, that liability shall be attributed to that Sub-Fund or that category and/or class of shares;
- f) in the case where an asset or a liability of the Company cannot be attributed to a specific Sub-Fund, that asset or liability shall be attributed to all the Sub-Funds, in proportion to the Net Asset Value of the categories and/or classes of shares concerned or in such a way that the Board of Directors shall determine in good faith;
- g) as a consequence of distributions made to the holders of shares of a category and/or class, the Net Asset Value of that category and/or class of shares shall be reduced by the amount of those distributions.

C. VALUATION OF ASSETS

Unless otherwise provided in Appendix 1, the assets and liabilities of each of the Company's individual Sub-Funds shall be valued on the basis of the following principles:

- (1) The value of cash in hand or on deposit, notes and bills payable on demand and all accounts receivable, prepaid costs, dividends and interest due but not yet received shall correspond to the full par value, unless it proves to be unlikely that the full value shall be received; in which case the value shall be calculated by subtracting a certain amount which appears to be appropriate in order to reflect the true value of such assets.
- (2) The valuation of transferable securities and money market instruments listed or traded on an official stock market or other regulated market which operates regularly and is recognised and open to the public, shall be based on the last known price and if that transferable security / money market instrument is traded on several markets, on the basis of the last known price on the principal market for that security or instrument. If the last known price is not representative, the valuation shall be based on the probable realisation value estimated with prudence and in good faith;
- (3) Securities and money market instruments not listed or traded on an official stock exchange or on another regulated market which operates regularly and is recognised and open to the public shall be valued on the basis of their probable sale price as estimated prudently and in accordance with the principle of prudence and good faith.
- (4) Prices of securities denominated in currencies other than the currency of account of the respective Sub-Funds shall be converted at the last available exchange rate.
- (5) The settlement value of future contracts and option contracts which are not traded on regulated markets shall be equivalent to their net settlement value determined in accordance with the policies established by the Board of Directors, on a basis applied consistently to each type of contract. The settlement value of future contracts or option contracts traded on regulated markets shall be based on the last price available for settlement of those contracts on the regulated markets on which those future contracts or those option contracts are traded by the Company; insofar as if a future contract or an option contract cannot be settled on the day on which the net assets are valued, the basis which shall serve to determine the settlement value of that contract shall be determined by the Board of Directors in a fair and reasonable manner;
- (6) The Board of Directors may authorise the use of amortised cost method of valuation for short-term transferable debt securities in certain Sub-Funds. This method involves valuing a security at its cost and thereafter assuming a constant amortisation to

maturity of any discount or premium regardless of the impact of fluctuating interest rates on the market value of the security or other instrument. While this method provides certainty in valuation, it may result in periods during which value as determined by amortised cost, is higher or lower than the price the Sub-Fund would receive if it sold the securities. This method of valuation will only be used in accordance with ESMA guidelines concerning eligible assets for investments by UCITS and only with respect to securities with a maturity at issuance or residual term to maturity of 397 days or less or securities that undergo regular yield adjustments at least every 397 days;

- (7) The shares of UCITS and/or other UCI shall be valued at their last known Net Asset Value per share;
- (8) Interest rate swaps shall be valued at their market value established by reference to the applicable rate curve. Swaps on indices or financial instruments shall be valued at their market value established by reference to the index of the financial instrument concerned. The valuation of swap contracts relating to those indices or financial instruments shall be based on the market value of those swap transaction in accordance with the procedures established by the Board of Directors;
- (9) All other securities and assets shall be valued at their market value determined in good faith, in accordance with the procedures established by the Board of Directors;
- (10) All other asset balances shall be valued on the basis of their probable realisation price, as estimated prudently and in accordance with the principle of prudence and good faith.

2. **SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE AND OF THE ISSUE, CONVERSION AND REDEMPTION OF SHARES**

- (1) Irrespective of the legal causes of suspension, the Board of Directors may at any moment suspend the valuation of the net value of the shares in a Sub-Fund of the Company as well as the issue and redemption and conversion of these shares in the following cases:
 - (a) during any period when any of the principal stock exchanges or any other regulated market on which any substantial portion of the Company's investments of the relevant class for the time being are quoted, is closed or during which dealings are restricted or suspended;
 - (b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of investments of the relevant class by the Company is impracticable;
 - (c) during any breakdown in the means of communication normally employed in determining the price or value of any of the Company's investments or the current prices or values on any market or stock exchange;
 - (d) during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of such shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of such shares cannot in the opinion of the Board of Directors be effected at normal rates of exchange;
 - (e) further to the publication of a convening notice to a general meeting of shareholders in order to resolve the winding up or the liquidation of the Company;
 - (f) if the Board of Directors has determined that there has been a material change in the valuations of a substantial proportion of the investments of the Company attributable

to a particular class of shares in the preparation or use of a valuation or the carrying out of a later or subsequent valuation;

- (g) during any other circumstance or circumstances where a failure to do so might result in the Company or its shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or any other detriment which the Company or its shareholders might so otherwise have suffered;
 - (h) when a Sub-Fund merges with another Sub-Fund or with another UCITS (or a sub-fund of such other UCITS) provided any such suspension is justified by the protection of the shareholders; and/or
 - (i) when a class of shares or a Sub-Fund is a Feeder of another UCITS, if the net asset value calculation of the Master UCITS or sub-fund or class of shares is suspended.
- (2) The suspension of the calculation of the Net Asset Value of the shares of one or more Sub-Funds shall be announced by any appropriate means, and in particular by publication of a notice of suspension in the newspapers in which the Net Asset Values are normally published. Appropriate notice that the Net Asset Value calculation has been suspended shall also be given to shareholders who have requested the conversion or redemption of the shares of this or these Sub-Funds.
- (3) In exceptional circumstances which might adversely affect the interests of shareholders or in the case of significant applications for redemption in a Sub-Fund of shares or conversion of shares, the Board of Directors of the Company reserves the right to fix the value of that Sub-Fund of shares only after having carried the sales of the relevant transferable securities out on behalf of the Company.

In such a case, subscriptions, applications for redemption and conversions of shares simultaneously in the process of execution shall be satisfied on the basis of the first Net Asset Value thus calculated.

VI. DIVIDENDS

1. DIVIDEND DISTRIBUTION POLICY

Further to the proposition of the Board of Directors, the annual general meeting of shareholders shall decide on the use to be made of the annual net profits as shown in the accounts as at 31 December of each calendar year.

The general meeting reserves the right, within the limits of applicable law, to distribute the net assets of each of the Company's Sub-Funds. The nature of the distribution (net investment income or capital) shall be recorded in the Company's financial statements.

Any decision of the general meeting of shareholders to distribute dividends to the shareholders of a particular Sub-Fund, category or class of shares of the Company requires the prior approval of the shareholders of that Sub-Fund, category or class of shares, voting at the same majority requirement as indicated in the Articles of Incorporation of the Company.

The Board of Directors may decide to pay interim dividends.

2. PAYMENT

Dividends and interim dividends attributed to a Class of shares shall be paid on the date and at the place determined by the Board of Directors.

Dividends and interim dividends to be paid out and which fail to be collected by the shareholders entitled thereto within five years from the payment date may no longer be claimed and shall revert to the Sub-Fund category and/or Class of Shares concerned.

No interest shall be paid on unclaimed dividends or interim dividends that are held by the Company, up to the expiry date, in the name of the shareholders to whom these amounts are due.

Income distribution payments are due only to the extent that the applicable foreign exchange regulations permit such distribution in the beneficiary's country of residence.

VII. COSTS BORNE BY THE COMPANY

The Company assumes liability for the following costs:

- (i) the costs incurred in connection with the formation of the Company, including the cost of services rendered in the formation of the Company, in obtaining official listing on the stock exchange and in obtaining the approval of the competent authorities;
- (ii) all compensation, fees and expenses to be paid to the Management Company, the Depository Bank (including remuneration for the Depository Bank's function as Registrar of the Company), to the distributors and to the Investment Advisors and Managers and, where appropriate, to the correspondent banks;
- (iii) the fees and commissions of the Administrative Agent;
- (iv) the costs and fees of the authorised Auditors;
- (v) the registration costs;
- (vi) the directors' percentage of profits and reimbursement of their costs;
- (vii) the costs of printing and publishing information intended for the shareholders and, in particular, the costs of printing and distributing periodical reports as well as Prospectuses and brochures;
- (viii) brokerage fees and any other fees and commissions arising from transactions involving securities and investment instruments in the portfolio;
- (ix) taxes and deductions which may be payable on the Company's income;
- (x) the capital duty (cf Point IX 1A) as well as the duties to be paid to supervisory authorities and the costs relating to the distribution of dividends;
- (xi) the costs of advisory services and other expenses in connection with extraordinary measures, in particular those arising from the consultation of experts and other such procedures intended to protect the shareholders' interests;
- (xii) membership fees paid to professional associations and stock market organisations which the Company decides to join in its own interest and in the interest of its shareholders.
- (xiii) the costs of preparation and/or deposit of statutory documents and all other documents concerning the Company including any registration declaration, prospectus and explanatory note for any authorities (assimilated to those authorities are official associations of exchange agents) with competence over the Company and offers to issue shares of the Company; the costs of preparation, in the languages required in the interest of the shareholders, of sending and distributing annual and semi-annual reports, and all other reports and documents necessary under the applicable laws or regulations of the authorities indicated above (with the exception of the costs of advertising and all other costs incurred directly by the offer or distribution of the shares of the Company including the costs of printing, of copying the documents listed above or the reports used by distributors of the shares within the context of their commercial activity);
- (xiv) the costs of preparation, publication and sending of notices for the attention of shareholders; the fees, costs and expenses of local representatives appointed in accordance with the regulations of those authorities, the cost of amending statutory documents, the cost incurred to enable the Company to conform with the legislation and official regulations and in order to obtain and to maintain a stock market listing for the

shares, provided that those expenses are incurred principally in the interest of the shareholders.

These costs and expenses shall be paid out of the assets of the different Sub-Funds pro rata to their net assets. Fixed costs shall be divided between each Sub-Fund in proportion to the assets of that Sub-Fund in the Company, and costs specific to each Sub-Fund, category or class of shares shall be taken from that Sub-Fund, category or class of shares which incurred them. All general recurrent costs shall be deducted in the first instance from current income and, if that is insufficient, from realised capital gains.

As remuneration for its activity as depositary bank to the Company, the Depositary Bank shall receive a quarterly commission from the Company, calculated on the average Net Asset Values of the assets of the different Sub-Funds of the Company for the quarter considered, as stipulated in Appendix 1.

In addition, any reasonable disbursements and expenses incurred by the Depositary Bank within the framework of its mandate, including (without this list being exhaustive) telephone, telex, fax, electronic transmission and postage expenses as well as correspondents' costs, shall be borne by the relevant Sub-Fund of the Company. The Depositary Bank may charge the customary fee in the Grand Duchy of Luxembourg for services rendered in its capacity as Paying Agent.

As remuneration for its activity as administrative agent and the administrative services (accounts, bookkeeping, calculation of Net Asset Value, registrar functions, secretariat) it provides the Company with, the Administrative Agent shall receive a quarterly commission from the Company calculated on the average Net Asset Values of the assets of the different Sub-Funds of the Company for the quarter considered, as stipulated in Appendix 1.

Moreover, all reasonable expenses and costs advanced, including but without the list being limitative, the costs of telephone, telex, fax, electronic transmissions and postage incurred by the Administrative Agent within the context of its functions as well as the costs of correspondents, shall be borne by the Sub-Fund of the Company concerned.

Under the terms of the agreements entered into by the Management Company with the Investment Advisor(s) and/or Manager(s), the Company shall pay the relevant advisory and/or management and/or performance fee, to be calculated as stipulated in Appendix 1.

All recurring general costs will be charged first against investment income, then, should this not be sufficient, against realised capital gains.

Costs related to the establishment of any new Sub-Fund will be borne by such new Sub-Fund and amortised over a period of 1 (one) year from the date of establishment of such Sub-Fund or over any other period as the Board of Directors may determine, with a maximum of 5 (five) years starting on the date of the sub-fund's establishment.

When a Sub-Fund is liquidated, any setting-up costs that have not yet been amortised will be charged to the Sub-Fund being liquidated.

Nevertheless, in the case of merger of Sub-Funds with other Sub-Funds or with an external structure, the costs shall be borne by the Sub-Fund as determined by the Board of Directors.

VIII. COSTS BORNE BY THE SHAREHOLDER

- a) **Current subscription:** shares are issued at a price corresponding to the Net Asset Value per share, without subscription fees, unless otherwise stipulated in each Sub-Fund's descriptive Appendix 1.
- b) **Redemption procedure:** the redemption price of shares of the Company may be higher or lower than the purchase price paid by the shareholder at the time of subscription, depending upon whether the Net Asset Value has risen or fallen, without redemption fees, unless otherwise stipulated in each Sub-Fund descriptive Appendix 1
- c) **Conversion of shares:** the basis for conversion is linked to the respective Net Asset Value per share of the two Sub-Funds or categories or classes concerned, without conversion fees, unless otherwise stipulated in each Sub-Fund descriptive Appendix 1.

1. TAX REGIME

The following information is based on the laws, regulations, decisions and practice currently in force in Luxembourg and is subject to changes therein, possibly with retrospective effect. This summary does not purport to be a comprehensive description of all Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of shares and is not intended as tax advice to any particular investor or potential Investor. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of shares and to the provisions of the laws of the jurisdiction in which they are subject to tax. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.

A. TAXATION OF THE COMPANY

The Company is governed by Luxembourg tax laws.

In accordance with current legislation, the Company is liable to an annual registration tax of 0.05% per annum (*to the exception of the Sub-Funds liable to benefit from the lower 0.01% rate per annum, as mentioned in Appendix 1*), calculated and payable quarterly on the basis of the Company's net assets at the end of the relevant quarter.

No fees or taxes are payable in Luxembourg on the issue of shares of the Company, with the exception of a fixed capital duty which is due at the time of incorporation and relates to the capital contribution.

Income received by the Company on foreign investments may be liable to withholding taxes in the country of origin and is collected by the Company after deduction of the relevant tax. Withholding taxes are neither recoverable nor refundable.

At present, no tax or stamp duty is payable in Luxembourg on the issue of shares of the Company.

Finally, the SICAV may also be subject to indirect taxes on transactions and services invoiced due to various laws in force

B. TAXATION OF THE SHAREHOLDERS

Luxembourg resident individuals

Capital gains realised on the sale of the Shares by Luxembourg resident individuals investors who hold the Shares in their personal portfolios (and not as business assets) are generally not subject to Luxembourg income tax except if:

- (a) the Shares are sold within 6 months from their subscription or purchase; or
- (c) the Shares held in the private portfolio constitute a substantial shareholding. A shareholding is considered as substantial when the seller holds or has held, alone or with his/her spouse and underage children, either directly or indirectly at any time during the five years preceding the date of the disposal, more than 10% of the share capital of the company.

Distributions made by the Company will be subject to income tax. Luxembourg personal income tax is levied following a progressive income tax scale, and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*) giving an effective maximum marginal tax rate of 43.6%. An additional temporary income tax of 0,5% (*impôt d'équilibrage budgétaire temporaire*) will be due by Luxembourg individuals subject to Luxembourg State social security scheme in relation to their professional and capital income.

Luxembourg resident corporate

Luxembourg resident corporate investors will be subject to corporate taxation at the rate of 29.22% (in 2016 for entities having the registered office in Luxembourg-City) on capital gains realised upon disposal of Shares and on the distributions received from the Company.

Luxembourg corporate resident investors who benefit from a special tax regime, such as, for example, (i) an UCI subject to the 2010 Law, (ii) specialised investment funds subject to the amended law of 13 February 2007 on specialised investment funds, or (ii) family wealth management companies subject to the amended law of 11 May 2007 related to family wealth management companies, are exempt from income tax in Luxembourg, but instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Shares, as well as gains realised thereon, are not subject to Luxembourg income taxes.

The Shares shall be part of the taxable net wealth of the Luxembourg resident corporate investors except if the holder of the Shares is (i) a UCI subject to the 2010 Law, (ii) a vehicle governed by the amended law of 22 March 2004 on securitisation, (iii) an investment company governed by the amended law of 15 June 2004 on the investment company in risk capital, (iv) a specialised investment fund subject to the amended law of 13 February 2007 on specialised investment funds or (v) a family wealth management company subject to the amended law of 11 May 2007 related to family wealth management companies. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%. A reduced tax rate of 0.05% is due for the portion of the net wealth tax exceeding EUR 500 million.

Non-Luxembourg residents

Non-resident individuals or collective entities who do not have a permanent establishment in Luxembourg to which the Shares are attributable, are not subject to Luxembourg taxation on capital gains realised upon disposal of the Shares nor on the distribution received from the Company and the Shares will not be subject to net wealth tax. The additional temporary income tax of 0,5% (*impôt d'équilibre budgétaire temporaire*) will be also due by individuals subject to Luxembourg State social security scheme in relation to their professional and capital income.

European Savings Directive

On 10 November 2015, the European Council adopted Council Directive (EU) 2015/2060 repealing Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments of 3 June 2003 (the "Savings Directive") from 1 January 2017 for Austria and from 1 January 2016 for all other EU Member States (i.e. the Savings Directive will no longer apply once all the reporting obligation concerning the calendar year 2015 will have been complied with).

Under the Savings Directive, EU Member States (the "Member States") are required to provide the tax authorities of another Member State with information on payments of interest or other similar income (within the meaning of the Savings Directive) paid by a paying agent (within the meaning of the Savings Directive) to an individual beneficial owner who is a resident, or to certain residual entities (within the meaning of the Savings Directive) established, in that other Member State.

Under the Luxembourg laws dated 21 June 2005 (the "Laws"), implementing the Savings Directive, as amended by the Law of 25 November 2014, and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU ("Territories"), a Luxembourg-based paying agent is required since 1 January 2015 to report to the Luxembourg tax authorities the payment of interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or certain residual entities resident or established in another Member State or in the Territories, and certain personal details on the beneficial owner. Such details are provided by the Luxembourg tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner (within the meaning of the Savings Directive).

Automatic Exchange of Information

The OECD has developed a CRS to achieve a comprehensive and multilateral automatic exchange of information (AEOI) on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States. For Austria, the Euro-CRS Directive applies the first time by 30 September 2018 for the calendar year 2017, i.e. the Savings Directive will apply one year longer.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law"). The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the Company may require its investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report information regarding a shareholder and his/her/its account to the Luxembourg tax authorities (*Administration des Contributions Directes*), if such account is deemed a CRS reportable account under the CRS Law. The Company shall communicate any information to the investor according to which (i) the Company is responsible for the treatment of the personal data provided for in the CRS Law; (ii) the personal data will *inter alia* be used for the purposes of the CRS Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*); (iv) responding to CRS-related questions is mandatory and accordingly the potential consequences in case of no response; and (v) the investor has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).

Under the CRS Law, the first exchange of information will be applied by 30 September 2017 for information related to the calendar year 2016. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 to the local tax authorities of the Member States for the data relating to the calendar year 2016.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

The Company reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

Prospective Shareholders should seek information, and if need be to request advice, on the laws and regulations (such as those concerning taxation and foreign exchange controls) which apply to the subscription, purchase, holding and disposal of Shares in their country of origin, residence and/or domicile.

C. FATCA

The Foreign Account Tax Compliance Act ("FATCA"), a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010. It requires financial institutions outside the US ("foreign financial institutions" or "FFIs") to pass information about "Financial Accounts" held by "Specified US Persons", directly or indirectly, to the US tax authorities, the Internal Revenue Service ("IRS") on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails

to comply with this requirement. On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("IGA") with the United States of America and a memorandum of understanding in respect thereof. The Company would hence have to comply with such Luxembourg IGA as implemented into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the "FATCA Law") in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Company may be required to collect information aiming to identify its direct and indirect shareholders that are Specified US Persons for FATCA purposes ("FATCA reportable accounts"). Any such information on FATCA reportable accounts provided to the Company will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996. The Company intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Company. The Company will continually assess the extent of the requirements that FATCA and notably the FATCA Law place upon it.

To ensure the Company's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the Company, the Management Company, in its capacity as the Company's management company, may:

- a) request information or documentation, including W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such shareholder's FATCA status;
- b) report information concerning a shareholder and his account holding in the Company to the Luxembourg tax authorities if such account is deemed a FATCA reportable account under the FATCA Law and the Luxembourg IGA;
- c) report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning payments to shareholders with FATCA status of a non-participating foreign financial institution;
- d) deduct applicable US withholding taxes from certain payments made to a shareholder by or on behalf of the Company in accordance with FATCA, the FATCA Law and the Luxembourg IGA; and
- e) divulge any such personal information to any immediate payor of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.

The Company shall communicate any information to the investor according to which (i) the Company is responsible for the treatment of the personal data provided for in the FATCA Law; (ii) the personal data will *inter alia* be used for the purposes of the FATCA Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*); (iv) responding to FATCA-related questions is mandatory and accordingly the potential consequences in case of no response; and (v) the investor has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).

The Company reserves the right to refuse any application for shares if the information provided by a potential investor does not satisfy the requirements under FATCA, the FATCA Law and the IGA.

2. LEGAL REGIME

Any dispute arising between shareholders and the Company shall be settled by arbitration proceedings. The arbitration shall be subject to the laws of Luxembourg and their decision shall be final.

3. OFFICIAL LANGUAGE

The official language of the present Prospectus and of the Articles of Incorporation is the English language; the Board of Directors of the Company and the Depositary Bank however may for their own account and that of the Company consider that translation into the languages of the countries where the shares of the Company are offered and sold shall be mandatory. In the case of any discrepancy between the English original and a foreign language version into which the Prospectus is translated, the English version shall prevail.

X. FINANCIAL YEAR - MEETINGS – PERIODICAL REPORTS

1. FINANCIAL YEAR

The Company's financial year starts on 1st January and ends on 31st December of each calendar year.

2. MEETINGS

The annual general meeting shall take place in Luxembourg at the registered office of the Company at 3.30 P.M. on the third Wednesday of May.

If that day falls on an official public holiday in Luxembourg, the annual general meeting shall be held on the next following bank business day.

The written notices convening annual general meetings, indicating the date and time of the meeting and setting out the quorum and majority vote requirements, shall be sent at least eight days prior to the meeting to all holders of registered shares at their address listed in the Registrar of shareholders. The notice of the meeting, which shall contain the meeting's agenda, shall be published in accordance with the Luxembourg law on commercial companies.

Resolutions passed at these annual general meetings of shareholders shall be binding on all shareholders of the Company, irrespective of the Sub-Fund in which their shares are held. However, resolutions taken by the annual general meeting of Shareholders to distribute dividends to the holders of a particular Sub-Fund of shares shall require the prior approval of the shareholders holding shares in that Sub-Fund, category or class of shares except in such conditions as are set forth in section VI (I) of the present Prospectus.

The shareholders of a category or class of shares issued for a Sub-Fund may at any time hold general meetings with the aim of deliberating on matters relating solely to that Sub-Fund.

Moreover, the shareholders of any category or class of shares of the Company may at any time hold general meetings with the aim of deliberating on matters relating solely to that category or class of shares.

The resolutions passed at such meetings shall be applied respectively to the Sub-Fund and/or the category or class of shares concerned.

3. PERIODIC REPORTS

Annual reports as of 31st December, certified by the approved statutory auditors, together with uncertified semi-annual reports as at 30th June, shall be available free of charge to shareholders at the office of the Depositary Bank, at other offices designated by it, and at the registered office of the Company. The Company is authorised to publish summary financial reports bearing the mention that the shareholders may obtain a full version of the same from the same offices as above. A full version of these financial reports may however be obtained free of charge from the registered office of the Company, from the Depositary Bank as well as from offices designated by the Company. These reports shall contain information on each Sub-Fund as well as on the assets of the Company as a whole.

The financial statements of each Sub-Fund shall be drawn up in the reference currency of the respective Sub-Fund, while the consolidated accounts shall be expressed in USD.

The annual reports shall be made available to shareholders within four (4) months after the end of the financial year. The semi-annual reports shall be made available to shareholders within two (2) months after the end of the semester.

The first audited annual report for the year ending 31 December 2012 shall be available to shareholders free of charge at the offices of the Depository Bank and other designated institutions as well as at the Company's registered office.

XI. LIQUIDATION - MERGING OF SUB-FUNDS

1. LIQUIDATION OF THE COMPANY

The Liquidation of the Company is governed by the provisions and conditions of the Luxembourg law.

A. MINIMUM ASSETS

In the event that the Company's corporate capital falls below two thirds of the legally required minimum, the Board of Directors must submit the question of the Company's liquidation to a general meeting of shareholders for which no quorum shall be prescribed and which shall take its decisions by a simple majority of the shares represented at the meeting.

In the event that the Company's corporate capital falls below one quarter of the required minimum, the Board of Directors must submit the question of the Company's liquidation to a general meeting of shareholders for which no quorum shall be prescribed. Liquidation may be resolved by shareholders holding one quarter of the shares represented at the meeting.

Such meeting must be convened so as to be held within forty days after determining that the net assets have fallen below either two thirds or one quarter of the legal minimum capital. Moreover, the Company may be dissolved by a resolution of a general meeting of shareholders ruling in accordance with the relevant provisions of the Articles of Incorporation.

The decisions of the general meeting or of the law court on the liquidation and winding-up of the Company shall be published in the *Mémorial* and in two newspapers with reasonably wide circulation, of which at least one must be a Luxembourg newspaper. The liquidator(s) shall be responsible for arranging publication.

B. VOLUNTARY LIQUIDATION

In the event that the Company is wound-up, the liquidation shall be carried out by one or more liquidators appointed in accordance with the Articles of Incorporation of the Company and the provisions of the Luxembourg laws, whereby the net proceeds of liquidation are to be distributed among the shareholders after deduction of liquidation expenses.

Amounts which have not been distributed at the close of the liquidation procedure shall be deposited in the name of the entitled person with the *Caisse de Consignation* in Luxembourg until the respective expiry date.

Shares shall cease to be issued, redeemed or converted as soon as the resolution to wind-up the Company has been taken.

2. CLOSURE AND MERGER OF SUB-FUNDS

A. CLOSURE OF A SUB-FUND, CATEGORIES OR CLASSES

In the event that the assets in any Sub-Fund, categories or classes should fall below a threshold considered by the Board of Directors as a minimum below which the management of that Sub-Fund, categories or classes, would become too problematic, the Board of Directors may decide to close the Sub-Fund, categories or classes. The same may also apply within the framework of a rationalisation of the range of products offered to the Company's clients.

The decision and methods applying to the closing of the Sub-Fund, categories or classes shall be brought to the knowledge of shareholders of the concerned Sub-Fund by way of the publication of notices to that effect in such newspapers as are mentioned in section XII below.

A notice relating to the closing of the Sub-Fund, categories or classes shall also be communicated to all the registered shareholders of that Sub-Fund.

In such event, the net assets of the concerned Sub-Fund, categories or classes shall be divided among the remaining shareholders of the Sub-Fund, categories or classes. Amounts which have not been claimed by shareholders at the time of the closure of the liquidation operations of the Sub-Fund shall be deposited with the *Caisse de Consignation* in Luxembourg, for the profits of their rightful assignees, until the prescribed date of limitation.

B. MERGER OF SUB-FUNDS, CATEGORIES OR CLASSES

The Board of Directors of the Company may decide, in the interest of the shareholders, to transfer or merge the assets of one Sub-Fund, category or class of shares to those of another Sub-Fund, category or class of shares within the Company in accordance with the provisions on mergers of UCITS set forth in the 2010 Law and any implementing regulations (relating in particular to the notification to Shareholders concerned). Such mergers may be performed for reasons of various economic reasons justifying a merger of Sub-Funds, categories or classes of shares. The merger decision shall be published and be sent to all registered shareholders of the Sub-Fund, category or of the concerned class of shares. The publication in question shall indicate, in addition, the characteristics of the new Sub-Fund, the new category or class of shares. Every Shareholder of the relevant Sub-Funds, categories or classes shall have the opportunity of requesting the redemption or the conversion of his own shares without any cost (other than the cost of disinvestment) during a period of at least thirty (30) days before the effective date of the merger, it being understood that the effective date of the merger takes place five (5) business days after the expiry of such notice period.

In the same circumstances as described in the previous paragraph and in the interest of the shareholders, the transfer of assets and liabilities attributable to a Sub-Fund, category or class of shares to another UCITS or to a sub-fund, category or class of shares within such other UCITS (whether established in Luxembourg or another Member State and whether such UCITS is incorporated as a company or is a contractual type fund), may be decided by the Board of Directors of the Company, in accordance with the provisions of the 2010 Law and Directive 2009/65/EC, as amended.

In the case of a contribution in a different undertaking for collective investment, of the type “investment or mutual fund”, the contribution shall only involve the shareholders of the Sub-Fund, the category or the class of shares in question who have expressly approved the contribution. Otherwise, the shares belonging to the other shareholders who have not made a statement regarding that merger shall be reimbursed without any cost. Such mergers may be carried out in various economic circumstances that justify a merger of sub-funds.

In case of a merger of a Sub-Fund, category or class of shares where, as a result, the Company ceases to exist, the merger needs to be decided by a meeting of shareholders of the Sub-Fund, category or class of shares concerned, for which no quorum is required and decisions are taken by the simple majority of the votes cast.

XII. INFORMATION AND DOCUMENTS AVAILABLE TO THE PUBLIC

1. INFORMATION FOR SHAREHOLDERS

A. NET ASSET VALUE

The Net Asset Values of the shares in each Sub-Fund, category or class of shares of the Company shall be available on each business day at the registered office of the Company. The Board of Directors may subsequently decide to publish such net assets in newspapers of the countries where the shares of the Company are offered or sold. They shall moreover be posted each business day on Reuters screen.

They may also be obtained at the registered office of the Depositary Bank as well as from the banks ensuring financial services.

B. ISSUE AND REDEMPTION PRICES

The issue and redemption prices of the shares of each Sub-Fund of the Company, category or class of shares of the Company shall be made public daily at the Depositary Bank and from the banks ensuring financial services.

C. NOTICES TO SHAREHOLDERS

Any other information intended for the shareholders shall be published in the *Mémorial, Recueil Spécial des Sociétés et Associations* in Luxembourg, if such publication is prescribed by the Law. Information may also be published a Luxembourg newspapers.

2. DOCUMENTS AVAILABLE TO THE PUBLIC

The Management Company will ensure that information intended for the Shareholders is either published or communicated to them in an appropriate manner.

The following documents will be available for inspection during ordinary business hours at the registered office of the Company and/or Management Company:

- Prospectus;
- Articles of Incorporation;
- KIIDs;
- Depositary Bank, domiciliation, administration agent, investment advisor and investment manager agreements; and
- Latest annual and semi-annual reports of the Company.

The Prospectus and the KIID may be delivered in durable medium or by means of a website. A hard copy shall, in any case, be supplied to Investors on request and free of charge. This also includes the publication of the Share prices in those countries in which Shares are offered for sale to the public. The issue and redemption prices can also be obtained from the Management Company and the Depositary Bank. The annual and semi-annual reports as well as the Prospectus, the KIID and the Articles of Incorporation are also available free of charge from these parties, upon request by the Investor. In addition, the material contracts referred to above are available for inspection during normal business hours at the registered office of the Company and/or Management Company.

APPENDIX 1

SUB-FUNDS

The Sub-Funds aim to achieve reasonably high performances whilst maintaining a prudent policy of preserving capital. The Company takes the risks it deems reasonable in order to achieve the objective set. Nevertheless, it cannot guarantee achieving it in view of the stock market fluctuations and other risks to which investments in transferable securities are exposed.

Unless otherwise specified in each Sub-Fund's investment policy, no guaranty can be given on the realization of the investment objectives of the Sub-Funds and past performance is not an indicator of future performances.

At present, the Company may issue shares in the following classes of shares, which may be denominated in various currencies and hedged as the case may be:

- (i) class R, which is open to all types of Investors.
- (ii) class I, which is exclusively reserved for Institutional Investors, within the meaning of article 174 of the 2010 Law.
- (iii) class GP, which is exclusively reserved to retail Investors subscribing through La Française Asset Management Gestion Privée.
- (iv) class S, which is exclusively reserved for Institutional Investors, and which differs from the "I" category by a higher minimum initial subscription and/or minimum holding amount.
- (v) class T shares, which do not receive a dividend, and of which the Net Asset Value remains unchanged (resulting in a percentage increase of the global Net Asset Value attributable to the capitalisation shares). The Class T shares are intended any type of investors, this Class is a Trailer Fee-Clean Class.
- (vi) class F, which are distinct from the shares of Classes R and I by a different structure fee as specified in the particulars of the Sub-Funds (Appendix 1) and are reserved for the entities of the group La Française and/or funds managed by management companies of the group.

The different classes of shares may be either:

- (i) distribution shares, which receive an annual dividend, and the Net Asset Value of which is reduced by an amount equal to the distribution made, or
- (ii) capitalisation shares, which do not receive a dividend.

The particulars of the Sub-Funds in Appendix 1 may specify a minimum initial subscription amount. The Board of Directors reserves the right to waive this amount in the interest of the equal treatment of shareholders.

OVERVIEW OF THE SUB-FUND

Fund manager LA FRANCAISE ASSET MANAGEMENT, is a company incorporated under the laws of France and having its registered office at 128 Boulevard Raspail, F-75006 Paris (France). The company was incorporated for an unlimited period on October 13th 1978 in the form of a *société par actions simplifiée*. The Company is registered with the Trade and Companies Register in Paris under number B 314 024 019 and has been approved by the AMF as portfolio management company under the number GP 97-076. Pursuant to an Investment Management Agreement dated 9 August 2012, La Française Asset Management has been appointed by the Management Company to manage the Sub-Fund, in a capacity as Investment Manager, with regard to its choice of investments and the trend of its investment policy.

Investment adviser MCGRAW-HILL FINANCIAL RESEARCH EUROPE LIMITED, London, registered in England under Company Number 07454804, which has its business address at 20 Canada Square, Canary Wharf, London E14 5LH, England (“MHFRE”), trading as S&P, and which is licensed by the Financial Services Authority (the “FSA”) to conduct investment business under number 106209. The investment advisory agreement is dated 19 June 2012.

ISIN code LU0815671820 (CLASS I CAPITALISATION - USD)
 LU0815675656 (CLASS I CAPITALISATION - EUR)
 LU0928533578 (CLASS I CAPITALISATION - GBP)
 LU0928533818 (CLASS S CAPITALISATION – EUR)
 LU0928534386 (CLASS I DURATION HEDGED CAPITALISATION - EUR)
 LU0815678759 (CLASS R CAPITALISATION - USD)
 LU0815685960 (CLASS R CAPITALISATION - EUR)
 LU0815682355 (CLASS GP CAPITALISATION - USD)
 LU0815688550 (CLASS GP CAPITALISATION - EUR)

In this Appendix, all reference to a given share class without specifying its distribution policy or reference currency shall be construed as referring to any kind of these share classes.

Listed on Luxembourg stock exchange No

INVESTMENT POLICY

Objectives of the Sub-Fund *Currency hedged shares:*

- Shares in USD: the objective is to outperform the Barclays Global Aggregate Corporate Total Return Hedged \$ index (LGCPTRUH Index) over the recommended investment period.
- Shares in EUR: the objective is to outperform the Barclays Global Aggregate Corporate Total Return Hedged € index (LGCPTREH Index) over the recommended investment period.

† “R2P” refers to the “Risk-to-Price” proprietary model developed by Standard & Poor’s to identify corporate bonds that have been potentially mispriced by the market. An R2P score is then determined by evaluating the probability of default, volatility and option-adjusted spread of such bonds.

- Shares in GBP: the objective is to outperform the Barclays Global Aggregate Corporate Total Return Hedged £ index (LGCPTRGH Index) over the recommended investment period.

The Sub-Fund is not index-based or index-referenced, but may be compared a posteriori by the bearer with the performance of the Barclays Global Aggregate Corporate Total Return

Hedged \$, the Barclays Global Aggregate Corporate Total Return Hedged € or the Barclays Global Aggregate Corporate Total Return Hedged £ indices [Bloomberg codes LGCPTRUH Index, LGCPTREH Index & LGCPTRGH Index.

Duration & currency hedged shares:

Shares in EUR: the objective is to outperform the index Euribor 3 months + 100 basis points over the recommended investment period.

The Sub-Fund is not index-based or index-referenced, but may be compared a posteriori by the bearer with the Euribor 3 months.

Investment policy

The Sub-Fund invests in interest rate and money market products (corporate bonds, senior or subordinated, at a fixed or a variable rate, negotiable debt instruments, certificates of deposit, and more).

The Sub-Fund is authorized to invest in accordance with the principle of risk spreading up to 100% of its assets in different transferable securities and money market instruments issued or guaranteed by an OECD Member State, provided that (i) such securities are part of at least six different issues and (ii) the securities from a single issue do not account for more than 30% of the total assets of the Sub-Fund.

Investments shall be made in accordance with the following characteristics:

- All issuers are based in OECD members countries,
- Mainly Investment Grade securities (issuer's rating greater than or equal to BBB on the Standard & Poor's ratings agency scale – when the issuer is not rated, the rating criteria shall be fulfilled by the issue),
- High yield or ungraded securities: 0 – 10% of the assets.

Range of modified duration: between 0 and 10.

Exposure to equity risk shall be limited to 10% of the assets.

Investors are not exposed to exchange risk, as the management includes systematic hedging to exposure to exchange risk in each of its classes.

However, a residual exchange risk may persist, resulting from imperfect currency hedging of underlying assets, respectively on shares classes denominated in EUR, USD and GBP.

Investors in Duration Hedged share classes are not exposed to duration risk, as the management includes systematic hedging to exposure to duration risk in each of its relevant share classes.

However, a residual duration risk may persist, resulting from imperfect duration hedging of underlying assets on the relevant duration share classes

The Sub-Fund may hold ancillary liquid assets. The Sub-Fund may, with the aim of investing its liquid assets, invest in monetary UCIs or

UCIs invested in: 1) debt securities whose final or residual maturity term, taking into account the financial instruments associated therewith, does not exceed 12 months, or 2) debt securities for which the rate is adapted, taking into account the financial instruments associated therewith, at least once a year.

Investments in shares or units of UCITS and/or other UCIs are limited to 10% of the Sub-Fund's assets.

The use of financial futures instruments

Within the limits set out in the Prospectus, the Sub-Fund may use financial futures techniques and instruments [listed, unlisted, firm or optional, rates indexes, CDS (Credit Default Swap)] with the aim of taking provisions against the risks associated with the assets or exposure of the portfolio.

These transactions are carried out with no more than the total value of the assets of the UCITS.

Efficient portfolio management techniques

The indices listed above comply with the provisions of Article 9 of the Grand Ducal Regulation of 8 February 2008.

Please refer to Section 3 "Financial techniques and instruments" of this Prospectus.

Reference currency

USD

Risk profile

The Sub-Fund is exposed to the following risks:

- The Sub-Fund does not include any guarantees over the invested capital. It is possible that the invested capital is not returned in full.
- The discretionary management style applied to the Sub-Fund is based on anticipating developments on different markets and/or on the selection of the securities in the portfolio. There is a risk that at any given time, the Sub-Fund may not be exposed to the best-performing markets or assets.
- The Sub-Fund may be exposed to credit risk which may arise from the downgrading of an issuer's credit rating or from a default of an issuer
- The Sub-Fund is subject to interest rate risk. The interest rate risk is the risk that the value of the Sub-Fund's investment decreases if interest rates rise. Thus, when interest rates rise, the Net Asset Value of the Sub-Fund may fall.
- Counterparty risk arises from contracts in financial futures instruments: This is the risk that a counterparty may default in payment. Thus, the default of a counterparty may lead to a decline in the Net Asset Value.
- The Sub-Fund may be exposed to the markets of emerging countries. Investing in these markets involves a high degree of risk due to the political and economic situation of these markets, which may affect the value of the fund's investments. Their operational and supervisory conditions may differ from the standards prevailing on the major international markets. In addition, investing on these markets entails risks due to the restrictions imposed on foreign investments, counterparties, the higher market volatility, the delay in settlements/deliveries as well as the limited liquidity of some lines contained in the Sub-Fund's portfolio. Consequently, the Net Asset Value may fall.
- The Sub-Fund may be exposed to equity markets within a maximum limit of 10% of the assets. Variations in share prices could have a negative impact on the Net Asset Value of the Sub-Fund. A movement in the price of the shares in the opposite direction to the positions taken could bring about a fall in the Net Asset Value. The Sub-Fund will therefore be

subject to both the rises and falls of the equities markets in line with the positions taken.

Risk management method

Approach using the VaR method

In accordance with the Law of 2010 and the regulations in force, in particular CSSF circular 11/512, the Sub-Fund uses a risk management process which makes it possible to evaluate the exposure of the Sub-Fund to market, liquidity and counterparty risk, as well as to all other forms of risk which are relevant to the Sub-Fund, including operational risk.

Calculation of overall exposure

Within the context of the risk management procedure, the Sub-Fund's overall exposure is measured and checked in accordance with the absolute value-at-risk (VaR) method.

In financial mathematics and in financial risk management, the value at risk is a measure predominantly used for risk of loss on a particular portfolio of financial assets.

The VaR is calculated with a unilateral confidence interval at 99% and for a retention period of 20 days.

The Sub-Fund's VaR is limited to an absolute VaR calculated on the basis of the Sub-Fund's Net Asset Value and does not exceed a maximum VaR limit determined by the Management Company, while taking into account the Sub-Fund's investment policy and risk profile. The maximum limit is set at 20%.

Leverage effect

The Sub-Fund may use derivatives to generate overexposure and thus expose the Sub-Fund beyond the level of its net assets. Depending on the direction of the Sub-Fund's transactions, the effect of decreases or increases in the derivative's underlying assets may be magnified, leading to a larger decrease or increase in the Net Asset Value of the Sub-Fund.

The expected leverage rate is no more than 250% of the Sub-Fund's Net Asset Value.

The leverage is the sum of the exposure calculated with the notional equivalent without the use of netting or hedging. This disclosed expected level of leverage is not intended to be an additional exposure limit for the Sub-Fund.

Investor profile

Investment horizon: 3 years

The Sub-Fund is open to all subscribers.

The reasonable amount to invest in this Sub-Fund depends on your personal financial situation. To determine this, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour prudent investment. You are also strongly advised to diversify your investments so as not to expose them solely to the risks of this Sub-Fund.

SUBSCRIPTION, REDEMPTION AND CONVERSION FEES

Subscription fees	Class R, I, S and GP: Maximum of 3% of the NAV applicable per share.
Redemption fee	0%
Conversion fee	0%

COSTS PAYABLE BY THE SUB-FUND

Management fee Class I and GP: Maximum 0.50% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.
Class R: Maximum 0.90% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.
Class S: Maximum 0.35% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.
The investment manager may pay part of its management fees to the investment adviser.

Performance fee The performance fee shall represent 20% maximum of the difference between the Sub-Fund's performance and the reference index:

- Barclays Global Aggregate Corporate Total Return Hedged \$ index (LGCPTRUH Index) for the currency hedged share classes denominated in USD,
- Barclays Global Aggregate Corporate Total Return Hedged € index (LGCPTRRH Index) for the currency hedged share classes denominated in EUR,
- Barclays Global Aggregate Corporate Total Return Hedged £ index (LGCPTRGH Index) for the currency hedged share classes denominated in GBP,
- Index Euribor 3 months + 100 basis points for the duration & currency hedged share classes denominated in EUR.

The total amount of the outperformance fee is set at an upper limit of 2% of the average net asset of the respective share class during the reference period.

The performance is calculated by comparing the evolution of the assets of the Sub-Fund to the assets of a reference fund with a performance identical to that of the applicable reference index and registering the same variations in subscriptions and redemptions as the real share class.

A provision or, the recovery of the provision in the event of underperformance is accounted for in each NAV calculation. The proportion of variable fees corresponding to redemptions is paid to the manager.

The performance fees are calculated based on the last NAV in December. The performance fee is payable annually in the month following the end of the year.

Other operating costs, including the Management Company fee

Max. 0.34% p.a., payable quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of EUR 30,000 p.a.

TAXATION SYSTEM

Taxation of Sub-Fund

In Luxembourg, the Sub-Fund is subject to an annual tax, payable quarterly, calculated on the basis of the net assets of the Sub-Fund at the end of each quarter:

- 0.05% for ordinary shares (“R” and “GP”).
- 0.01% for shares reserved for institutional investors (“I” and “S”).

Taxation of shareholders

For further information please refer to Section IX in the main part of the Prospectus.

SALE OF SHARES

Subscription, redemption and conversion

Subscription, redemption and conversion orders received in Luxembourg before 11 a.m. on a valuation day will be treated on the basis of the Net Asset Value of the valuation day after applying the fees provided for in the Prospectus. Subscriptions and redemptions must be paid up no later than three working days following the applicable valuation day.

Share type/class

The shares are capitalisation shares (classes I, R, S and GP). A minimum initial subscription amount is applicable for the following shares:

- Class I: USD 500.000 or EUR 500.000 or GBP 500.000
- Class S: EUR 15.000.000

Shares are issued in dematerialised registered and bearer form. Shares must be fully paid up and are issued with no par value. Fraction of shares, up to one thousandth of a share, may be issued. The minimum holding requirement per investor in Class S is EUR 15.000.000. The Board of Directors may decide to waive these minimum amounts at any time at its own discretion.

Valuation day

Each banking day in Luxembourg and Paris.

Publication of the NAV

The Net Asset Value can be consulted at the registered office of the Company.

Swing Pricing

In addition, if the net subscriptions and redemptions based on the last available NAV on any valuation day exceed 5% (“**the Percentage**”) of the value of the Sub-Fund on that valuation day, the valuation of the underlying assets shall be adjusted by applying an estimate of the difference between the buy and sell price applicable on the markets on which the assets are traded. Such estimate shall have first been approved by the Board of Directors, and its absolute value shall not exceed 2%.

In the interest of shareholders, the Board of Directors may, with the approval of the Depositary Bank and on giving one month notice to shareholders, change the Percentage from time to time.

The NAV per share is determined by the Administrative Agent and made available at the registered office of the Company on the relevant Valuation Day.

Initial subscription price

I – USD: USD 1.000,-
I – EUR: EUR 1.000,-
I – GBP: GBP 1.000
S – EUR : EUR 1.000,-
I Duration Hedged – EUR: EUR 1.000
R – USD: USD 100,-
R – EUR: EUR 100,-
GP – USD: USD 100,-
GP – EUR: EUR 100,-

Initial subscription period

From Monday 10th of September 2012 until Monday 17th of September 2012 (included)

Launch date of the Sub-Fund

17th September 2012. The first NAV dated 17 September 2012 was calculated on 18 September 2012.

Contact numbers

Subscriptions, redemptions

and conversions

BNP Paribas Securities Services
60, Avenue J.F. Kennedy
L-1855 Luxembourg
Tel : +352 2696 2030
Fax : +352 2696 9747
Contact : BP2S TA Call Centre

L-2085 Luxembourg

Documentation requests

BNP Paribas Securities Services
60, Avenue J.F. Kennedy
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Tél : +352 2696 2030
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L-2085 Luxembourg

The Prospectus, key investor information document, Articles of Incorporation and annual and biannual reports are available free of charge at the Company's registered office.

OVERVIEW OF THE SUB-FUND

Fund manager LA FRANCAISE ASSET MANAGEMENT, is a company incorporated under the laws of France and having its registered office at 128 Boulevard Raspail, F-75006 Paris (France). The company was incorporated for an unlimited period on October 13th 1978 in the form of a *société par actions simplifiée*. The Company is registered with the Trade and Companies Register in Paris under number B 314 024 019 and has been approved by the AMF as portfolio management company under the number GP 97-076. Pursuant to an Investment Management Agreement dated 9 August 2012, La Française Asset Management has been appointed by the Management Company to manage the Sub-Fund, in a capacity as Investment Manager, with regard to its choice of investments and the trend of its investment policy.

Investment adviser MCGRAW-HILL FINANCIAL RESEARCH EUROPE LIMITED, London, registered in England under Company Number 07454804, which has its business address at 20 Canada Square, Canary Wharf, London E14 5LH, England (“**MHFRE**”), trading as S&P, and which is licensed by the Financial Services Authority (the “**FSA**”) to conduct investment business under number 106209. The investment advisory agreement is dated 19 June 2012.

ISIN code LU1093493218 (CLASS I CAPITALISATION - USD)
 LU1093493309 (CLASS I CAPITALISATION - EUR)
 LU1093493481 (CLASS S CAPITALISATION – EUR)
 LU1093493564 (CLASS R CAPITALISATION - USD)
 LU1093493648 (CLASS R CAPITALISATION - EUR)
 LU1093493721 (CLASS T CAPITALISATION - USD)
 LU1093493994 (CLASS T CAPITALISATION - EUR)

In this Appendix, all reference to a given share class without specifying its distribution policy or reference currency shall be construed as referring to any kind of these share classes.

Listed on Luxembourg stock exchange No

INVESTMENT POLICY

Objectives of the Sub-Fund *Currency hedged shares:*

- Shares in USD: the objective is to outperform (net of fees) the Barclays Global High Yield Corporate \$ Hedged over the recommended investment period of three years [LG50TRUH Index]
- Shares in EUR: the objective is to outperform (net of fees) the Barclays Global High Yield Corporate € Hedged over the recommended investment period of three years [LG50TREH Index]

The Sub-Fund is not index-based or index-referenced, but may be compared a posteriori by investors with the performance of the

* “R2P” refers to the “Risk-to-Price” proprietary model developed by Standard & Poor’s to identify corporate bonds that have been potentially mispriced by the market. An R2P score is then determined by evaluating the probability of default, volatility and option-adjusted spread of such bonds.

Barclays Global High Yield Corporate \$ Hedged or the Barclays Global High Yield Corporate € Hedged.

The Sub-Fund is primarily invested in bonds with a credit rating below “investment grade” to provide a return of capital growth and income.

Investment policy

The Sub-Fund invests in interest rate and money market products (bonds, senior or subordinated, at a fixed or a floating rate, negotiable debt instruments, certificates of deposit and such other products).

Investments shall be made in accordance with the following characteristics:

- High yield (speculative): issues rating lower than BBB on the Standard & Poor's rating agency scale or an equivalent rating grade with another credit rating agency (or be considered equivalent by the Investment Manager using similar credit criteria at the time of purchase). When the issue is not rated, the rating criteria shall be fulfilled by the issuer.
- Non-rated securities (0 – 20% of the assets).
- Issued by public or private sector entities (corporate, government, government agencies, supranational institutions).
- Denominated in various currencies.
- OECD issuers (including emerging OECD countries).

The Sub-Fund may invest in securities denominated in currencies other than the US dollar. Investors are not exposed to currency risk, as the Investment Manager will seek to hedge out currency exposure in each class. However, there may be a residual currency risk resulting from imperfect currency hedge of the underlying assets in the share classes denominated in EUR and USD.

There is no exposure to equity risk.

The Sub-Fund may hold ancillary liquid assets. The Sub-Fund may, with the aim of investing its liquid assets, invest in monetary UCIs or UCIs invested in: 1) debt securities whose final or residual maturity term, taking into account the financial instruments associated therewith, does not exceed 12 months, or 2) debt securities for which the rate is adapted, taking into account the financial instruments associated therewith, at least once a year.

Investments in shares or units of UCITS and/or other UCIs are limited to 10% of the Sub-Fund's assets.

The use of financial futures instruments

Within the limits set out in the Prospectus, the Sub-Fund may invest in derivative techniques and instruments [listed, unlisted, firm or optional, rates indexes, swaps, forwards, NDF (Non Deliverable Forward), CDS (Credit Default Swap)] to increase or decrease the impact of fluctuations in financial markets on the Sub-Fund's performance. These transactions are carried out with no more than the total value of the assets of the Sub-Fund.

Efficient portfolio management techniques

The indices listed above comply with the provisions of Article 9 of the Grand Ducal Regulation of 8 February 2008.

Please refer to Section 3 “Financial techniques and instruments” of this Prospectus.

Reference currency

USD

Risk profile

The Sub-Fund is exposed to the following risks:

- The Sub-Fund does not include any guarantees over the

invested capital. The invested capital may not be returned in full.

- The discretionary management style applied to the Sub-Fund is based on anticipating developments on different markets and/or on the selection of the securities in the portfolio. There is a risk that at any given time, the Sub-Fund may not be exposed to the best-performing markets or assets. The Sub-Fund's performance may therefore be lower than the management objective. In addition, the Net Asset Value of the Sub-Fund may have a negative performance.
- Risk associated with investments in (speculative) high-yield securities: the Sub-Fund should be considered speculative. It is aimed specifically at investors who are aware of the risks inherent to investing in securities with a low or non-existent rating. These securities are considered as "speculative" and have a higher risk of default; they are likely to suffer higher and/or more frequent fluctuations in valuations and are not always sufficiently liquid to be sold at all times at the best price. The Sub-Fund's Net Asset Value may therefore be lower when the value of these securities in the portfolio falls.
- Credit risk relating to issuers of debt securities: these risks may stem from an unexpected default risk or a downgrade in the rating of an issuer of a debt security. If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the Net Asset Value of the Sub-Fund to fall.
- The Sub-Fund is subject to interest rate risk. The interest rate risk is the risk that the value of the Sub-Fund's investment decreases if interest rates rise. Thus, when interest rates rise, the Net Asset Value of the Sub-Fund may fall.
- Counterparty risk arises from contracts in financial futures instruments and/or repurchases transactions and other contracts that entail a credit exposure to certain counterparties. This is the risk that a counterparty may default in payment. Thus, the default of a counterparty may lead to a decline in the Net Asset Value.
- The Sub-Fund may be exposed to the markets of emerging countries. Investing in these markets involves a high degree of risk due to the political and economic situation of these markets, which may affect the value of the Sub-Fund's investments. Their operational and supervisory conditions may differ from the standards prevailing on the major international markets. In addition, investing on these markets entails risks due to the restrictions imposed on foreign investments, counterparties, the higher market volatility, the delay in settlements/deliveries as well as the limited liquidity of some lines contained in the Sub-Fund's portfolio. Consequently, the Net Asset Value of the Sub-Fund may fall.
- Currency risk: the Sub-Fund may invest in transferable securities denominated in currencies other than the reference currency. If a currency falls against the reference currency, the Net Asset Value may fall. There is a residual foreign currency risk due to imperfect hedge.

Risk management method*Approach using the VaR method*

In accordance with the Law of 2010 and the regulations in force, in particular CSSF circular 11/512, the Sub-Fund uses a risk management process which makes it possible to evaluate the exposure of the Sub-Fund to market, liquidity and counterparty risk, as well as to all other forms of risk which are relevant to the Sub-Fund, including operational risk.

Calculation of overall exposure

Within the context of the risk management procedure, the Sub-Fund's overall exposure is measured and checked in accordance with the absolute value-at-risk (VaR) method.

In financial mathematics and in financial risk management, the value at risk is a measure predominantly used for risk of loss on a particular portfolio of financial assets.

The VaR is calculated with a unilateral confidence interval at 99% and for a retention period of 20 days.

The Sub-Fund's VaR is limited to an absolute VaR calculated on the basis of the Sub-Fund's Net Asset Value and does not exceed a maximum VaR limit determined by the Fund manager, while taking into account the Sub-Fund's investment policy and risk profile. The maximum limit is set at 20%.

Leverage effect

The Sub-Fund may use derivatives to generate overexposure and thus expose the Sub-Fund beyond the level of its net assets. Depending on the direction of the Sub-Fund's transactions, the effect of decreases or increases in the derivative's underlying assets may be magnified, leading to a larger decrease or increase in the Net Asset Value of the Sub-Fund.

The expected leverage rate is no more than 250% of the Sub-Fund's Net Asset Value.

The leverage is the sum of the exposure calculated with the notional equivalent without the use of netting or hedging. This disclosed expected level of leverage is not intended to be an additional exposure limit for the Sub-Fund.

Investor profile

Investment horizon: minimum 3 years

The Sub-Fund is intended primarily for investors seeking to benefit from the high potential return on high yield bonds issued by issuers of OECD countries.

The reasonable amount to invest in this Sub-Fund depends on your personal financial situation. To determine this, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour prudent investment. You are also strongly advised to diversify your investments so as not to expose them solely to the risks of this Sub-Fund.

SUBSCRIPTION, REDEMPTION AND CONVERSION FEES

Subscription fees	Class R, I, S and T: Maximum of 3% of the NAV applicable per share.
Redemption fee	0%
Conversion fee	0%

COSTS PAYABLE BY THE SUB-FUND

Management fee	<p>Class I: Maximum 0.65% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.</p> <p>Class R: Maximum 1.10% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.</p> <p>Class S: Maximum 0.50% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.</p> <p>Class T: Maximum 0.85% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.</p> <p>The Investment Manager may pay part of its management fees to the investment adviser.</p>
Performance fee	None
Other operating costs, including the Management Company fee	Max. 0.22% p.a., payable quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of EUR 50,000 p.a.

TAXATION SYSTEM

Taxation of Sub-Fund	<p>In Luxembourg, the Sub-Fund is subject to an annual tax, payable quarterly, calculated on the basis of the net assets of the Sub-Fund at the end of each quarter:</p> <p>0.05% for ordinary shares (“R” and “T”).</p> <p>0.01% for shares reserved for institutional investors (“I” and “S”).</p>
Taxation of shareholders	For further information please refer to Section IX in the main part of the Prospectus.

SALE OF SHARES

Subscription, redemption and conversion	<p>Subscription, redemption and conversion orders received in Luxembourg before 11 a.m. on a valuation day will be treated on the basis of the Net Asset Value of the valuation day after applying the fees provided for in the Prospectus. Subscriptions and redemptions must be paid up no later than three working days following the applicable valuation day.</p>
Share type/class	<p>The shares are capitalisation shares (classes I, R, S and T).</p> <p>A minimum initial subscription amount is applicable for the following shares:</p> <p>Class I: USD 500.000 or EUR 500.000</p> <p>Class S: EUR 15.000.000</p> <p>Shares are issued in dematerialised registered and bearer form.</p> <p>Shares must be fully paid up and are issued with no par value.</p> <p>Fraction of shares, up to one thousandth of a share, may be issued.</p> <p>The minimum holding requirement per investor in Class S is EUR 15.000.000</p> <p>The Board of Directors may decide to waive these minimum amounts at any time at its own discretion.</p>
Valuation day	Each banking day in Luxembourg and Paris

Publication of the NAV The Net Asset Value can be consulted at the registered office of the Company.

Swing Pricing In addition, if the net subscriptions and redemptions based on the last available NAV on any valuation day exceed 5% (“the **Percentage**”) of the value of the Sub-Fund on that valuation day, the valuation of the underlying assets shall be adjusted by applying an estimate of the difference between the buy and sell price applicable on the markets on which the assets are traded. Such estimate shall have first been approved by the Board of Directors, and its absolute value shall not exceed 2%.
In the interest of shareholders, the Board of Directors may, with the approval of the Depositary Bank and on giving one month notice to shareholders, change the Percentage from time to time.
The NAV per share is determined by the Administrative Agent and made available at the registered office of the Company on the relevant Valuation Day.

Initial subscription price I – USD: USD 1.000,-
I – EUR: EUR 1.000,-
S – EUR : EUR 1.000,-
R – USD: USD 100,-
R – EUR: EUR 100,-
T – USD: USD 100,-
T – EUR: EUR 100,-

Initial subscription period From Monday 27th October 2014 until Friday 31st October 2014 (included).

Contact numbers

Subscriptions, redemptions

and conversions

BNP Paribas Securities Services
60, Avenue J.F. Kennedy
L-1855 Luxembourg L-2085 Luxembourg
Tel : +352 2696 2030
Fax : +352 2696 9747
Contact : BP2S TA Call Centre

Documentation requests

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L-1855 Luxembourg L-2085 Luxembourg
Tél : +352 2696 2030
Fax : +352 2696 9747

The Prospectus, key investor information document, Articles of Incorporation and annual and biannual reports are available free of charge at the Company’s registered office.

OVERVIEW OF THE SUB-FUND

Fund manager

LA FRANCAISE ASSET MANAGEMENT, is a company incorporated under the laws of France and having its registered office at 128 Boulevard Raspail, F-75006 Paris (France). The company was incorporated for an unlimited period on October 13th 1978 in the form of a *société par actions simplifiée*. The Company is registered with the Trade and Companies Register in Paris under number B 314 024 019 and has been approved by the AMF as portfolio management company under the number GP 97-076. Pursuant to an Investment Management Agreement dated 9 August 2012, La Française Asset Management has been appointed by the Management Company to manage the Sub-Fund, in a capacity as Investment Manager, with regard to its choice of investments and the trend of its investment policy.

Investment adviser

MCGRAW-HILL FINANCIAL RESEARCH EUROPE LIMITED, London, registered in England under Company Number 07454804, which has its business address at 20 Canada Square, Canary Wharf, London E14 5LH, England (“MHFRE”), trading as S&P, and which is licensed by the Financial Services Authority (the “FSA”) to conduct investment business under number 106209. The investment advisory agreement is dated 19 June 2012.

ISIN code

LU1093494026 (CLASS I CAPITALISATION - USD)
 LU1093494299 (CLASS I CAPITALISATION - EUR)
 LU1093494372 (CLASS S CAPITALISATION – EUR)
 LU1093494455 (CLASS R CAPITALISATION - USD)
 LU1093494539 (CLASS R CAPITALISATION - EUR)
 LU1093494612 (CLASS T CAPITALISATION - USD)
 LU1093494703 (CLASS T CAPITALISATION - EUR)
 LU1093494885 (CLASS F CAPITALISATION – EUR)
 LU1281054921 (CLASS R DISTRIBUTION – EUR)

In this Appendix, all reference to a given share class without specifying its distribution policy or reference currency shall be construed as referring to any kind of these share classes.

Listed on Luxembourg stock exchange

No

INVESTMENT POLICY

Objectives of the Sub-Fund

Currency hedged shares:

- Shares in USD: the objective is to outperform (net of fees) the Barclays Global Corporate 3-5 years USD hedged over the recommended investment period of three years.
- Shares in EUR: the objective is to outperform (net of fees) the Barclays Global Corporate 3-5 years € Hedged over the recommended investment period of three years.

* “R2P” refers to the “Risk-to-Price” proprietary model developed by Standard & Poor’s to identify corporate bonds that have been potentially mispriced by the market. An R2P score is then determined by evaluating the probability of default, volatility and option-adjusted spread of such bonds.

The Sub-Fund is not index-based or index-referenced, but may be compared a posteriori by investors with the performance of the Barclays Global Corporate 3-5 years.

The Sub-Fund is invested with a flexible allocation in “investment grade” issuers / issues up to 100% and / or in “high yield” issuers / issues up to 100% to provide a return of capital growth and income.

Investment policy

The Sub-Fund invests in interest rate and money market products (bonds issued by entities from the private sector;, bonds from the public and para-public sectors, fixed or variable rate bonds, convertible bonds, exchangeable bonds, covered bonds, State securities, BMTN (negotiable medium-term notes), EMTN (Euro medium-term notes), repurchase agreements; senior or subordinated debt.).The Sub-Fund seeks to achieve its investment objective by using a discretionary and flexible investment approach (different categories of ratings and geographical areas) and investing into a range of global investment opportunities in debt securities. The Sub-Fund will implement the below strategy:

- Credit allocation on a country, sector and rating basis (spread risk, default risk, interest rate risk)
- Additionally, the Sub-Fund will implement a set of strategies, such as:
- Relative values strategies : credit curve strategies, compression strategies, long/short (credit risk)
- Duration management (interest rate risk, curve risk)

La Française Asset Management signed in 2012 a partnership with S&P Capital IQ based on a credit investment advisory and the use of S&P proprietary model “Risk to Price” (R2P) in its credit investment process.

The R2P model consists on a daily scoring of thousands of Corporate bonds worldwide giving a ranking on a risk/return approach. S&P Capital IQ uses the model’s outputs to rank Corporate bonds through quartile. Best scores will be in the quartile 1 and worst scores in the quartile 4. Simplified R2P score is given as the risk return of each bond divided by the probability of default of the company.

The model’s outputs are directly used on both sides of the management process :

- Bottom-up approach: Score and bonds ranking is used in the bond picking process as the model gives the best risk/return instrument to invest on for a single unit of probability of default. Bond picking is mainly focused on quartile 1 and quartile 2 of the ranked R2P universe.
- Top-down approach: Global allocations within the portfolio use R2P outputs (as global aggregated scores by sector, geographic area...) which give some information about trends and relative value.

The Sub-Fund’s management is not systematic. The R2P model is used to make the bond picking and risk allocation more efficient.

Investments shall be made in accordance with the following characteristics:

- Investment Grade issues i.e. having a rating of at least BBB by Standard & Poor's or at least Baa3 by Moody's or be considered equivalent by the Investment Manager using

- similar credit criteria at the time of purchase. When the issue is not rated, the rating condition shall be fulfilled by the issuer
- High yield (speculative): issues rating lower than BBB on the Standard & Poor's rating agency scale or an equivalent rating grade with another credit rating agency (or be considered equivalent by the Investment Manager using similar credit criteria at the time of purchase). Therefore the Sub-Fund may invest in issuers / issues with a rating CCC with the risk corresponding to such low rating i.e. higher risk of default, risk of more frequent fluctuations in valuations, risk of illiquidity. When the issue is not rated, the rating criteria shall be fulfilled by the issuer
 - Non-rated securities (0 – 20% of the assets)
 - Issued by public or private sector entities (corporate, government, government agencies, supranational institutions)
 - Denominated in various currencies
 - OECD issuers or issues (including emerging OECD countries) up to 100%

The Sub-Fund may invest in securities denominated in currencies other than the US dollar. Investors are not exposed to currency risk, as the Investment Manager will seek to hedge out currency exposure in each class. However, there may be a residual currency risk resulting from imperfect currency hedge of the underlying assets in the share classes denominated in EUR and USD.

As a consequence of investing in convertible bonds, the Sub-Fund may have an exposure in equities not exceeding 10% of the net assets. The Sub-Fund may hold ancillary liquid assets. The Sub-Fund may, with the aim of investing its liquid assets, invest in monetary UCIs or UCIs invested in: 1) debt securities whose final or residual maturity term, taking into account the financial instruments associated therewith, does not exceed 12 months, or 2) debt securities for which the rate is adapted, taking into account the financial instruments associated therewith, at least once a year.

Investments in shares or units of UCITS and/or other UCIs are limited to 10% of the Sub-Fund's assets.

Global sensitivity range

Between -1 and 5

The use of financial derivatives instruments

Within the limits set out in the Prospectus, the Sub-Fund may invest in derivative techniques and instruments [listed, unlisted, firm or optional, rates indexes, swaps, futures, forwards, NDF (Non Deliverable Forward), CDS (Credit Default Swap) single name and/or CDS on indices] with the aim of taking provisions against the risks associated with the assets or exposure of the portfolio.

As the Sub-Fund qualifies as a “flexible fund”, the use of derivatives will allow the Fund manager to increase this flexibility. The derivatives will thus be used to hedge the portfolio against credit risk and fixed income risks and to expose the portfolio to credit and fixed income strategies.

Hedging derivatives will also be used to hedge the currency exposure.

The indices listed above comply with the provisions of Article 9 of the Grand Ducal Regulation of 8 February 2008.

Efficient portfolio management techniques

Please refer to Section 3 “Financial techniques and instruments” of this Prospectus.

Reference currency

USD

Risk profile

The Sub-Fund is exposed to the following risks:

- The Sub-Fund does not include any guarantees over the invested capital. The invested capital may not be returned in full.
- The discretionary management style applied to the Sub-Fund is based on anticipating developments on different markets and/or on the selection of the securities in the portfolio. There is a risk that at any given time, the Sub-Fund may not be exposed to the best-performing markets or assets. The Sub-Fund's performance may therefore be lower than the management objective. In addition, the Net Asset Value of the Sub-Fund may have a negative performance.
- Risk associated with investments in (speculative) high-yield securities: the Sub-Fund should be considered speculative. It is aimed specifically at investors who are aware of the risks inherent to investing in securities with a low or non-existent rating. These securities are considered as "speculative" and have a higher risk of default; they are likely to suffer higher and/or more frequent fluctuations in valuations and are not always sufficiently liquid to be sold at all times at the best price. The Sub-Fund's Net Asset Value may therefore be lower when the value of these securities in the portfolio falls.
- Credit risk relating to issuers of debt securities: these risks may stem from an unexpected default risk or a downgrade in the rating of an issuer of a debt security. If an issuer's credit rating is downgraded, the value of its assets falls. Consequently, this may cause the Net Asset Value of the Sub-Fund to fall.
- The Sub-Fund is subject to interest rate risk. The interest rate risk is the risk that the value of the Sub-Fund's investment decreases if interest rates rise. Thus, when interest rates rise, the Net Asset Value of the Sub-Fund may fall.
- Counterparty risk arises from contracts in financial derivatives instruments and/or repurchases transactions and other contracts that entail a credit exposure to certain counterparties. This is the risk that a counterparty may default in payment. Thus, the default of a counterparty may lead to a decline in the Net Asset Value.
- The Sub-Fund may be exposed to the markets of emerging countries. Investing in these markets involves a high degree of risk due to the political and economic situation of these markets, which may affect the value of the Sub-Fund's investments. Their operational and supervisory conditions may differ from the standards prevailing on the major international markets. In addition, investing on these markets entails risks due to the restrictions imposed on foreign investments, counterparties, the higher market volatility, the delay in settlements/deliveries as well as the limited liquidity of some lines contained in the Sub-Fund's portfolio. Consequently, the Net Asset Value of the Sub-Fund may fall.
- Currency risk: the Sub-Fund may invest in transferable securities denominated in currencies other than the reference currency.. The forex exposure is systematically hedged. If a currency falls against the reference currency, the Net Asset Value may fall due to a residual foreign currency risk linked to imperfect hedge.
- Equity risk: the Sub-Fund may be exposed to equity markets up to 10% of its net asset as a result of investing in convertible bonds.

Risk management method

Approach using the VaR method

In accordance with the Law of 2010 and the regulations in force, in particular CSSF circular 11/512, the Sub-Fund uses a risk management process which makes it possible to evaluate the exposure of the Sub-Fund to market, liquidity and counterparty risk, as well as to all other forms of risk which are relevant to the Sub-Fund, including operational risk.

Calculation of global exposure

Within the context of the risk management procedure, the Sub-Fund's global exposure is measured and checked in accordance with the absolute value-at-risk (VaR) method.

In financial mathematics and in financial risk management, the value at risk is a measure predominantly used for risk of loss on a particular portfolio of financial assets.

The VaR is calculated with a unilateral confidence interval at 99% and for a retention period of 20 days.

The Sub-Fund's VaR is limited to an absolute VaR calculated on the basis of the Sub-Fund's Net Asset Value and does not exceed a maximum VaR limit determined by the Fund manager, while taking into account the Sub-Fund's investment policy and risk profile. The regulatory limit of the VaR is 20% maximum.

Leverage effect

The Sub-Fund may use derivatives to generate overexposure and thus expose the Sub-Fund beyond the level of its net assets. Depending on the direction of the Sub-Fund's transactions, the effect of decreases or increases in the derivative's underlying assets may be magnified, leading to a larger decrease or increase in the Net Asset Value of the Sub-Fund.

The expected leverage rate is no more than 1000% of the Sub-Fund's Net Asset Value.

The leverage is the sum of the exposure calculated with the notional equivalent without the use of netting or hedging. This disclosed expected level of leverage is not intended to be an additional exposure limit for the Sub-Fund.

This leverage may not be representative of the real risk of the Sub-Fund. The use of short term rate derivatives (duration) highly contribute to the leverage level but may have a small contribution to the level of risk and the use of forex derivatives may also contribute to reduce such risk. The relative values strategies such as credit curve strategies, compression strategies, long/short (credit risk) shall also contribute to the leverage level.

The volatility will depend on the allocation decided by the Investment Manager as well as on the market circumstances.

Investor profile

Investment horizon: minimum 3 years

The Sub-Fund is intended primarily for investors seeking to take part in potential performance of international credit markets, with the benefit of a flexibility of the allocation in investment grade and high-yield bonds issued by issuers of OECD countries.

The reasonable amount to invest in this Sub-Fund depends on your personal financial situation. To determine this, you should take into account your personal assets and current requirements, and also your willingness to take risks or your wish to favour prudent investment. You are also strongly advised to diversify your investments so as not to expose them solely to the risks of this Sub-Fund.

SUBSCRIPTION, REDEMPTION AND CONVERSION FEES

Subscription fees	Class R, I, S, and T: Maximum of 3% of the NAV applicable per share. Class F : 0%
Redemption fee	0%
Conversion fee	0%

COSTS PAYABLE BY THE SUB-FUND

Management fee	<p>Class I: Maximum 0.65% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.</p> <p>Class R: Maximum 1.10% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.</p> <p>Class S: Maximum 0.50% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.</p> <p>Class T: Maximum 0.85% p.a., calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter. The payment is due in the month following the end of the quarter.</p> <p>Class F : none</p> <p>The Investment Manager may pay part of its management fees to the investment adviser.</p>
Performance fee	None
Other operating costs, including the Management Company fee	0.22% p.a. calculated quarterly and based on the average net assets of the Sub-Fund during the respective quarter, with a minimum of no more than EUR 50,000 p.a.

TAXATION SYSTEM

Taxation of Sub-Fund	<p>In Luxembourg, the Sub-Fund is subject to an annual tax, payable quarterly, calculated on the basis of the net assets of the Sub-Fund at the end of each quarter:</p> <p>0.05% for ordinary shares (“R” and “T”).</p> <p>0.01% for shares reserved for institutional investors (“I”, “S” and “F”).</p>
Taxation of shareholders	For further information please refer to Section IX in the main part of the Prospectus.

SALE OF SHARES

Subscription, redemption and conversion	Subscription, redemption and conversion orders received in Luxembourg before 11 a.m. on a valuation day will be treated on the basis of the Net Asset Value of the valuation day after applying the fees provided for in the Prospectus. Subscriptions and redemptions must be paid up no later than two working days following the applicable valuation day.
Share type/class	I Capitalisation shares, R Capitalisation shares, S Capitalisation shares, F Capitalisation shares and T Capitalisation shares are capitalisation shares.

R Distribution shares are distribution shares.

A minimum initial subscription amount is applicable for the following shares:

Class I: USD 500.000 or EUR 500.000

Class S: EUR 15.000.000

Shares are issued in dematerialised registered and bearer form.

Shares must be fully paid up and are issued with no par value.

Fraction of shares, up to one thousandth of a share, may be issued.

The minimum holding requirement per investor in Class S is EUR 15.000.000

The Board of Directors may decide to waive these minimum amounts at any time at its own discretion.

Valuation day

Each banking day in Luxembourg and Paris.

Publication of the NAV

The Net Asset Value can be consulted at the registered office of the Company.

Swing Pricing

In addition, if the net subscriptions and redemptions based on the last available NAV on any valuation day exceed 5% (“**the Percentage**”) of the value of the Sub-Fund on that valuation day, the valuation of the underlying assets shall be adjusted by applying an estimate of the difference between the buy and sell price applicable on the markets on which the assets are traded. Such estimate shall have first been approved by the Board of Directors, and its absolute value shall not exceed 2%.

In the interest of shareholders, the Board of Directors may, with the approval of the Depositary Bank and on giving one month notice to shareholders, change the Percentage from time to time.

The NAV per share is determined by the Administrative Agent and made available at the registered office of the Company on the relevant Valuation Day.

Initial subscription price

I–USD: USD 1.000,-
I – EUR: EUR 1.000,-
S – EUR : EUR 1.000,-
R – USD: USD 100,-
R – EUR: EUR 100,-
T – USD: USD 100,-
T – EUR: EUR 100,-
F - EUR: EUR 100,-

Initial subscription date

27th of February 2015 or on the date on which the first subscription is received in the Sub-Fund.

Contact numbers

**Subscriptions, redemptions
and conversions**

BNP Paribas Securities Services
60, Avenue J.F. Kennedy
L-1855 Luxembourg
Tel : +352 2696 2030
Fax : +352 2696 9747
Contact : BP2S TA Call Centre

L-2085 Luxembourg

Documentation requests

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The Prospectus, key investor information document, Articles of Incorporation and annual and biannual reports are available free of charge at the Company's registered office.