

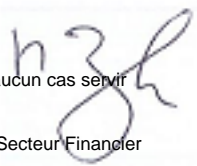
# **P R O S P E C T U S**

Relating to permanent offer of units  
of the umbrella fund

## **AZ Fund 3**

Mutual fund established under Luxembourg law  
35, avenue Monterey  
L- 2163 Luxembourg  
Grand Duchy of Luxembourg

This prospectus is valid from **23 April 2019**



**AZ Fund 3**

35, avenue Monterey - L-2163 Luxembourg  
Grand Duchy of Luxembourg

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Units are offered on the basis of the information contained in this Prospectus, the KIIDs and the Fund's periodic financial statements. The Fund's most recent annual and semi-annual reports and the KIIDs shall be deemed to form part of this Prospectus. These documents shall be offered free of charge to every potential investor before investing in the Fund. They are available free of charge at the Management Company's registered office.

The Units of each Sub-Fund are aimed at retail investors and/or Institutional Investors unless, otherwise stated in the Fund's documentation.

The Fund is organised as a mutual investment fund (*fonds commun de placement*) under the laws of the Grand Duchy of Luxembourg and qualifies as an undertaking for collective investment in transferable securities (UCITS) under Part I of the 2010 Law. Its registration as UCITS is not an indication of approval by the Luxembourg authorities of the quality or accuracy of the present Prospectus or the Fund's portfolio. Any indication to the contrary would be unauthorised and unlawful.

The Management Company has taken all reasonable care to ensure that the information provided in this Prospectus is true and accurate in all material aspects and that no significant details have been omitted that would lead to an incorrect interpretation of the information provided. All Directors assume responsibility in this regard.

Any information or indication not contained in this Prospectus, the KIIDs, or the financial statements of the Fund shall be considered unauthorised. Neither the delivery of this Prospectus and/or the KIIDs, nor the offer, issue or sale of Units constitute a statement of the accuracy of the information provided in this Prospectus and the KIIDs after the date of publication of these documents.

This Prospectus and the KIIDs shall be updated in due course to incorporate any significant changes, including in particular the launch of any new Sub-Fund(s) or Units. It is therefore recommended that Unitholders request information from the Management Company regarding any further Prospectus or KIID publications.

The Fund is subject in particular to the provisions of the UCITS Directive which has been implemented into Luxembourg law by Part I of the 2010 Law.

The Units have not been registered under any United States stock exchange law and thus may not be directly or indirectly offered or sold in the United States of America or any of its territories, possessions or areas subject to its jurisdiction, or to United States citizens, residents or habitual residents.

Unitholders and potential Unitholders are advised to inform themselves of any taxation consequences, legal controls, foreign exchange restrictions and exchange control regulations to which they may be subject in their respective countries of domicile, citizenship or residence, and which may be applied to the subscription, purchase, ownership or sale of Units.

**SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS ARE UNDERTAKEN ON A FORWARD PRICE BASIS.**

**THE MANAGEMENT COMPANY DOES NOT AUTHORISE PRACTICES ASSOCIATED WITH MARKET TIMING AND RESERVES THE RIGHT TO REJECT APPLICATIONS FOR SUBSCRIPTIONS OR CONVERSIONS FROM INVESTORS SUSPECTED OF ENGAGING IN SUCH PRACTICES AND TO UNDERTAKE, WHERE APPLICABLE, THE NECESSARY MEASURES TO PROTECT OTHER INVESTORS IN THE FUND. IN THE EVENT THAT A REDEMPTION APPLICATION IS PLACED BY AN INVESTOR SUSPECTED OF ENGAGING IN MARKET TIMING PRACTICES, THE MANAGEMENT COMPANY RESERVES THE RIGHT TO REJECT ANY SUBSEQUENT SUBSCRIPTION APPLICATIONS FROM SAID INVESTOR.**

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## Directory

### ***Management Company***

AZ Fund Management S.A.  
35, avenue Monterey  
L-2163 Luxembourg  
Grand Duchy of Luxembourg

### ***Management Company Board of Directors***

#### *Chairman of the Board of Directors*

**Alessandro Zambotti**, Chief Financial Officer of Azimut Holding S.p.A and Board member of AZ International Holdings S.A., Azimut Holding S.p.A., CGM Italia SGR S.p.A., Azimut Libera Impresa SGR S.p.A. and Deputy Chairman of Azimut Capital Management SGR S.p.A.

#### *Members of the Board of Directors*

**Giacomo Mandarino**, Board member of AZ Life Dac and Chairman of Eskatos Capital Management S.à.r.l.

**Andrea Aliberti**, General Manager and Chief Investment Officer of AZ Fund Management S.A., Board member of Azimut Holding S.p.A., AZ International Holdings S.A., Katarsis Capital Advisors SA, Board member and Chief Executive Officer of Azimut Capital Management SGR S.p.A

**Claudio Basso**, Senior Fund Manager and deputy Chief Investment Officer of AZ Fund Management S.A., Board member of AZ International Holdings S.A. and AZ Life Dac

**Raffaella Sommariva**, Senior Fund Manager of AZ Fund Management S.A. and Board member of AZ International Holdings S.A. and Eskatos Capital Management S.à r.l.

**Filippo Fontana**, Chairman of AZ Sinopro Insurance Planning Limited, Board member of AZ Life Dac, AZ International Holdings S.A.. and Katarsis Capital Advisors SA

**Ramon Spano**, Senior Fund Manager of AZ Fund Management S.A.

**Marco Vironda**, Fund Manager of AZ Fund Management S.A.

**Giuseppe Pastorelli**, Portfolio Manager of AZ Fund Management S.A.

**Saverio Papagno**, Senior Analyst of AZ Fund Management S.A.

### ***Investment Manager***

Azimut (DIFC) Limited  
Central Parks Towers  
Unit 45, Floor 16  
Dubai International Financial Centre  
PO Box 506944 Dubai  
United Arab Emirates

### ***Investment Advisers***

Al Mal Capital PSC  
48, Burj Gate, Downtown Dubai, Sheikh Zayed Road, Office 901  
P.O.Box 119930 Dubai  
United Arab Emirates

### ***Depositary and Paying 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

***Registrar and Transfer Agent***

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

***Fund and Management Company Auditor***

PricewaterhouseCoopers, *Société coopérative*  
2, rue Gerhard Mercator  
L-2182 Luxembourg  
Grand Duchy of Luxembourg

## Glossary

Unless otherwise specified in a Sub-Fund factsheet:

<b>2010 Law</b>	Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended, implementing the UCITS Directive into Luxembourg law.
<b>Administrative Agent</b>	BNP Paribas Securities Services, Luxembourg Branch, acting in its capacity as administrative agent of the Fund.
<b>AED</b>	The legal currency of the United Arab Emirates (United Emirates dirham).
<b>Application Form</b>	The application form for the subscription of Units available at the registered office of the Fund and from distributors (if any).
<b>Articles of Association</b>	The articles of association of the Management Company, as may be amended from time to time.
<b>Auditor</b>	PricewaterhouseCoopers, <i>Société coopérative</i> .
<b>Base Currency</b>	The base currency of a Sub-Fund, as disclosed in the relevant Sub-Fund factsheet.
<b>Board</b>	The board of directors of the Management Company. Any reference to the Board includes a reference to its duly authorised agents or delegates.
<b>Business Day</b>	Any full day on which the banks and the Luxembourg Stock Exchange are open for normal business banking in Luxembourg and other relevant jurisdictions if and as further detailed in the relevant Sub-Fund factsheet.
<b>Cash or Liquidity</b>	Cash deposited on a bank account and term deposits.
<b>CHF</b>	The legal currency of Switzerland (Swiss Franc).
<b>Class(es)</b>	The Board may decide to issue, within each Sub-Fund, separate classes of Units whose assets will be commonly invested but where a specific initial or redemption charge structure, fee structure, minimum subscription amount, currency, dividend policy or other feature may be applied. If different Classes are issued within a Sub-Fund, the details of each Class are described in the relevant Sub-Fund factsheet.
<b>Debt Securities</b>	Bonds and other debt securities, including but not limited to convertible or non-convertible bonds issued by companies and/or governments, fixed-income or floating rates debt securities, zero-coupon or discount bonds, unsecured bonds, deposit certificates and treasury certificates.
<b>Depositary and Paying Agent</b>	BNP Paribas Securities Services, Luxembourg Branch, acting in its capacity as depositary and paying agent of the Fund.

<b>CSSF</b>	The <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority.
<b>Directors</b>	The members of the Board.
<b>EMIR</b>	(i) The European Union Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories, as amended, (ii) any regulation of any type taken pursuant to (i) and (iii) any rule, guideline and specific position from time to time adopted by the CSSF or the European Securities and Market Authority (ESMA).
<b>Equity and equity related securities</b>	Equities and other equity related securities, including but not limited to ordinary or preferred shares, financial instruments providing exposure to equities such as participation notes, deposit certificates such as American depositary receipts (ADR) and global depositary receipts (GDR).
<b>EU</b>	The European Union.
<b>EUR</b>	The legal currency of the European Union (Euro).
<b>Eligible State</b>	Any Member State or any other state in Eastern and Western Europe, Asia, Africa, Australia, North and South America and Oceania.
<b>Fund</b>	AZ Fund 3. Any reference to the Fund in this Prospectus is to be understood as the Management Company, acting on behalf of the Fund, as the case may be.
<b>G8</b>	Canada, France, Germany, Italy, Japan, Russia, United Kingdom, United States of America.
<b>G20</b>	The informal group of twenty finance ministers and central bank governors from twenty major economies: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States of America and the EU.
<b>GBP</b>	The legal currency of the United Kingdom (Pound Sterling).
<b>Grand-Ducal Regulation of 2008</b>	The Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the law of 20 December 2002 on undertakings for collective investments.
<b>Institutional Investor(s)</b>	Institutional investor(s) within the meaning of Article 174 of the 2010 Law.
<b>Investment Advisor</b>	The entity appointed by the Management Company or an Investment Manager to carry out all or part of the investment advisory services with respect to one or more Sub-Funds as further specified in the relevant Sub-Fund factsheet.
<b>Investment Manager</b>	Azimut (DIFC) Limited LTD which has been appointed by the Management Company to carry out all or part of the portfolio management duties with respect to the Fund, unless otherwise specified in the relevant Sub-Fund factsheet.



<b>KIIDs</b>	The key investor information document(s) containing information on Classes of Units launched.
<b>Luxembourg</b>	The Grand Duchy of Luxembourg.
<b>Management Company</b>	AZ Fund Management S.A. Where the context so requires, references in this Prospectus to the Management Company shall be read as references to the Management Company, acting on behalf of the Fund.
<b>Management Regulations</b>	The management regulations of the Fund, as amended from time to time.
<b>Member State</b>	A member State as defined in the 2010 Law.
<b>Mémorial</b>	The <i>Mémorial C, Recueil des Sociétés et Associations</i> which has been replaced by the RESA.
<b>Money Market Instruments</b>	Instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time.
<b>Net Asset Value or NAV</b>	The net asset value of any Class within any Sub-Fund or of any Sub-Fund determined in accordance with the relevant provisions of this Prospectus and the Management Regulations.
<b>OECD</b>	Organisation for Economic Co-operation and Development.
<b>Prospectus</b>	This prospectus of the Fund, as amended from time to time.
<b>Registrar and Transfer Agent</b>	BNP Paribas Securities Services, Luxembourg Branch, acting as registrar and transfer agent of the Fund.
<b>Reference Currency</b>	The reference currency of a Class, as disclosed in the relevant Sub-Fund factsheet.
<b>Regulated Market</b>	A regulated market as defined in the Directive 2014/65/EU on markets in financial instruments (Directive 2014/65/EU), namely a market which appears on the list of the regulated markets drawn up by each Member State, which functions regularly, is characterized by the fact that regulations issued or approved by the competent authorities define the conditions for the operation of the market, the conditions for access to the market and the conditions that must be satisfied by a financial instrument before it can effectively be dealt in on the market, requiring compliance with all the reporting and transparency requirements laid down by the Directive 2014/65/EU and any other market which is regulated, operates regularly and is recognised and open to the public in an Eligible State.
<b>RESA</b>	<i>Recueil Electronique des Sociétés et Associations.</i>

<b>Sub-Fund</b>	A specific portfolio of assets and liabilities within the Fund having its own net asset value and represented by one or more Classes.
<b>Sub-Fund factsheet</b>	Part of the Prospectus containing information relating to each Sub-Fund and which should be read in conjunction with Appendix I.
<b>Total Return Swap</b>	A derivative contract in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty.
<b>Transferable Securities</b>	Shall mean: <ul style="list-style-type: none"> <li>(a) equities and equity related securities,</li> <li>(b) bonds and other debt instruments,</li> <li>(c) any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, excluding techniques and instruments relating to transferable securities and Money Market Instruments.</li> </ul>
<b>UCITS</b>	An undertaking for collective investment in Transferable Securities and other eligible assets authorised pursuant to the UCITS Directive.
<b>UCITS Directive</b>	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to UCITS, as amended.
<b>Other UCI</b>	An undertaking for collective investment within the meaning of Article 1 paragraph (2), point (a) and point (b) of the UCITS Directive.
<b>Unit</b>	A unit of no par value of any Class of any Sub-Fund in the Fund.
<b>United States Person</b>	A citizen or resident of the United States of America, a partnership organised or existing under the laws of any state, territory or possession of the United States of America, or a corporation organised under the laws of the United States of America or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which from sources outside the United States of America is not includable in gross income for the purpose of computing United States income tax payable by it.
<b>Unitholder</b>	A holder of Unit(s).
<b>USD</b>	The official currency of the United States of America (United States Dollar).
<b>Valuation Day</b>	Any day on which the Net Asset Value is calculated as detailed for each Sub-Fund, in the relevant Sub-Fund factsheet.

## **1. Establishment – Legal form**

The Fund is organised under the laws of the Grand Duchy of Luxembourg as a mutual investment fund (*fonds commun de placement*) and is an unincorporated co-proprietorship of its securities and other permitted assets, managed in the interest of its Unitholders by the Management Company. The Fund qualifies as an umbrella fund authorised, pursuant to Part I of the 2010 Law, and has been created in accordance with its Management Regulations dated 23 April 2019 and published in the RESA on 24 April 2019.

The assets of the Fund are and shall remain segregated from those of the Management Company and those of any other investment fund managed by the Management Company.

The Fund is formed by a collection of Transferable Securities and other permitted financial assets belonging to its Unitholders, managed in the sole interest of the Unitholders by the Management Company according to the risk-spreading principle.

There are no restrictions on the amount of assets (save that prescribed under chapter 19) or on the number of collectively owned Units which comprise the Fund's assets.

The Management Company may create new Sub-Funds and/or Classes. The features and investment policies of each of the Sub-Funds and their Classes are described in the respective Sub-Fund factsheets and in Appendix I.

Upon creation of new Sub-Funds and/or Classes, this Prospectus and the relevant KIID(s) will be updated accordingly in due time with detailed information on each new Sub-Fund and/or Classes.

The Management Company may decide to close any Sub-Fund and/or Class and distribute its net assets amongst the Unitholders of such Sub-Fund and/or Class in proportion to the Units held by them, as described in chapter 19 of this Prospectus.

## **2. Fund Objectives**

The main objective of the Fund is to offer Unitholders the possibility to engage in the professional management of portfolios of Transferable Securities and other liquid financial assets.

The Fund seeks to provide a range of Sub-Funds with the purpose of maximising total investment returns while offering an optimal risk/return ratio. This objective shall be achieved by means of active management which takes into account the criteria of liquidity, risk-spreading and quality of investments.

The Fund may use techniques and financial instruments for hedging purposes as well as maintain liquidity according to the provisions established for each Sub-Fund.

The Sub-Funds may also use financial derivative instruments not only for hedging purposes (against market, securities, interest rate, credit and other risks) and effective portfolio management but also for investment purposes as further detailed in this Prospectus.

The Management Company shall take any risks deemed necessary to meet the established targets. While using its best endeavours to attain the investment objectives, it cannot guarantee the extent to which these objectives will be achieved. The value of the Units and the income from them can fall as well as rise due to, amongst others, stock market fluctuations and other risks involved with investment in Transferable Securities and investors may not realise the value of their initial investment.

The investment objective and policy of each Sub-Fund is specified in the relevant Sub-Fund factsheet.

## **3. Investment policy and restrictions**

For the purpose of this chapter, each Sub-Fund is considered as a separate UCITS.

The Management Company shall, based upon the principle of spreading of risks, have power to determine the investment objective and policy for the investments of the Fund in respect of each Sub-Fund subject to the following restrictions:

## **I. General provisions**

I. The Fund may invest exclusively in:

- a) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
- b) Transferable Securities and Money Market Instruments dealt in on another market in a Member State which is regulated, operates regularly and is open to the public;
- c) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in a non-Member State (as acceptable by the CSSF including but not limited to any member state of the OECD, Singapore, or any member State of the G20) or dealt in on another market in a non-Member State which is regulated, operates regularly and is recognised and open to the public provided that the choice of the stock exchange or market has been provided for in the constitutional documents of the UCITS;
- d) recently issued Transferable Securities and Money Market Instruments, provided that:
  - the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market; and
  - such admission is secured within one year of issue at the latest;
- e) units of UCITS and/or of Other UCIs, regardless of whether they are situated in a Member State or not, provided that:
  - such Other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;
  - the level of protection for unitholders of the Other UCIs is equivalent to that provided for unitholders in a UCITS, and, in particular, that the rules on asset segregation, borrowing, lending, uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
  - the business of the Other UCIs is reported in the half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the total assets of the UCITS or the Other UCIs whose acquisition is contemplated can in aggregate be invested in units of other UCITS or Other UCIs, according to their respective management regulations or instruments of incorporation.
- f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
  - the underlying consists of instruments covered by this section (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund(s) may invest according to its/their investment objective; the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value upon the Management Company's initiative;
- h) Money Market Instruments other than those dealt in on a Regulated Market if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
  - issued or guaranteed by a central, regional or local authority or central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
  - issued by an undertaking any securities of which are traded on Regulated Markets, or

- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by the EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those established by the EU law, or
- issued by other entities belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, second or third indent above and provided that the issuer is a company whose capital and reserves amount to at least EUR 10,000,000 (ten million) and which presents and publishes its annual accounts in accordance with the fourth Directive 2013/34/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which have been granted a banking liquidity line.

In addition, the Fund may invest a maximum of 10% of the net assets of any Sub-Fund in Transferable Securities and Money Market Instruments other than those referred to under a) through h) above.

**II.** The Fund may hold ancillary liquid assets.

**III. a) (i)** The Fund will invest no more than 10% of the net assets of any Sub-Fund in Transferable Securities and Money Market Instruments issued by the same issuing body.

**(ii)** The Fund may not invest more than 20% of the total net assets of such Sub-Fund in deposits made with the same body. The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. f) above or 5% of its net assets in other cases.

**b)** Moreover where the Fund holds on behalf of a Sub-Fund investment in Transferable Securities and Money Market Instruments of any issuing body which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.

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

Notwithstanding the individual limits laid down in paragraph III. a), the Fund shall not combine, where this would lead to investing more than 20% of its assets in a single body, any of the following for each Sub-Fund:

- investments in Transferable Securities or Money Market Instruments issued by that body,
- deposits made with that body, or
- exposures arising from OTC derivative transactions undertaken with that body

**c)** The limit of 10% laid down in sub-paragraph III. a) (i) above will be increased to a maximum of 35% in respect of Transferable Securities or Money Market Instruments which are issued or guaranteed by a Member State, its local authorities, or by another Eligible State or by public international bodies of which one or more Member States are members.

**d)** The limit of 10% laid down in sub-paragraph III. a) (i) may be of a maximum of 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest. If a Sub-Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the Net Asset Value of the Sub-Fund.

**e)** The Transferable Securities and Money Market Instruments referred to in paragraphs III. c) and III.d) shall not be included in the calculation of the limit of 40% stated in paragraph III. b) above.

The limits set out in sub-paragraphs a), b) c) and d) may not be aggregated and, accordingly, investments in Transferable Securities and Money Market Instruments issued by the same issuing body, in deposits or in financial

derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets;

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 2013/34/EU or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III.

The Fund may cumulatively invest up to 20% of the net assets of a Sub-Fund in Transferable Securities and Money Market Instruments within the same group.

**f) Notwithstanding the above provisions, the Fund is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities or agencies, or by another member state of the OECD, Singapore or any member state of the G20 or by public international bodies of which one or more Member States are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the total net assets of such Sub-Fund.**

**IV. a)** Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. are raised to a maximum of 20% for investments in equities and equity related securities and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.

**b)** The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

**V.** The Fund may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.

Each Sub-Fund may acquire no more than:

- 10% of the non-voting shares of the same issuer;
- 10% of the Debt Securities of the same issuer;
- 10% of the Money Market Instruments of the same issuer.

The limits under the second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of Debt Securities or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

The provisions of paragraph V. shall not be applicable to Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more Member States are members.

These provisions are also waived as regards shares held by the Fund in the capital of a company incorporated in a non-Member State which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that state, such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that state provided that the investment policy of the company from the non-Member State complies with the limits laid down in paragraphs III., V. and VI. a), b), c) and d).

**VI. a)** Unless otherwise provided in the Sub-Fund factsheet of a given Sub-Fund, the Fund may acquire units of the UCITS and/or Other UCIs referred to in paragraph I. e), provided that no more than 10% of a Sub-Fund's net assets be invested in the units of other UCITS or Other UCI.

In case a Sub-Fund may invest more than 10% in UCITS or Other UCIs, such Sub-Fund may not invest more than 20% of its net assets in units of a single UCITS or Other UCI.

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

Investments made in units of Other UCIs may not, in aggregate, exceed 30% of the net assets of such Sub-Fund.

- b) The underlying investments held by the UCITS or Other UCIs in which the Fund invests do not have to be considered for the purpose of the investment restrictions set forth under III. above.
- c) When the Fund invests in the units of other UCITS and/or Other UCIs that are managed directly or by delegation by the Management Company or by any other company with which the Management Company is linked by common management or control, no subscription or redemption fees may be charged to the Fund on account of its investment in the units of such other UCITS and/or Other UCIs.

In respect of a Sub-Fund's investments in UCITS and Other UCIs that are managed directly or by delegation by the Management Company or by any other company with which the Management Company is linked by common management or control, the total management fee charged to such Sub-Fund itself and the other UCITS and/or Other UCIs concerned (excluding any performance fee, if any) shall not exceed 5% of the Net Asset Value of the relevant Sub-Fund. The Management Company will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and Other UCIs in which such Sub-Fund has invested during the relevant period.

- d) Each Sub-Fund may acquire no more than 25% of the units of the same UCITS and/or Other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or Other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS/Other UCI concerned, all compartments combined.

**VII.** In compliance with the applicable laws and regulations any Sub-Fund (hereinafter referred to as a "Feeder Sub-Fund") may be authorised to invest at least 85% of its assets in the units of another UCITS or portfolio thereof (the "Master UCITS"). A Feeder Sub-Fund may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets in accordance with II;
- financial derivative instruments, which may be used only for hedging purposes;
- movable and immovable property which is essential for the direct pursuit of its business.

For the purposes of compliance with Article 42(3) of the 2010 Law, the Feeder Sub-Fund shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the second indent of the first sub-paragraph with either:

- the Master UCITS actual exposure to financial derivative instruments in proportion to the Feeder Sub-Fund investment into the Master UCITS; or
- the Master UCITS potential maximum global exposure to financial derivative instruments provided for in the Master UCITS management regulations or instruments of incorporation in proportion to the Feeder Sub-Fund investment into the Master UCITS.

A Sub-Fund of the Fund may in addition and to the full extent permitted by applicable laws and regulations but in compliance with the conditions set-forth by applicable laws and regulations, be launched or converted into a Master UCITS in the meaning of Article 77(3) of the 2010 Law.

**VIII.** A Sub-Fund (the "Investing Sub-Fund") may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Fund of the Fund (each a "Target Sub-Fund") under the condition that:

- unless otherwise provided in the Sub-Fund factsheet, the Investing Sub-Fund may not invest more than 10% of its Net Asset Value in a single Target Sub-Fund;
- the Target Sub-Fund(s) do(es) not, in turn, invest in the Investing Sub-Fund invested in this (these) Target Sub-Fund (s);

- the investment policy(ies) of the Target Sub-Fund(s) whose acquisition is contemplated does not allow such Target Sub-Fund(s) to invest more than 10% of its(their) Net Asset Value in UCITS and UCIs; and
- in any event, for as long as these securities are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law.

**IX.** The Fund shall ensure for each Sub-Fund that the global exposure relating to financial derivative instruments does not exceed the total net assets of the relevant Sub-Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

If the Fund invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in restriction III. When the Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in restriction III. The financial indices to which the Sub-Funds are exposed qualify as eligible financial indices within the meaning of the 2010 Law, the Grand-Ducal Regulation of 8 February 2008 and CSSF Circular 14/592.

When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this restriction.

**X. a)** The Fund may not borrow for the account of any Sub-Fund amounts in excess of 10% of the total net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only as a temporary basis provided that the purchase of foreign currencies by way of back to back loans remains possible;

**b)** The Fund may not grant loans to or act as guarantor on behalf of third parties.

This restriction shall not prevent the Fund from (i) acquiring Transferable Securities, Money Market Instruments or other financial instruments referred to in I. e), g) and h) which are not fully paid, and (ii) performing permitted securities lending activities that shall not be deemed to constitute the making of a loan.

**c)** The Fund may not carry out uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments.

**d)** The Fund may not acquire movable or immovable property.

**e)** The Fund may not acquire either precious metals or certificates representing them.

**XI.** If the percentage limitations set forth in the above restrictions are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Unitholders.

The Fund will in addition comply with such further restrictions as may be required by the regulatory authorities in which the Units are marketed.

During the first six months following its launch, a new Sub-Fund may derogate from restrictions III., IV. and VI. a), b) and c) while ensuring observance of the principle of risk spreading.

**XII.** As for the method for calculating the overall risk and expected leverage, all Sub-Funds rely on the absolute VaR approach. The expected leverage of every Sub-Fund is specified in the Sub-Fund factsheets and will be calculated according to the total of all financial derivative instruments' notional amounts. Investors should note that there is a possibility of higher leverage levels under certain exceptional circumstances and on a temporary basis, especially when the market situation varies considerably, e.g. in case of extreme upward or downward market shifts.



## **II. Provisions relating to investment techniques and instruments and the use of financial derivative instruments**

### **Securities Financing Transactions**

The Fund does not engage in securities financing transactions (i.e. repurchase/reverse repurchase transactions, securities lending and securities borrowing, buy-sell or sell-buy transactions, lending transactions with margin call), as referred to in Regulation (EU) 2015/2365 on the transparency of securities financing transactions and reuse and amending Regulation (EU) 648/2012 ("SFTR"). Should the Management Company decide to enter into such transactions, this Prospectus will be updated in accordance with the disclosure requirements under SFTR.

### **Financial Derivative Instruments**

#### ***a) General***

Each Sub-Fund may, subject to the conditions and within the limits laid down in the 2010 Law and any present or future related Luxembourg laws or implementing regulations, circulars and CSSF positions (the "Regulations"), invest in financial derivative instruments for efficient portfolio management purposes, investment purposes or to provide protection against risks. Financial derivative instruments include, but are not limited to, futures, forwards, options, swaps (including, but not limited to, credit and credit-default, interest rate, Total Return Swaps and inflation swaps), swaptions and forward foreign currency contracts. New financial derivative instruments may be developed which may be suitable for use by the Fund and the Fund may employ such financial derivative instruments in accordance with the Regulations, and collateral received in respect of those instruments will be according to the Management Company's collateral policy.

The Fund shall ensure that the global exposure of each Sub-Fund relating to the use of financial derivative instruments does not exceed the total net assets of that Sub-Fund.

Under no circumstances shall the use of these instruments cause a Sub-Fund to diverge from its investment policy or objective. The risks against which the Sub-Funds could be hedged may be, for instance, market risk, foreign exchange risk, interest rates risk, credit risk, volatility or inflation risks.

The counterparties to the transaction will be counterparties approved and monitored by the Management Company or the Investment Manager. The counterparties to such transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specialised in this type of transaction. Counterparty selection shall be a best selection procedure. The Management Company shall enter into transactions with counterparties having a good solvency, as judged by the Management Company. The counterparties will be first class financial institutions based in EU or OECD member countries having (directly or at the level of the parent company) a credit rating of "investment grade" according to an internationally recognised rating agency. Operations will be entered into with counterparties having a low risk profile. The legal form of the counterparties is not a decisive criterion.

Under EMIR, both parties to OTC derivative contracts not subject to central clearing obligations and not cleared through a CCP within the meaning of EMIR ("Non-cleared OTC Transactions"), are required to implement appropriate procedures and arrangements to measure, monitor and mitigate operational risk and counterparty credit risk. This includes the need to put in place between the parties to these Non-Cleared OTC Transactions measures to ensure timely, accurate and appropriately segregated exchange of collateral.

The risk of counterparty default and the effect on investors' returns are described under "Risk Factors".

#### ***b) Total Return Swaps***

A Sub-Fund may enter into Total Return Swaps or into financial instruments with similar characteristics for the purposes set out in chapter 2. "Fund Objectives" and as specified below.

A Sub-Fund may use Total Return Swaps in order to realise investment gains, reduce risks or manage the Sub-Fund more efficiently. When a Sub-Fund uses Total Return Swaps, the underlying assets include instruments in which the Sub-Fund may invest in accordance with its investment objective and policy. The underlying strategies of Total Return Swaps or financial instruments having similar characteristics are "long only" or "long/short" strategies on financial indices, unless otherwise specified in a Sub-Fund's factsheet.

Unless otherwise provided in the Sub-Fund factsheet, a Sub-Fund can use Total Return Swaps only on a residual basis. The exposure to the Total Return Swaps will not exceed 10% of the Net Asset Value of a Sub-Fund and it is envisaged that this exposure will remain in the range between 0% and 10% of the Net Asset Value, unless otherwise specified in a Sub-Fund's factsheet. The exposure to Total Return Swaps is calculated on the basis of the sum of the notional amounts.

Total Return Swaps may be in the form of funded and/or unfunded swaps. An unfunded swap means a swap where no upfront payment is made by the total return receiver at inception. A funded swap means a swap where the total return receiver pays an upfront amount in return for the total return of the reference asset and can therefore be costlier due to the upfront payment requirement.

Where a Sub-Fund enters into Total Return Swaps, it may incur fixed or variable brokerage fees and transaction costs upon entering in such financial instruments and/or upon increasing or decreasing its notional amount as well as rebalancing costs where the underlying asset is an index.

The counterparty to a transaction will be a counterparty approved by the Management Company or the relevant Investment Manager based on the selection criteria mentioned above. Said counterparties will have no decision-making power on the Sub-Fund portfolio composition or management or on the underlying assets of the financial derivative instruments. No counterparty will be related to the Management Company, the Depositary or the Investment Manager.

Assets under Total Return Swaps will be held by the Depositary or its delegates (sub-depositaries).

#### 1. Investment in options on Transferable Securities and Money Market Instruments

The Fund may buy or sell both call or put options, provided that the options are traded on a Regulated Market that operates regularly, is recognised and is open to the public.

When engaging in any of the above-mentioned transactions, each Sub-Fund is obliged to observe the following:

##### 1.1. Regulations applicable to option purchases

The premium amount paid for call and put options referred to in this paragraph may not, together with the premium amount paid for call and put options as referred to in paragraph 2.3, exceed 15% of the Sub-Fund's total net assets.

##### 1.2. Regulations applicable to ensure coverage of commitments related to option transactions

Upon execution of sales of call options, the Fund shall hold underlying securities or equivalent call options or other instruments aimed at guaranteeing adequate hedging of commitments arising from the contracts in question, such as warrants. Securities underlying call options sold may not be realised for as long as the said option exists, unless the options are covered by opposing options or other instruments that may be used for the same purpose. Similarly, the Fund shall hold equivalent call options or other instruments in the event that it does not hold underlying securities upon sale of the relative options.

Notwithstanding this principle, the Fund may sell call options relating to stocks not held at the time the option agreement is executed if certain conditions are met:

- the strike price of the call options thus sold may not exceed 25% of the Sub-Fund's net assets;
- the Fund must be able to hedge the positions acquired for any Sub-Fund at all times.

When selling put options, the Fund must be hedged for the entire duration of the option contract by liquidity, which it may need to pay allotted securities in the event that the counterparty exercises the options.

##### 1.3. Conditions and restrictions on sale of call options and put options

The sum of the commitments deriving from the sale of call and put options (with the exception of the sale of call options for which the Sub-Fund in question is adequately hedged) and the sum of the commitments arising from transactions described in 2.3 below may not exceed the total value of the Sub-Funds' assets at any time.

In this case, commitments on call option and put option contracts sold are equal to the total of the strike price of the options.

## 2. Futures and options

With the exception of forward contracts as described in paragraph 2.2, the transactions examined may involve contracts traded on Regulated Markets that operate regularly, are recognised and open to the public.

Provided that the following conditions are met, these transactions may be performed for the purpose of hedging and other purposes.

### 2.1. Hedging against stock market performance risks

In order to hedge the risk of negative stock market trends, the Fund may, for each Sub-Fund, sell futures contracts on stock market indexes. For the same purpose, it may also sell call options or buy put options on stock market indexes.

In order to hedge the aforementioned transactions, there must be a strict correlation between the composition of the index chosen and that of the corresponding equity portfolio.

In theory, the total commitments deriving from futures contracts and options contracts on stock market indexes shall not exceed the total value of securities held by the Fund in the market corresponding to the index.

### 2.2. Hedging against interest rate risks

In order to hedge against interest rate risks, the Fund may, in any Sub-Fund, sell interest rate futures contracts. For the same purpose, the Fund may also sell interest rate call options or purchase interest rate put options, or engage in interest rate swaps with primary financial institutions specialised in this type of transaction.

In theory, the total commitments deriving from futures contracts, options and interest rate swaps shall not exceed the total value of the assets to be hedged held by the Sub-Fund in the currency corresponding to the contracts in question.

### 2.3. Non-hedging transactions

With the exception of Transferable Securities and Money Market Instruments options and currency contracts, the Fund may, for purposes other than hedging, buy or sell futures and options contracts attached to all types of financial instruments, provided that the sum of the commitments deriving from these buy or sell transactions added to the sum of the commitments deriving from the sale of call and put options on Transferable Securities and Money Market Instruments shall not exceed the value of the assets of the Sub-Fund in question at any given time.

The sale of call options on Transferable Securities and Money Market Instruments for which the Fund is adequately hedged are not included in the calculation of the sum of the commitments described above.

Commitments deriving from transactions that do not involve options attached to Transferable Securities and Money Market Instruments are defined as follows:

- commitments deriving from futures contracts are in line with the liquidation value of the net investments in identical financial instrument contracts (after offsetting buy or sell positions), without considering the respective maturity dates; and
- commitments deriving from option contracts bought and sold are in line with the sum of the strike prices of the options comprising the net sell positions based on the same underlying asset, without considering the respective maturity dates.

It should be noted that the sum of the premium amount paid to buy call and put options on Transferable Securities and Money Market Instruments described in paragraph 1.1 shall not exceed, in addition to the sum of the premium amount paid to buy call and put options on Transferable Securities and Money Market Instruments, 15% of the net assets of the Sub-Fund in question.

### *(ii) Techniques and instruments employed for exchange rate hedging*

In order to protect its assets against exchange rate fluctuations, the Fund may sell currency futures and sell currency call options or buy currency put options. These transactions only involve contracts traded on regulated markets that operate regularly, are recognised and open to the public.

Meanwhile, the Fund may also engage transactions involving currency forward and futures and currency swap transactions with leading financial institutions specialised in this type of transaction.

The aim of hedging the above transactions depends on the strict relation between them and the assets to be hedged; this implies that the transactions performed in a certain currency may not in theory exceed (in terms of volume) the estimated value of all the assets denominated in this currency, nor their expected holding period.

For the various types of transactions, the Fund must indicate in the financial reports the total amount of commitments deriving from transactions in place on the reporting date.

### **Management of collateral and collateral policy**

The Fund reserves the right to use cash (denominated in euros and/or US dollars) as collateral. At the date of this Prospectus, the Fund does not accept collateral other than cash.

Collateral received shall be evaluated every day. Applied haircut rates will be assessed from time to time according to the following criteria: volatility, duration, currency.

Collateral received must fulfil the financial diversification principle in terms of issuer concentration.

The guarantees must be executable at any time and with no previous notice to the counterparty.

In case of transfer of ownership, the collateral received will be retained by the Depositary or its delegates (sub-depositaries). For any other collateral arrangement, collateral may be held at a third-party depositary bank that is subject to prudential supervision and that is unrelated to the counterparty that provided the collateral.

### **Haircut policy**

The Fund applies the following haircut rates:

Cash EUR: 0%  
Cash USD: 0%

For collateral received in the context of OTC derivatives transactions, discount rates will apply in accordance with the restrictions stated under EMIR.

### **Reinvestment policy**

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 Circular 14/592. 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.

Following reinvestment of collateral received in cash, all risks associated with a normal investment will apply.

### **Policy on management of direct or indirect costs/fees linked with the use of techniques and instruments for an efficient management of portfolio and Total Return Swaps**

The use of techniques and instruments for efficient portfolio management could entail direct and/or indirect operational costs and fees to be charged to relevant Sub-Fund. These costs and fees shall be paid to third parties that can be related to the Management Company or to the Depositary

A Sub-Fund may incur costs and fees associated with Total Return Swaps. In particular, a Sub-Fund may pay fees to the relevant counterparty, agents or other intermediaries who may be affiliated with the Depositary, the Investment Manager or the Management Company as compensation for their services. The amount of these fees may be fix or variable.

All revenues arising from Total Return Swaps, net of direct and indirect operational costs and expenses, will be paid to the relevant Sub-Fund.

The following information will be disclosed in the Fund annual report:

- a) the exposure of each Sub-Fund obtained through techniques for efficient management of portfolio and Total Return Swaps;
- b) the identity of the counterparties for these techniques for efficient management of portfolio and Total Return Swaps;
- c) the link of these counterparties with the Management Company, the Investment Manager or the Depositary;
- d) the type and extent of guarantees received by the Sub-Funds to decrease exposure to counterparty risk;
- e) the revenues deriving from techniques for efficient management of portfolio and Total Return Swaps for the whole period, with the direct and indirect operational costs and fees borne;
- f) the identity of the entities to which such costs and fees are paid; and
- g) any other information required by SFTR.

### **III. Risk Factors**

Making an equity investment in a Sub-Fund involves risks associated with possible changes in the value of the Units, reflecting changes in the value of financial instruments in which the resources of the Sub-Fund are invested.

On this subject, it is worth to distinguish between the risks involved in investing in equities and equity related securities and the risks involved in investments in fixed-income securities (bonds).

In general, equities and equity related securities are more risky than fixed-income securities. The higher risk for shareholders is explained by the fact that they directly participate in the economic risk of the company; in particular, the holders take the risk of not being remunerated for their equity investment. The scenario changes for holders of fixed-income securities, who finance the issuer company with the resulting interest receivable and the repayment of their invested capital at maturity. The higher risk is the issuer solvency.

No matter the class of securities, the following risks must be considered:

#### **1) Risks linked to change in security value**

The change in security value is strictly linked to the peculiar characteristics of the issuer (financial standing, economical expectations within its sector), and the reference markets trend. For equities and equity related securities, the change in value is determined by the evolution of reference Transferable Securities markets; for fixed-income securities, the change in value is affected by the evolution of interest rates on money and financial markets.

#### **2) Risks linked to securities liquidity**

Securities liquidity depends on the characteristics of the market on which they are traded. In general, the securities traded on Regulated Markets are more liquid and, as such, involve less risk as they are more easily convertible.

It should also be noticed that the fact that a security is not listed on a stock exchange makes the assessment of its value more difficult since any such valuation is discretionary.

#### **3) Risks linked to the currency of the security**

Considering the considerable exchange rate fluctuations between the Euro and other currencies, investments in financial instruments denominated in a currency other than the Euro feature higher risks than investments in the European currency.

#### **4) Risks linked to emerging markets**

Transactions on emerging markets make the investor take considerable additional risks, as the regulation of these markets does not provide for the same guarantees as far as protection of investors is concerned. The risks linked to the political-economic situation of the issuer's country of origin must be considered too.

In some countries there is a risk of asset expropriation, confiscation tax, political or social instability or diplomatic developments which could affect investments in those countries. Information on certain Transferable Securities and certain Money Market Instruments and financial instruments may be less accessible to the public and entities may not be subject to requirements concerning auditing of accounts, accounting or recording comparable to those some investors are used to.

While generally increasing in volume, some financial markets have, for the most part, substantially less volume than most developed markets and securities of many companies are less liquid and their prices are more volatile than securities of comparable companies in largest markets. In many of these countries, there are also very different levels of supervision and regulation of markets, financial institutions and issuers, in comparison to developed countries. In addition, requirements and limitations imposed in some countries to investments by foreigners may affect the performance of some Sub-Funds. Any change in laws or currency control measures subsequent to an investment can make the repatriation of funds more difficult. Risk of loss due to lack of adequate systems for the transfer, pricing, accounting and custody of securities may also occur. The risk of fraud related to corruption and organised crime is significant.

Systems to settle transactions in emerging markets may be less well organised than in developed countries. There is a risk that the settlement of transactions be delayed and that liquid assets or securities of the Sub-Funds are jeopardised because of the failure of such systems. In particular, market practice may require that payment be made before receipt of the securities purchased or that a security be delivered before the price is received. In such cases, default of a broker or bank through which the transaction was to be made will result in a loss for the Sub-Funds that invest in emerging countries securities.

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

#### **6) Single Country risk**

Sub-Funds which essentially invest or have exposure in only one country will have greater exposure to market, political, legal, economic and social risks of that country than a Sub-Fund which diversifies country risk across a number of countries. There is a risk that a particular country may impose foreign exchange and/or conversion controls or regulate in such a way as to disrupt the way the markets in that country operate. The consequences of these actions, and others such as confiscation of assets, could be to hinder the normal operation of Sub-Funds with regard to the purchase and sale of investments and possibly the ability to meet redemptions. Investment in a single country may result in reduced liquidity, greater financial risk, higher volatility and limited diversification, which may have significant impact on the ability of Sub-Funds to purchase or sell investment and possibly the ability to meet redemption requests in a timely manner. In certain countries, and for certain types of investments, transaction costs are higher and liquidity is lower than elsewhere.

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

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

#### **8) Risks linked to investment in other UCITS/Other UCI**

Investment in other UCITS or Other UCI can lead to duplication of certain costs and expenses charged to the Sub-Fund and such investments can generate a double withdrawal of costs and fees which are levied at the Fund level and at the level of UCITS and/or Other UCIs in which it invests.

#### **9) Risks linked to investment in derivative products**

The derivative products include a number of risks and constraints. The risks of these products heavily depend on the positions taken by the Fund. In some cases the loss is limited to the amount invested, while in other cases it may be considerable.

The use of derivatives such as futures contracts, options contracts, warrants, futures OTC, swaps and swaptions involves greater risks. The ability to successfully use such instruments depends on the ability of managers to accurately

anticipate changes in stock prices, interest rates, exchange rates or other economic factors as well as in the accessibility of liquid markets. If managers' forecasts are wrong, or if the derivatives do not work as expected, this may result in greater losses than if these derivatives were not used.

In some cases, the use of the above instruments can have a leverage effect. This leverage adds additional risks because the losses may be disproportionate to the amount invested in these instruments. These instruments are highly volatile and their market values may be subject to significant fluctuations.

#### **10) Risks linked to investment in Debt Securities**

Investing in Debt Securities exposes the investor to the risk of inability of an issuer or a guarantor to carry out the redemption of principal and interest of the bond (credit risk). These securities may also be subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

The lower-rated securities are by their nature more likely to react to events affecting market and credit risk than higher-rated securities which react primarily to fluctuations in the general level of interest rates. For each Sub-Fund, the Management Company will consider both credit risk and market risk before taking any investment decision. As regards more specifically the case of complex Transferable Securities, these may also be more volatile, less liquid and harder to evaluate than less complex securities. The timing of purchases and sales of Debt Securities may result in capital gain or loss and the value of Debt Securities generally varies inversely with respect to the current interest rate.

A Sub-Fund may invest in Rule 144A securities, i.e., securities offered in a confidential manner, which can be resold only to certain qualified institutional buyers (such terms are defined in the law of the United States entitled "Securities Act of 1933", as amended). Since these securities are negotiated between a limited number of investors, certain Rule 144A securities may be illiquid and are a risk for the portfolio since it may not sell these securities quickly or it may do so in adverse market conditions.

#### **11) Risks linked to collateral**

Despite collateral can be taken to mitigate the risk of counterparty default, there is a risk that collateral taken, particularly in the case of securities, when realised, may not generate sufficient liquidity to settle the debts of the counterparty. This may be due to factors such as improper pricing of collateral, weaknesses in the valuation of collateral on a regular basis, adverse market movements in the collateral value, deterioration of the credit rating of the collateral issuer or the illiquidity of the market in which the collateral is negotiated.

When the Management Company, on behalf of the Fund, is in turn obliged to issue collateral with a counterparty, there is a risk that the value of the collateral that the Management Company, on behalf of the Fund, gives to the counterparty is greater than liquid assets or investments received by the Fund.

In both cases, where there are delays or difficulties in recovering assets or liquid assets, collateral provided to counterparties or received from counterparties, the Management Company, on behalf of the Fund, may encounter difficulties in responding to purchase or redemption applications or in meeting delivery or purchase obligations under other contracts.

Since the Management Company, on behalf of the Fund, may reinvest the cash collateral it receives, it is possible that the value of the repayment of the reinvested cash collateral will not be sufficient to cover the amount to be repaid to the counterparty. In this circumstance, the Management Company, on behalf of the Fund, would be required to cover the loss of profit. In the case of cash collateral reinvestment, all risks associated with a normal investment will apply.

Collateral received by the Management Company, on behalf of the Fund, may be held at the Depositary or a third-party custodian. When such assets are held, there is a risk of loss as a result of events such as the insolvency or negligence of the Depositary or the sub-depositary.

#### **12) Risks linked to Total Return Swaps**

For Total Return Swap contracts that do not involve physical holding of securities, synthetic replication through fully funded (or unfunded) Total Return Swap contracts may provide a means of obtaining exposure to strategies that are difficult to implement and which would otherwise be very expensive and difficult to access with physical replication. However, synthetic replication involves a counterparty risk. If a Sub-Fund engages in OTC derivative transactions,

there is a risk - over and above the general counterparty risk - that the counterparty may default or be unable to fully fulfil its commitments. When the Fund and any of its Sub-Funds enter into Total Return Swap contracts on a net basis, the two cash flows are offset and the Fund or the Sub-Fund will receive or pay, as the case may be, only the net amount of the two payments. Total Return Swap contracts concluded on a net basis do not imply physical delivery of investments, other underlying assets or principal. As a result, it is anticipated that the risk of loss on Total Return Swap contracts will be limited to the net amount of the difference between the total return rate of a reference investment, an index or a basket of investments and fixed or variable payments. If the other party to a Total Return Swap contract is in default, under normal circumstances, the risk of loss of the Fund or Sub-Fund concerned is the net amount of the total return of payments that the Fund or Sub-Fund is contractually entitled to receive.

### **13) Counterparty risks**

With respect to the conclusion of transactions involving counterparties (such as over-the-counter derivatives or Total Return Swap contracts), there is a risk that a counterparty may not be able to fully or partially fulfil its contractual obligations. In the event of default, bankruptcy or insolvency of a counterparty, a Sub-Fund may experience delays in the liquidation of positions and significant losses, including a decline in the value of the investment during the period in which the Depositary seeks to enforce its rights, an inability to realise income on its investment during that period, and costs and expenses incurred to enforce its rights. In such circumstances, a Sub-Fund may only recover a limited amount or obtain no recovery at all.

In order to mitigate the risk of counterparty default, counterparties to transactions may be required to provide collateral to cover their obligations to the Depositary. In the event of counterparty default, it would lose its collateral on the transaction. However, the collateral does not always cover exposure to the counterparty. If a transaction with a counterparty is not fully secured by collateral, the credit exposure of the Sub-Fund to the counterparty in such a circumstance will be higher than if that transaction had been fully secured by collateral. In addition, there are risks associated with collateral and investors should take into account the information provided in the section "Risks linked to collateral" above.

### **15) Risks of custody**

The assets of the Fund are held by the Depositary and the Fund is exposed to the risk of loss of assets held as a result of insolvency, negligence or fraudulent transaction by the Depositary.

### **16) Legal risks**

There is a risk that agreements and derivative techniques may be terminated, for example because of bankruptcy, irregularity or changes in tax or accounting laws. In such circumstances, the Management Company, on behalf of the Fund, may be required to cover all losses incurred.

In addition, certain transactions are concluded on the basis of complex legal documents. These documents may be difficult to enforce or may be subject to dispute as to their interpretation in certain circumstances. Although the rights and obligations of the parties to a legal document may, for example, be governed by Luxembourg or Italian law, in certain circumstances (such as insolvency proceedings), other legal systems may apply as a priority, and this can affect the enforceability of existing transactions.

### **17) Operational risks**

The operations of the Fund (including investment management) are carried out by the service providers mentioned in this Prospectus. In the event of bankruptcy or insolvency of a service provider, investors may experience delays (for example, delays in the processing of subscriptions, conversions and redemption of Units) or other disruptions.

### **18) Frontier markets**

Investors in the Sub-Funds should be aware of the following risks associated with an investment in frontier markets.

The economies of many frontier markets may be in the early stages of modern development and subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions that have a sudden and widespread effect. Furthermore, many frontier market economies have a high degree of dependence on a small group of markets or even a single market that can render such economies more susceptible to the adverse impact of internal and external shocks.



Frontier market countries are also subject to risks which include, but are not limited to: potentially less liquid and less efficient securities markets; greater price volatility; exchange rate fluctuations and exchange control; higher volatility of the value of debt (particularly as impacted by interest rates); imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes; higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; less liquidity and smaller market capitalisations; less well-regulated markets resulting in more volatile stock prices; different accounting and disclosure standards; governmental interference; higher inflation; social, economic and political uncertainties; the risk of nationalisation and expropriation of assets and the risk of war. The laws and regulations affecting these economies are also in an earlier stage of development and are not as well established as the laws and regulations of developed countries. Securities laws and regulations in frontier markets are relatively more recent than that of more developed markets and may be subject to interpretation. In the event of a securities related dispute involving a local party and a foreign party, the local laws are likely to apply. The court system may not be as transparent and effective as court systems in more developed jurisdictions and there can be no assurance of obtaining effective enforcement of rights through legal proceedings and generally the judgements of foreign courts could be not recognised. Foreign investment in frontier securities markets and their existing securities laws may still be subject to different interpretations and/or have been developed to regulate direct investment by foreigners rather than portfolio investment in listed securities. The regulatory framework of the securities markets may not be as well established as many of the world's leading stock markets, and may therefore be subject to a lower level of regulatory oversight. There could also be a lower level of regulatory supervision and enforcement activity in the regulation of frontier securities market compared to those in more developed markets. Investors should note that the political issues and the diplomatic situations, as well as social factors of frontier countries might have an impact on the performance of the relevant Sub-Fund. The economy of frontier markets could have experienced periods of substantial inflation, currency devaluations and economic recessions, any of which may have a negative effect on the economy and securities markets of these countries. The performance of the Sub-Fund may be affected by uncertainties such as changes in their government or their policies regarding inward investment, taxation and the restrictions on currency repatriation and other developments in the laws and regulations of frontier countries. The Sub-Fund's assets may be affected by other political or diplomatic uncertainty or developments, social and religious instability and other considerations. The stock exchanges in frontier countries may have relatively lower trading volumes than exchanges in most developed countries and the market capitalisations of listed companies might relatively smaller than those of companies listed on exchanges in developed markets. The listed common stock of many companies in frontier markets may consequently be significantly less liquid and subject to greater bid and offer spreads and may experience significantly greater volatility than those of companies listed on exchanges in developed markets.

#### **19) Participation Notes**

Participatory notes also known as p-notes are financial instruments that may be used by some Sub-Funds to gain exposure to an equity or equity related investment in a local market where direct ownership is not allowed or not easily accessible for the relevant Sub-Funds. The relevant Sub-Funds can gain exposure to investments through p-notes, which are issued by banks, broker-dealers or other counterparties. P-notes are treated as transferrable securities if they are listed for trading on a regulated exchange, however the listing does not guarantee any actual liquidity. P-notes may carry exposure to both liquid and illiquid securities and may trade at prices that are below the value of their underlying securities. P-notes may carry exposure to securities suspended from trading which may adversely affect the relevant Sub-Funds' ability to exit its investment in p-notes at a favourable price. Sub-Funds investing in p-notes may lack some of the rights (such as voting rights) they would have if they owned the underlying securities directly. If the issuer of the p-notes becomes unable or unwilling to honour its obligations to the relevant Sub-Fund, the Sub-Fund may lose money. Therefore investments in p-notes involve counterparty risk towards the issuer of the p-notes. Sub-Funds investing in p-notes are thus exposed not only to movements in the value of the underlying security, but also to the risk of counterparty default, which may in the event of counterparty default result in the loss of the full market value of the investment.

#### **20) Risks linked to investments in the MENA Region**

Middle East and North Africa ("MENA") countries may have particularly high levels of emerging market risks. Due to political and economic situation in the Middle East and North Africa, markets of MENA countries have a comparatively high-risk of political instability. Some of these MENA markets may remain closed for days at a time (due to religious celebrations, for instance), and the exact dates of market closure may not be known in advance. This could hinder the normal operation of a Sub-Fund with regard to the purchase and sale of investments. Whilst the Management Company shall ensure that under normal circumstances the Sub-Funds have sufficient liquidity to meet

redemption requests in accordance with the provisions of this Prospectus, the risk of suspension of redemptions in a Sub-Fund investing in MENA markets may be higher than for Sub-Funds investing in major world markets.

#### **4. Management and administration**

##### **I. Management Company**

The Fund is managed on behalf of Unitholders by the Management Company.

The Management Company is a public company limited by shares (*société anonyme*) established under Luxembourg law on 24 December 1999 and denominated "AZ Fund Management S.A.". The Management Company's registered office is located at 35, Avenue Monterey, L-2163 Luxembourg. The Articles of Association were filed with the Luxembourg Trade and Companies Register on 21 January 2000 and published in the Mémorial on 15 March 2000. The Management Company acts as management company for other investment funds. The names of these other funds are available upon request.

The Articles of Association were amended for the last time on 10 January 2019.

The Management Company is registered with the Luxembourg Trade and Companies Register under number B 73.617.

The purpose of the Management Company is the collective management of UCITS established under Luxembourg or foreign law, pursuant to the UCITS Directive as well as other undertakings for collective investment or mutual funds under Luxembourg law and/or foreign law that are not included in said directive.

The Management Company performs, among others, the following functions:

- Fund investment management;
- Administration:
  - a) legal and accounting services for the Fund;
  - b) dealing with client requests for information;
  - c) valuation of the portfolio and pricing of the Units;
  - d) regulatory compliance control;
  - e) unitholder register;
  - f) income distribution, where applicable;
  - g) issue, redemption and conversion of Units;
  - h) drawing up and termination of contracts;
  - i) record-keeping;
- Marketing

The Management Company is responsible for administration of the Fund, such as the accounting of the Fund, calculation of the Net Asset Value of Units, subscription, redemption and conversion services and registration of Units and also supervises the delivery of all announcements, statements, notices and other documents to Unitholders.

The Management Company has delegated certain administrative, distribution and investment management functions to specialised service providers as further described in this Prospectus.

The Management Company has stipulated agreements with third parties according to which the intermediaries pay for goods and services (e.g. research, advisory, IT) received by the Management Company. All goods and services included in these agreements are required for the performance of the Management Company's fund management activity given that it is on Fund's behalf that all sale/purchase transactions are proposed and exploited for this purpose.

The contractual conditions and methods used for these services ensure that transactions performed on behalf of the Fund never take place under unfavourable conditions, given that the intermediary is committed to obtaining "best execution" conditions for the Management Company.

The Management Company's fully paid up share capital amounted to EUR 1,125,000 on 31 December 2017, represented by 1,125 registered shares worth EUR 1,000 each. The balance sheets and profit and loss accounts of the Management Company shall be included in the annual reports of the Fund.

The Management Company performs the functions deriving from its condition of sponsoring entity of the Fund, as per the US Foreign Account Tax Compliance Act ("FATCA").

In accordance with the UCITS Directive and Articles 111-bis and 111-ter 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 Fund. Those categories of staff include the members of the Board, the managers in charge of day-to-day management, the managers in charge of the portfolio management of the Fund and the Sub-Funds, the internal control functions, the managers of department/investment management, administration, marketing, human resources and IT, analysts and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and decision/risk takers, whose professional activities have a material impact on the Management Company's risk profile or the risk profiles of the UCITS that it manages.

The remuneration policy is compliant with and promotes sound and effective risk management and does not encourage risk-taking that is incompatible with the risk profiles of the Fund and its Sub-Funds or with its Management Regulations and does not prevent the Management Company to fulfil its obligation to act in the best interest of the Fund. The remuneration policy includes a performance assessment set in a multi-year framework appropriate to the holding period recommended to investors of the Fund in order to ensure that it is based on the long-term performance of the Fund and its investment risks. Variable remuneration is also based on a number of other qualitative and quantitative factors. The remuneration policy contains an appropriate balance between the fixed and variable components of total the remuneration.

The remuneration policy was designed to promote good risk management and discourage risk taking beyond the level of risk tolerated by the Azimut Group, taking into account the investment profiles of the funds managed, and also to implement measures ensuring to avoid conflicts of interest. The remuneration policy is reviewed annually.

The up-to-date remuneration policy of the Management Company including, but not limited to, a description of how remuneration and benefits are calculated as well as the identity of the persons responsible for awarding the remuneration and benefits is available on the website <http://www.azimut-group.com/en/international-presence/az-fund-management>. A hard copy is made available free of charge, upon request, at the registered office of the Management Company.

## **II. Investment Manager**

The Management Company may delegate all or part of its portfolio management duties to one or more investment managers.

Unless otherwise specified in the Sub-Fund factsheets, the Management Company has appointed Azimut (DIFC) Limited to act as investment manager with respect to the assets of the Sub-Funds.

Azimut (DIFC) Limited is an asset management company regulated by the Dubai Financial Services Authority ("DFSA") and operates out of the Dubai International Financial Centre ("DIFC") in the United Arab Emirates. Azimut (DIFC) Limited is controlled by AZ International Holdings SA, fully owned by Azimut Holding Group. Azimut (DIFC) Limited provides integrated asset management and financial advisory services to individuals and corporates.

The Investment Manager has the discretion to acquire and dispose of securities of the Sub-Fund(s) for which it has been appointed as investment manager, subject to and in accordance with the legal and regulatory requirements applicable to the Fund and the guidelines received from the Management Company from time to time, and in accordance with the investment objectives and restrictions of the Sub-Fund(s). While the Investment Manager must act strictly in the best interests of the Unitholders, individual Unitholders shall not be involved in investment management activities.

The Investment Manager and the Management Company have entered into an investment management agreement (the "Investment Management Agreement").

The Investment Manager may also appoint one or more Investment Advisors to advise it on the portfolio management of one or more Sub-Fund(s).

## **III. Investment Advisor(s)**

In order to establish the targets and investment policies of each Sub-Fund as well as to receive advice on the investments of the Sub-Funds' assets, the Management Company or the Investment Manager may be assisted by one or more Investment Advisors.

The rights and obligations of the Investment Advisor(s) are established by one or more "Investment Advisory Agreement(s)".

For services rendered, the Investment Advisor(s) shall receive an advisory fee, in accordance with the provisions of the Investment Advisory Agreement(s).

Where applicable, the name of the Investment Advisor(s) is shown in the Sub-Fund factsheets.

#### **IV. Distributor**

The Management Company can appoint distributors (the "Distributors") in the country(ies) where Units are distributed. The Distributors shall receive due compensation.

In accordance with the local laws of the countries in which Units are distributed, the Distributors may, with the Management Company's permission, act as nominee on behalf of investors (nominees are intermediaries which liaise between investors and their chosen UCIs). In this role, the Distributors shall subscribe for or redeem the Units in their own name but, as nominee, shall act on behalf of the investor. Having said that, unless otherwise specified by local legislation, investors are entitled to invest directly in the Fund without using the service of a nominee. Moreover, investors who choose to subscribe via a nominee shall maintain a direct right to Units thus subscribed for.

However, it should be noted that the previous paragraph does not apply in the event that nominee services are indispensable, or even mandatory for legal and regulatory reasons or due to binding practices.

The functions of nominee may be exercised exclusively by financial sector professionals, according to Luxembourg law, resident in a Financial Action Task Force (FATF) member country. The list and details of nominees are available at the registered office of the Management Company.

#### **5. Fund and Management Company Auditor**

The Fund's financial reports and Management Company's accounts are audited by PricewaterhouseCoopers, *Société coopérative*, with registered office at 2, rue Gerhard Mercator L-2182 Luxembourg, in its position as Fund and Management Company's Auditor.

#### **6. Depositary, Paying Agent, Registrar, Transfer Agent and Administrative Agent**

BNP Paribas Securities Services, Luxembourg branch has been appointed Depositary of the Fund under the terms of a written agreement (the "Depositary Agreement") between BNP Paribas Securities Services, Luxembourg branch (the "Depositary") and the Management Company.

BNP Paribas Securities Services, Luxembourg branch 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, France, 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 performs three types of functions, namely (i) the oversight duties (as defined in Art 34(1) of the 2010 Law), (ii) the monitoring of the cash flows of the Fund (as set out in Art 34(2) of the 2010 Law) and (iii) the safekeeping of the Fund's assets (as set out in Art 34(3) of the 2010 Law).

Under its oversight duties, the Depositary is required to:

- (1) ensure that the sale, issue, repurchase, redemption and cancellation of Units effected on behalf of the Fund are carried out in accordance with the 2010 Law and with the Fund's Management Regulations;

- (2) ensure that the value of Units is calculated in accordance with the 2010 Law and the Fund's Management Regulations;
- (3) carry out the instructions of the Management Company acting on behalf of the Fund, unless they conflict with the 2010 Law or the Fund's Management Regulations;
- (4) ensure that in transactions involving the Fund's assets, the consideration is remitted to the Fund within the usual time limits;
- (5) ensure that the Fund's revenues are allocated in accordance with the 2010 Law and its Management Regulations.

The overriding objective of the Depositary is to protect the interests of the Unitholders of the Fund, which always prevail over any commercial interests.

Conflicts of interest may arise if and when the Management 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.

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 Management Company, or
- Selection of BNP Paribas Securities Services, Luxembourg Branch or its affiliates as counterparty or ancillary service provider for matters such as foreign exchange execution, securities lending, bridge financing.

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

In order to address any situations of conflicts of interest, the Depositary 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 duties from other activities), making sure that operations are carried out at arm's length and/or informing the concerned Unitholders of the Fund, 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 Fund'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 in order to assess any situation entailing a conflict of interest.

In the event that such conflicts of interest do arise, the Depositary 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 Fund and the Unitholders are fairly treated.

The Depositary may delegate to third parties the safe-keeping of the Fund's assets subject to the conditions laid down in the applicable laws and regulations and the provisions of the Depositary Agreement. 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'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 relationship with the Depositary in parallel to the custody delegation relationship.

In order to prevent such potential conflicts of interest from crystalizing, the Depositary 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/solutions/depositary-bank-trustee-services.html>.

Such list may be updated from time to time.

Updated information on the Depositary'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.

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

The Management Company acting on behalf of the Fund may release the Depositary from its duties with ninety (90) days written notice to the Depositary. Likewise, the Depositary may resign from its duties with ninety (90) days written notice to the Management Company. In that case, a new depositary must be designated to carry out the duties and assume the responsibilities of the Depositary, as defined in the agreement signed to this effect. The replacement of the Depositary shall happen within two months.

By an administrative agreement, BNP Paribas Securities Services, Luxembourg Branch has also been appointed by the Management Company as administrative agent and registrar and transfer agent of the Fund. As such, BNP Paribas Securities Services, Luxembourg Branch is responsible for the general administrative functions required by Luxembourg law, calculating the Net Asset Value and maintaining the accounting records of the Fund.

In its capacity as Registrar and Transfer Agent, BNP Paribas Securities Services, Luxembourg Branch is responsible for processing the issue, switching and redemption of Units and maintaining the register of Unitholders.

## **7. Unitholder rights**

Any natural or legal entity may become a Unitholder and may acquire one or more Units of the various Sub-Funds by paying the subscription price calculated based on and according to the methods indicated in chapters 9 and 12.

All Units in the same Class of Units have equal rights. The Units of different Sub-Funds, if any, and/or different Classes of Units may be of unequal value.

Unitholders have a co-ownership right in the relevant Sub-Fund's assets. By subscribing to Unit(s), Unitholders also fully agree to the terms of the Prospectus, the Management Regulations.

In case of joint ownership as well as bare ownership and usufructuaries of Units, one person shall be designated to represent them vis-à-vis the Management Company and the Depositary. Unitholders' rights may be suspended until these conditions are met.

An investor or successor may not request that the Fund be liquidated or divided.

No annual general meetings of unitholders shall be held.

The Management Company draws investors' attention to the fact that any investor shall have the chance to fully exercise his/her investor rights in a direct way, with regard to the Fund, only if the investor himself/herself is included in his/her

name in the register of the Unitholders. Where an investor subscribes in the Fund via an intermediary who is investing in the Fund in its own name but on behalf of the investor, it may not always be possible for the investors to exercise certain rights directly against the Fund. Investors should seek advice from their intermediary on their rights in the Fund.

## **8. Unit classes**

The Board may create different Classes of Units within each Sub-Fund, each having one or more distinct characteristics such as, for example, a specific structure of issue or redemption fees, a specific management fee structure, a special distribution policy, specific investor eligibility criteria, a specific currency hedging risk or any other criteria as specified in the Sub-Fund factsheet.

Units shall be issued in registered form only by entry in the register of Unitholders. No Unit certificates shall be issued to Unitholders.

The table in the specific appendix provides details of the differences between the various types of Units.

### **Additional information on Classes hedged against currency risk:**

With reference to the hedging against currency risk, Classes may be classified as follows:

1. Classes which seek to reduce the effect of fluctuations in the exchange rate between the Reference Currency of the Class and the Base Currency of the Sub-Fund ("hedged Classes");
2. Classes which do not seek to minimise the impact of exchange rate fluctuation between the Reference Currency of the Class and the Base Currency of the Sub-Fund ("non-hedged Classes").

Although hedged Classes aim to protect investors against losses due to unfavourable movements of interest rates, the holding of these Units may also limit the investors' benefits in case of favourable movements of interest rates. Investors should note that the currency hedging will not completely eliminate currency risk, or provide a precise hedge, and as such, investors may have exposures to currencies other than the currency of the relevant hedged Class.

The hedged positions are being reviewed in order to ensure that (i) over-hedged positions do not exceed 105% of the Net Asset Value of the currency hedged Classes and (ii) under-hedged positions do not fall short of 95% of the portion of the Net Asset Value of the currency hedged Classes.

The Net Asset Value of hedged Classes will not necessarily evolve in the same way then the Net Asset Value of non-hedged Classes.

Investors' attention is drawn to the fact that the use of currency hedging transactions involves costs which will be borne by the relevant hedged Class. However, there is no legal segregation of liabilities between Classes of the same Sub-Fund. Where a Sub-Fund is comprised of several currency hedged Classes, there is a risk that under certain circumstances, other Classes of a Sub-Fund will be exposed to liabilities arising from currency exposure hedging transactions which negatively impacts the Net Asset Value of the other Classes. An up-to-date list of Classes with a contagion risk can be obtained from the Management Company upon request.

## **9. Unit Issue and Subscription Price**

Applications for subscriptions to Units of the various Sub-Funds may be made as of each Valuation Day via the Transfer Agent. The Management Company may appoint other financial institutions or intermediaries to receive subscriptions to be transmitted to the Depositary for execution. No subscriptions can be made via Investment Advisor(s).

The initial subscription period for each new Sub-Fund, the respective initial subscription price per Unit as well as any applicable subscription fees are indicated in the relevant Sub-Fund factsheet and in Appendix I.

At the end of the initial subscription period, the subscription price of Units shall be established based on the Net Asset Value of the relevant Class calculated as of the applicable Valuation Day in accordance with Chapter 12 of this Prospectus, plus any subscription fees and charges, whose rates are indicated in the Sub-Fund factsheets and in Appendix I.

Subscription lists are closed at the times and dates (cut-off time) indicated in Appendix I of this Prospectus. Subscription requests received by the Transfer Agent prior to the indicated cut-off time shall be processed on the basis of the subscription price determined as of the applicable Valuation Day. Subscription requests received by the Transfer Agent after the relevant cut-off time will be processed as of the next Valuation Day.

Investors shall receive written confirmation of their investment.

Subscription to the Units of different Sub-Funds may be made via a single payment. The subscription methods, including the applicable minimum subscription amount, are set out in each Sub-Fund factsheet.

Units are issued by the Transfer Agent subject to payment of the subscription price to the Depositary. Units are also issued in fractions of up to three decimals.

Payment shall be made via bank transfer to the Depositary in the Base Currency of the Sub-Fund within 5 Business Days of the applicable Valuation Day used to establish the applicable subscription price.

Any subscription taxes, fees and charges are payable by the investor.

The Management Company may suspend or discontinue the issue of Sub-Fund Units at any time. The Management Company and/or Transfer Agent may, at their discretion and without justification or reject any subscription of Units.

In the event that the Management Company decides to suspend the calculation of the Net Asset Value in accordance with provisions of Chapter 13, subscriptions of Units shall also be suspended. When the Management Company decides to resume the issuance of Units following a suspension, all pending subscription requests will be processed on the basis of the first Net Asset Value calculated after the expiry of the suspension period provided that the subscription requests have not been revoked in writing.

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 and 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.

**The Registrar and Transfer Agent shall ascertain the identity of each subscriber in accordance with Luxembourg laws and regulations and may require applicants to provide any AML&KYC document it deems necessary to effect such identification. As an anti-money laundering measure, the Application Form of each investor must be accompanied by a copy (certified by one of the following authorities: embassy or consulate, notary or police officer) of the subscriber's identity card in the case of a natural person, or its articles of association and an extract from the Luxembourg Trade and Companies Register in the case of legal entities, in the following cases:**

- direct subscription via the Fund;
- in the case of subscription via an intermediary, i.e. a financial sector professional, resident in a country which imposes an identification obligation not equivalent to that required under Luxembourg law for the prevention of money laundering;
- in the case of subscription through an intermediary, i.e. a subsidiary or branch whose parent company is subject to an identification obligation equivalent to that required under Luxembourg law for the prevention of money laundering and where the law applicable to the parent company does not impose an equivalent obligation on its subsidiaries or branches.

It is generally accepted that professionals of the financial sector resident in a country which has ratified the conclusions of the FATF (Financial Action Task Force) report are subject to identification obligations equivalent to that required by Luxembourg law and regulations.



In addition, the Register and Transfer Agent, as delegate of the Management Company, may require any other information that the Management Company may require in order to comply with its legal and regulatory obligations, including but not limited to CRS Law (as defined hereinafter).

In case of delay or failure by an applicant to provide the documents required, the application for subscription will not be accepted and, in case of redemption, payment of redemption proceeds delayed. Neither the Management Company, nor the Registrar and Transfer Agent have any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

Unitholders may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

The Management Company may, at its own discretion and in accordance with the Management Regulations, accept contributions in kind of listed securities which have to comply with the investment policy to the relevant Sub-Fund, in exchange for subscription payment if deemed in the interest of Unitholders.

The securities contributed to a Sub-Fund will be subject to an assessment report from the Auditor citing the quantity, denomination and valuation method adopted for such securities. The report shall also establish the total value of the securities expressed in the initial currency and that of the Fund. The applicable exchange rate shall be the last available rate. The Management Company reserves the right to refuse securities in exchange for subscription payment, at its own discretion and without justification.

## **10. Unit Redemption**

Holders of Units may request redemption thereof in cash at any time.

Redemption applications must be sent to the Transfer Agent or other institutions appointed for this purpose. No redemption applications can be made via Investment Advisor(s).

Valid applications must specify the Class of Unit to be redeemed. Such redemption requests are in principle irrevocable.

Excluding exceptional circumstances, for example when the calculation of the Net Asset Value has been suspended along with subscriptions or redemptions, as described in chapter 13 below, the Transfer Agent shall accept redemption applications received on each Valuation Day.

The redemption price is based on the Net Asset Value per Unit of the relevant Sub-Fund and/or the Class calculated in accordance with chapter 12 of this Prospectus, less any redemption charges and expenses, at the rates established in the individual Sub-Fund factsheets and in Appendix I of this Prospectus.

Redemption lists are closed at the times and dates (cut-off time) indicated in Appendix I of this Prospectus. Redemption requests received prior to the relevant cut-off time shall be processed on the basis of the redemption price determined as of the applicable Valuation Day. Redemption requests received after the relevant cut-off time shall be processed on the basis of the redemption price determined as of the next Valuation Day.

Payment of the redemption price will be in the Base Currency of the relevant Sub-Fund or the Reference Currency of the relevant Class if different, within five Business Days following calculation of the applicable Valuation.

Payment of redemption proceeds may be delayed if there are any specific statutory provisions such as foreign exchange restrictions, or any circumstances beyond the Management Company's control which make it impossible to transfer the redemption proceeds to the country where the redemption was requested.

The Management Company shall ensure that under normal circumstances the Fund has sufficient liquidity to allow it to fulfil redemption requests in due time.

Redemption prices may be reduced by any applicable taxes and stamp duties.

With the consent or upon the request of a Unitholder, the Management Company may (subject to the equal treatment of Unitholders) satisfy redemption requests in whole or in part by allocating to the redeeming Unitholder investments from the portfolio in value equal to the Net Asset Value attributable to the Units to be redeemed. The charges in relation to the redemption in kind (principally the costs related to the production of a special report by the Auditor) shall be borne by the Unitholder choosing this form of payment or by the Fund in case the Management Company considers that the redemption in kind is in the interest of the Fund or made to protect the interests of the Fund.

The redemption price may be equal to, higher or lower than the subscription price, depending on the trend of the Net Asset Value of the Sub-Fund or Class concerned.

### **Deferral of redemption**

In the event that the amount of the redemption application – direct or in connection with conversions between Sub-Funds – is equal to or exceeding 10% of the Net Asset Value of any Sub-Fund or Class and if the Management Company deems that the processing of the redemption applications may be detrimental to the interests of the other Unitholders, the Management Company may, if necessary, reserve the right to suspend the redemption application. Nonetheless, the redemption application may in the meantime be revoked by the investor, free of charge.

### **Compulsory redemption**

If a redemption/conversion instruction or transfer of Units would reduce the value of a Unitholder's residual holding in any one Sub-Fund or Class to below the minimum holding requirement as set forth in the relevant Sub-Fund factsheet, the Management Company may decide to redeem the Unitholder's entire holding in respect of that Sub-Fund/Class.

The Management Company may also compulsorily redeem any Units that are acquired or held by or on behalf of any person in breach of the law or requirements of any country or governmental or regulatory authority, or which might have adverse taxation or other pecuniary consequences for the Fund, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority, as further detailed in the Management Regulations.

If it appears at any time that a holder of Units of a Class or of a Sub-Fund reserved to Institutional Investors is not an Institutional Investor, the Management Company has the right to convert the relevant Units into Units of a Class or of a Sub-Fund which is not restricted to Institutional Investors (provided that there exists such a Class of Units or of a Sub-Fund with similar characteristics) or compulsorily redeem the relevant Units in accordance with the provisions set forth in the Management Regulations.

## **11. Conversions**

Investors may request conversion of all or their Units into Units of the same Class but of a different Sub-Fund, provided that this is not expressly prohibited by the relevant Sub-Fund factsheet. Conversion of Units into Units of different Unit Classes is not allowed, unless expressly permitted by the Management Company. In such case all fees and expenses are due.

The right to convert Units is subject to compliance with the terms and conditions that apply to the relevant Sub-Fund and/or Class into which the conversion is requested.

Requests for conversion applications shall be addressed to the Transfer Agent, or other designated institutions, via a binding conversion application.

A conversion fee calculated on the basis of the Net Asset Value of the Units of the Sub-Fund and/or Class for which the Unitholder has subscribed may be applied in case of a conversion of Units. The specific rate of the conversion fee will be disclosed in the Sub-Fund factsheet and in the Appendix I of this Prospectus.

Conversion lists are closed at the times and dates (cut-off time) indicated in the Appendix I of this Prospectus. Requests for conversion received prior to the applicable cut-off time shall be processed on the basis of the Net Asset Value determined as of the applicable Valuation Day. Requests received after the applicable cut-off time shall be processed on the basis of the Net Asset Value determined as of the next following Valuation Day.

All or some of the Units of a given Sub-Fund (the "Original Sub-Fund") are converted into Units of another Sub-Fund (the "Target Sub-Fund") according to the following formula:

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

Where: A: the number of Units in the Target Sub-Fund to which the investor shall become entitled;  
B: the number of Units in the Original Sub-Fund to be converted;  
C: the Net Asset Value per Unit of the Original Sub-Fund established on the day indicated in Appendix I of this Prospectus;  
D: the Net Asset Value per Unit of the Target Sub-Fund established on the day indicated in Appendix I of this Prospectus; and  
E: the currency conversion rate, between the currency of the Original Sub-Fund and that of the Target Sub-Fund, applicable at the time of the transaction.

Following conversion, investors shall be informed by the Transfer Agent and/or Distributor, or, where applicable, by the representative agent in the country of distribution, of the number and price of Target Sub-Fund Units obtained upon conversion.

Conversion of the Units of one Sub-Fund into those of another shall be carried out by applying all costs and expenses due, the amount and/or rate of which are set out in the Sub-Fund factsheets and in Appendix I of this Prospectus.

Any conversion request shall in principle be irrevocable, except in the event of a suspension of the calculation of the Net Asset Value of the Class or of the Sub-Fund concerned or deferral. The Management Company may however, in its sole discretion and taking due consideration of the principle of equal treatment between Unitholders and the interests of the relevant Sub-Fund, decide to accept any withdrawal of an application for conversion.

The rules applicable to the deferral of redemptions will apply *mutatis mutandis* to conversion requests.

The Management Company reserves the right to change the frequency of conversions or make amendments thereto.

## **12. Net Asset Value**

For each Sub-Fund and/or Class, the Net Asset Value of each Unit is determined by the Administrative Agent, as of each Valuation Day as set in the Sub-Fund factsheets.

The Net Asset Value per Unit is expressed in the Base Currency of the relevant Sub-Fund.

The Net Asset Value per Unit is obtained by dividing the Net Asset Value of the relevant Sub-Fund/Class in question by the number of outstanding Units of the same Sub-Fund.

### **Definition of assets**

The Management Company shall establish total net assets for each Sub-Fund.

The Fund constitutes a single and same legal entity. Nonetheless, it should be noted that in the relations between Unitholders, each Sub-Fund is considered as a separate entity composed of a group of separate assets with their own objectives and represented by one or more separate Classes of Units. Moreover, with regard to third parties, and more precisely in regard to the Fund's creditors, each Sub-Fund shall bear exclusive responsibility for its own commitments.

In order to establish the different groups of net assets:

- a) proceeds from the issue of Units of a given Sub-Fund shall be attributed, in the Fund's accounts, to the said Sub-Fund, and the receivables, payables, income and expenses associated with that Sub-Fund shall be attributed thereto;

- b) when a receivable entry derives from an asset, the receivable shall be attributed to the same Sub-Fund as the asset (in the accounts of the Fund), and, upon each new valuation of a receivable entry, the increase or reduction in value shall be attributed to the Sub-Fund to which it pertains;
- c) when the Fund maintains a commitment related to the asset of a given Sub-Fund or to a transaction performed in relation to the asset of a given Sub-Fund, the commitment shall be attributed to that Sub-Fund;
- d) in the event that an asset or commitment of the Fund may not be attributed to a given Sub-Fund, they shall be attributed to all Sub-Funds, in proportion to the Net Asset Value of the Units issued in the various Sub-Funds.

#### Asset valuation

The valuation of assets and commitments of each Sub-Fund shall be carried out as follows:

- a) the value of liquidity held in cash or in deposits, directly payable securities and payables, advance payments, dividends and interest due but not yet collected, shall be composed of the par value of the said entries, unless it is unlikely that they will be actually received. In this case, the value shall be established by subtracting the amount deemed appropriate to reflect the real value of the assets;
- b) the valuation of Transferable Securities and Money Market Instruments listed or traded on the stock market or other Regulated Market which operates regularly, is recognised and open to the public, is based on the price on the last Business Day ("Valuation Date" for the purpose of this section) prior to the Valuation Day. If a Transferable Security or Money Market Instrument is traded on more than one market, the valuation is based on the last known price on the relevant Valuation Date of the main market of the said security or instrument. If the last known price on the relevant Valuation Date is not representative, the valuation shall be based on the likely net breakup value, prudentially estimated in good faith;
- c) Transferable Securities and Money Market Instruments not listed or traded on a Regulated Market which operates regularly, is recognised and open to the public, will be valued based on the estimated realisable value, prudentially estimated in good faith;
- d) futures and options are valued based on closing prices on the relative market the previous day. The prices used are liquidation prices on futures markets;
- e) Units of UCITS and other UCIs are valued based on the last available Net Asset Value (reduced by any applicable charges);
- f) swaps are valued at their fair value based on the last known closure price of the underlying security;
- g) futures contracts are valued based on closure prices on the respective market the previous day. The Management Company may use different valuation criteria based on the average price of the same previous day for Sub-Funds valued on a monthly basis and under certain market conditions;
- h) assets expressed in a currency other than the Base Currency of the Sub-Fund in question shall be converted at the last available exchange rate;
- i) all other assets shall be valued based on the estimated realisable value, which must be estimated with due care and in good faith.

The Management Company is authorised to use any other generally accepted valuation criteria deemed appropriate for the Fund's assets, in the event that it is impossible or inappropriate to use the valuation methods considered above due to special or exceptional circumstances or events, in order to obtain a fair value of the Fund's assets.

Adequate funds will be provided to hedge the expenses borne by the Fund. Off-balance sheet expenses will also be considered, according to fair and prudential criteria.

### **13. Suspension of Net Asset Value calculation, subscriptions, redemptions and conversions**

1. The Board is authorised to temporarily suspend calculation of the Net Asset Value per Unit of one or more Sub-Funds, as well as subscriptions, redemptions and conversion of Units of the said Sub-Funds, in the following cases:
  - when any of the stock exchanges on which any significant portion of the assets of one or more Sub-Funds is invested is closed for periods other than ordinary holidays, or trading is restricted or suspended;
  - during any period when any market of a currency in which a significant portion of assets of one or more Sub-Funds is denominated is closed for periods other than ordinary holidays, or trading is restricted or suspended;
  - during any breakdown in, or restriction of the use of the means of communication or calculation normally used to determine the value of the assets of one or more of the Sub-Funds, or when, for whatever reason, the value of any Fund's assets may not be determined with the required speed and accuracy;

- when exchange rate or capital transfer restrictions prevent the execution of transactions on behalf of the Fund, or when buy or sell transactions on behalf of the Fund may not be performed at normal exchange rates;
  - when political, economic, military or monetary events beyond the control, responsibility and power of the Fund prevent it from accessing the assets of one or more Sub-Funds and determining the value of the assets of one or more Sub-Funds in a normal and reasonable manner;
  - during any period when any breakdown occurs in the IT means normally used to determine the Net Asset Value per Unit of one or more Sub-Funds;
  - following any decision to liquidate or close the Fund;
  - in the case of a merger of the Fund or a Sub-Fund, if the Management Company deems this to be necessary and in the best interest of Unitholders;
  - in the case of a suspension of the calculation of the net asset value of one or several UCITS and/or Other UCIs in which a Sub-Fund has invested a substantial portion of assets;
  - in case of Feeder Sub-Fund, at any time when the calculation of the Net Asset Value of the Master UCITS is suspended.
2. Any suspension of the calculation of the Net Asset Value per Unit of one or more Sub-Funds shall announced by appropriate means. In the event that the calculation is suspended, the Management Company will notify Unitholders having submitted subscription or redemption applications for the Units or Sub-Funds concerned. Investors may revoke their subscription or redemption applications during the suspension period.
  3. In exceptional circumstances that may adversely affect the interests of the Unitholders, or in the event of substantial redemption requests of Units of a given Sub-Fund, the Management Company reserves the right to adjust the value of the said Sub-Fund only after having sold the required assets on behalf of the Sub-Fund.

In cases 2 and 3 above, pending subscription and redemption applications which have not been revoked shall be executed based on the Net Asset Value calculated as of the first applicable Valuation Day.

#### **14. Income distribution**

The Management Company decides how to use the Fund's results, according to the accounts of each reference period. It may decide to either capitalise the income or distribute all or part of the income.

Distribution Units (DIS) give their owners, in principle, the right to receive distributions. Following each cash distribution to the holders of distribution Units, the portion of net assets to be attributed to all distribution Units will be reduced by an amount equal to the distribution, consequently resulting in a decrease in the percentage of the net assets attributable to all distribution Units.

The distributed amounts shall be detailed in the Fund's periodic financial reports.

The Management Company reserves the right to keep funds available to compensate for any capital loss.

The Board may distribute interim dividends, within the limits provided by law.

Therefore, the Management Company shall either distribute investment returns, or decide to distribute the capital, within the limits provided by law.

Dividends and interim dividends shall be paid at a time and place established by the Board, net of any tax, if due.

Dividends and interim dividends distributed but not collected by the Unitholders within five years of payment date are no longer payable to Unitholders and shall be paid to the corresponding Sub-Fund.

Dividends held by the Depositary on behalf of investors in the respective Sub-Funds shall not bear any interest.

When a dividend is declared and not claimed by the person entitled thereto within five years of the distribution, it can no longer be claimed and will revert to the relevant Sub-Fund. No interest will be paid on a declared dividend held on behalf of its beneficiary.

#### **15. Costs and charges borne by the Fund**

In consideration for the management company services provided, the Management Company is entitled to receive a management fee and an additional variable management fee with respect to each Sub-Fund/Class as indicated in the individual Sub-Fund factsheets (adjusted for subscriptions and reimbursements made for each Unit Class). In addition, a maximum annual fee of 0.33% of the net assets of the Fund is paid in consideration for the administrative and organisational services provided by the Management Company and BNP Paribas Securities Services, Luxembourg Branch.

The Depositary shall be notified of changes to the above-mentioned fees, and the Prospectus and the KIIDs shall be updated accordingly.

The following expenses shall be borne by the Fund and the Sub-Funds:

- set up fees, including expenses for its establishment, listing on the stock exchange, where applicable, and authorisation from the competent authorities, costs for preparation, translation, printing and distribution of reports, as well as any other document required by law and regulations in force in the countries where the Fund is marketed;
- registration tax calculated and payable on a quarterly basis on the Net Asset Value determined at the end of each quarter, as well as amounts due to supervisory authorities;
- any annual stock exchange fees;
- all taxes and duties due on Fund earnings;
- trading costs, fees and expenses deriving from transactions involving the securities portfolio;
- for Sub-Funds that invest in units of other UCITS and/or Other UCIs, the expenses on the assets of the UCITS and/or Other UCIs invested in are borne indirectly by the Sub-Funds;  
The maximum fixed management fee applied to "target" fund shall be 2.5% per annum of the net assets of the "target" fund, in addition to a management fee applicable to each Sub-Fund according to the diagram reported in Appendix I of this Prospectus;
- extraordinary costs arising in particular from assessments or procedures aimed at protecting the interest of investors;
- expenses for the publication of the Net Asset Value and all notices to investors, permitted in application of chapter 17 of this Prospectus;
- Auditor fees;
- any fees paid to the Investment Manager;
- fees paid to the Depositary amounting to an aggregate average fee of 0.070% of the Fund's net assets: this fee may differ from that effectively applied to each individual Sub-Fund according to its net assets;
- any distribution and marketing costs (including those for the Fund advertising campaigns) up to a monthly maximum of 0.053% of net assets;
- publication costs for notices to Unitholders in the countries where the Fund is marketed.

All the above mentioned general expenses borne by the Fund are preliminarily deducted from the Fund's current earnings and, if these prove insufficient, from realised capital gains and, where necessary, from the Fund's assets.

The following expenses shall be borne by the Management Company:

- expenses for the day-to-day running of its operations;
- Auditor fees related to the audit of the accounts of the Management Company.

## **16. Financial year**

The Management Company's financial year, which coincides with the closure of the Fund's accounts, starts on 1 January and ends on 31 December of each year.

## **17. Financial statements and reports**

The Fund shall publish annual financial statements for the year ended on 31 December of each year and a semi-annual report for the period ended on 30 June of each year. The annual financial statements contain the Fund's accounts audited by authorised Auditors. The first semi-annual report will cover the period ending on 30 June 2019 and the first annual report will cover the period ending on 31 December 2019.

Pursuant to Circular 14/592, the annual report also includes information concerning (i) the underlying exposure reached through financial derivative instruments, (ii) the identity of the counterparty/ies to these financial derivative transactions, (iii) the type and amount of financial guarantees received by the Fund in order to reduce the counterparty risk, and (iv) any

revenue deriving from the efficient portfolio management techniques for the whole period under analysis, as well as any direct and indirect operating costs and fees.

The semi-annual reports contain the unaudited Fund's accounts.

The reports shall be available to Unitholders at the registered offices of the Management Company and the Depositary.

The Net Asset Value of each Sub-Fund Unit is available in Luxembourg at the registered offices of the Management Company, the Depositary, the Administrative Agent and is also published on the website [www.azfund.com](http://www.azfund.com).

Any changes to the Management Regulations are filed with the Luxembourg Trade and Companies Register and included in the RESA as indicated in chapter 18.

### **18. Management Regulations**

The rights and duties of Unitholders as well as those of the Management Company and the Depositary are determined by the Management Regulations.

The Management Company may, in accordance with Luxembourg law and applicable regulatory requirements, amend the Management Regulations.

Any changes to the Management Regulations shall be filed with the Luxembourg Trade and Companies Register and be published in the RESA and may be published in the financial press in the country/ies where the Management Company authorises the public sale of Units. Such changes shall enter into effect on the day the amendments are filed with the Luxembourg Trade and Companies Register or with other date indicated in the amendment to the Management Regulations.

### **19. Fund Duration – Fund Liquidation and closure or merger of Sub-Funds and/or Classes**

#### **Fund liquidation**

The Fund exists for an unlimited period.

The Management Company may, in agreement with the Depositary and provided that the investors' interests are protected, decide to liquidate the Fund pursuant to the provisions of the 2010 Law.

Moreover, the Fund shall be liquidated:

- a) in the event that the Management Company or the Depositary are not replaced within 2 months of termination of their functions;
- b) in the event that the Management Company goes bankrupt;
- c) in the event that the Fund's net assets are reduced, for over six months, to less than a fourth of the minimum legal capital of EUR 1,250,000.

In the event that it decides to liquidate the Fund, the Management Company must convert the Fund's assets into cash in the best interest of investors and instruct the Depositary to distribute the net cash generated by its liquidation – after having deducted liquidation costs – amongst the Unitholders and in proportion to their rights.

In the event of liquidation of the Fund, the decision must be published in the RESA.

As soon as the decision to liquidate the Fund has been taken, subscription, redemption and conversion of Units shall cease with immediate effect. The Management Company may decide that the redemption of Units remains authorised if the equal treatment of Unitholders is guaranteed.

The amount not distributed upon liquidation completion shall be deposited with the *Caisse de Consignation* in Luxembourg, on behalf of the beneficiaries, for as long as this is legally required. Amounts so deposited and not claimed shall be forfeited in accordance with Luxembourg law.

### Closure or merger of Sub-Funds and/or Classes

#### - Closure of Sub-Funds and/or Classes

The Board may decide to close a Sub-Fund or a Class in the event that its assets do not reach, or do fall below, a level that the Board deems to make its management overly difficult, or for any other reason it deems valid.

Holders of Units of the Sub-Fund or Class in question shall be notified of the decision and method of closure by reception of a notice.

The net assets of the Sub-Fund or Class in question shall be divided amongst the remaining Unitholders in the Sub-Fund.

The amounts not distributed upon Sub-Fund or Class liquidation completion shall be deposited with the *Caisse de Consignation* in Luxembourg, on behalf of the beneficiaries, for as long as is legally required. Amounts so deposited and not claimed shall be forfeited in accordance with Luxembourg law.

#### - Merger of Sub-Funds

The Management Company may decide to merge a Sub-Fund with one or more Sub-Funds of the Fund or into another Luxembourg UCITS or foreign UCITS. Any such merger will be undertaken in accordance with the 2010 Law which provides, inter alia, that Unitholders will be informed of such mergers and have the possibility to redeem their Units free of charge during at least 30 days.

#### - Reorganisation of Sub-Funds

The Management Company may also decide the reorganisation of a Sub-Fund by means of a division into two or more Sub-Funds. Such decision will be notified to Unitholders. Such notification will normally be made one month before the date on which the reorganisation becomes effective in order to enable the Unitholders to request redemption of their Units free of charge before the operation involving division into two or more Sub-Funds become effective.

#### - Merger, liquidation or division of the feeder-master structures

If a Sub-Fund qualifies as a feeder UCITS of another UCITS or one of its sub-funds, the merger, division or liquidation of its Master UCITS shall trigger the liquidation of the feeder Sub-Fund, unless the Management Company decides, pursuant to the provisions of the 2010 Law, to replace the Master UCITS with another Master UCITS or to convert the Sub-Fund into a standard UCITS Sub-Fund.

#### - Consolidation/Split of Classes

The Management Company may also decide to split or consolidate different Classes within a Sub-Fund. Unitholders will be notified of such decision in accordance with applicable laws and regulations.

## **20. Legal action**

Any dispute regarding enforcement of the Management Regulations, the English text of which is the authentic valid version, shall be governed by Luxembourg law.

## **21. Prescription**

The time limit for legal action taken by Unitholders against the Management Company or the Depositary is five years from the event that generated the claimed right(s).

## **22. Fiscal aspects**

### **Tax treatment**

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 Units 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 Units 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.

The following is based on the Management Company's understanding of certain aspects of the law and practice currently in force in Luxembourg. There can be no guarantee that the tax position at the date of this Prospectus or at the time of an investment will endure indefinitely.

### **Taxation of the Fund**

The Fund is not subject to any taxes in Luxembourg on income or capital gains.

The Fund is however subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% per annum based on its Net Asset Value at the end of the relevant quarter, calculated and paid quarterly.

A reduced subscription tax rate (*taxe d'abonnement*) of 0.01% per annum is applicable to Luxembourg FCP-UCITS whose exclusive object is the collective investment in Money Market Instruments, the placing of deposits with credit institutions, or both. A reduced subscription tax rate of 0.01% per annum is applicable to individual compartments of FCP-UCITS with multiple compartments, as well as for individual classes of securities issued within a FCP-UCITS or within a compartment of a FCP-UCITS with multiple compartments, provided that the securities of such compartments or classes are reserved to one or more Institutional Investors.

Subscription tax exemption applies to (i) investments in a Luxembourg UCI subject itself to the subscription tax, (ii) UCI compartments thereof or dedicated classes reserved to retirement pension schemes, (iii) money market UCIs, and, (iv) UCITs and UCIs subject to the part II of the 2010 Law qualifying as exchange traded funds.

### **Withholding Tax**

Interest and dividend income received by the Fund may be subject to non-recoverable withholding tax in the country of origin. The Fund may further be subject to tax on the realised or unrealised capital appreciation of its assets in the country of origin.

Distributions by the Fund are not subject to withholding tax in Luxembourg.

### **Taxation of the investors**

From a Luxembourg tax perspective, the Fund, as a co-ownership between the Unitholders without legal personality, is in principle fully tax transparent. Unitholders will be subject to tax on the income and capital gains derived from the investment in accordance with the laws in force in their country of residence.

Under current legislation, Unitholders are not subject to any capital gains, income or withholding tax in Luxembourg except for those domiciled, resident or having a permanent establishment in Luxembourg.

As a matter of administrative practice, capital gains derived from the Fund are not subject to tax if realized at least 6 months after the subscription or purchase of the Units and provided that the investment in the Fund does not represent a substantial shareholding, unless the Unitholder claims the strict application of the tax transparency of the Fund and will be regarded as having realized the profits and losses on the underlying investment in the Fund. The Unitholders are deemed realizing themselves the profits and losses of the Fund at the time the Fund realized them. Distributions of the Fund will be subject to income tax.

Non-Luxembourg residents are not subject to any capital gains, income or withholding tax unless those not protected by a tax treaty, who hold through the Fund more than 10% of a Luxembourg company and have their Units redeemed less than 6 months after subscription of the units in the Fund.

The Fund collects the income generated after deduction of any withholding tax in the relevant countries. From a Luxembourg tax perspective, any potential entitlement to reduction in the rate of applicable withholding taxes depends on the status of the Unitholders, as the Fund is a co-ownership between the Unitholders. Where an investor is exempt from tax in his/her/its country of residence, or is eligible for treaty relief under a double tax treaty concluded between

his/her/its country of residence and the country where the security is located, it may be possible to obtain a full or partial refund of his/her/its proportionate share of the withholding tax suffered by the Fund.

### **Automatic Exchange of Information**

The OECD has developed a common reporting standard ("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.

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 Management Company may require the 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 unitholder 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 Management Company, on behalf of the Fund, shall communicate any information to the investor according to which (i) the Fund is responsible for the treatment of the personal data provided for in the CRS Law; (ii) the personal data will only 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*).

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 Fund reserves the right to refuse any application for Units 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.**

### **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 an undertaking for collective investment must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Registrar and Transfer Agent may require subscribers to provide any document it deems necessary to effect such identification. In addition, the Registrar and Transfer Agent, as delegate, may require any other information that the Fund may require in order to comply with its legal and regulatory obligations, including but not limited to the CRS Law.

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 Management Company nor the

Registrar 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, Unitholders may be asked to supply additional or updated identification documents in accordance with clients' ongoing due diligence obligations according to the relevant laws and regulations.

### **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 Fund 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 Fund may be required to collect information aiming to identify its direct and indirect unitholders that are Specified US Persons for FATCA purposes ("FATCA reportable accounts"). Any such information on FATCA reportable accounts provided to the Management 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 Management Company acting on behalf of the Fund 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 Fund. The Management Company will continually assess the extent of the requirements that FATCA and notably the FATCA Law place upon it.

To ensure the Fund's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the Management Company, in its capacity as the Fund'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 unit's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such unitholder's FATCA status;
- b) report information concerning a unitholder and his account holding in the Fund 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 unitholders with FATCA status of a non-participating foreign financial institution;
- d) deduct applicable US withholding taxes from certain payments made to a unitholder by or on behalf of the Fund 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 Management Company, on behalf of the Fund, shall communicate any information to the investor according to which (i) the Fund is responsible for the treatment of the personal data provided for in the FATCA Law; (ii) the personal data will only 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 Management Company, on behalf of the Fund, reserves the right to refuse any application for Units if the information provided by a potential investor does not satisfy the requirements under FATCA, the FATCA Law and the IGA.

**There can be no assurance that a distribution made by the Fund or that assets held by the Fund will not be subject to withholding. Accordingly, all prospective investors, including non-U.S. prospective investors, should consult their own tax advisors about whether any distributions by the Fund may be subject to withholding.**

### **23. Benchmark Regulation**

Unless otherwise disclosed in this Prospectus, the indices or benchmarks used within the meaning of the Regulation (EU) 2016/1011 (the "Benchmark Regulation") by the Management Company, on behalf of the Fund, are, as at the date of this Prospectus, provided by benchmark administrators who benefit from the transitional arrangements afforded under the Benchmark Regulation and accordingly may not yet appear on the register of administrators and benchmarks maintained by the ESMA pursuant to Article 36 of the Benchmark Regulation. Benchmark administrators have to apply for authorisation or registration as an administrator under the Benchmark Regulation before 1 January 2020. The inclusion of an administrator of a benchmark used by the Fund within the meaning of the Benchmark Regulation in the ESMA register of benchmark administrators will be reflected in the Prospectus at its next update. The benchmarks used by the Fund are provided by administrators which are currently not included in the ESMA register of benchmark administrators.

The Management Company maintains a written plan setting out the actions that will be taken in the event that the benchmark materially changes or ceases to be provided. The written plan is available upon request and free of charge at the registered office of the Management Company.

The Investment Manager is independent of the body publishing the index.

In the event that the index is no longer published or is no longer available, the Directors will consider whether or not to maintain the current structure of the Sub-Fund until the index is available again or to change its purpose to conform to another index with characteristics similar to the current one.

At the date of the present Prospectus, the administrators of the indexes used by the Sub-Funds are the following:

<b>Administrator of the Indexes</b>	<b>Place</b>
S&P Dow Jones Indices	United States of America

### **24. Data processing**

In compliance with the Luxembourg applicable data protection laws and regulations, including but not limited to the Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("GDPR"), as such applicable laws and regulations may be amended from time to time (collectively hereinafter referred to as the "Data Protection Laws"), the Management Company, acting as data controller (the "Data Controller") processes information concerning investors (the "Personal Data") and other related natural persons (together the "Data Subject") in the context of the investments in the Fund. The term "processing" in this section has the meaning ascribed to it in the Data Protection Laws.

Detailed data protection information is contained in the application/form and available at the website <http://www.azimut-group.com/international-presence/az-fund-management/privacynotice.pdf>, in particular in relation to the nature of the Personal Data processed by the Data Controller and its delegates, service providers or agents, such as (but not limited to) the Domiciliary Agent, the Auditor, the Distributor, other entities directly or indirectly affiliated with the Fund or the Management Company and any other third parties who process the Personal Data for providing their services to the Fund or the Management Company, acting as data processors (collectively hereinafter referred to as "Processors"), the purposes and the legal basis for processing, recipients, safeguards applicable for transfers of Personal Data outside of the European Union and the rights of Data Subjects under certain conditions set out by the Data Protection Laws and/or by applicable guidelines, regulations, recommendations, circulars or requirements issued by any local or European competent authority, such as the Luxembourg data protection authority (the *Commission Nationale pour la Protection des Données* – "CNPD") or the European Data Protection Board (including the rights to access to or have Personal Data about them rectified or deleted, ask for a restriction of processing or object thereto, right to portability and right to withdraw consent after it was given, etc.) and how to exercise them.

The full information notice is also available on demand by contacting the Management Company at the e-mail address [privacy@azfund.com](mailto:privacy@azfund.com).

To exercise the above rights and/or withdraw his/her consent regarding any specific processing to which he/she has consented, the Data Subject may contact the Management Company at the following address: AZ Fund Management S.A. 35, avenue Monterey, L-2163 Luxembourg, Grand Duchy of Luxembourg.

In addition to the rights listed above, should a Data Subject consider that the Management Company does not comply with the Data Protection Laws, or has concerns with regard to the protection of his/her Personal Data, the Data Subject is entitled to lodge a complaint with the relevant data protection supervisory authority, i.e. in Luxembourg the CNPD.

## **25. Document registration**

The following documents:

- the Articles of Association;
- the KIIDs and this Prospectus;
- the Management Regulations;
- the Depositary and Paying Agent Agreement between the Management Company and Depositary;
- the Investment Management Agreement(s) between the Management Company and the Investment Managers;
- the Administrative Agent Agreement between the Management Company and BNP Paribas Securities Services, Luxembourg Branch;
- the Investment Advisory Agreement(s) signed by the Investment Manager(s) and the Investment Advisor(s);
- the Fund's latest financial statements and reports (once available); and
- a list of the funds managed by the Management Company.

shall be available at the registered office of the Management Company, where investors may obtain free copies of the Management Regulations, this Prospectus, the KIIDs, the financial statements and reports and the list of the funds managed by the Management Company.

The name of each Sub-Fund is preceded by "AZ Fund 3".

**"Al Mal MENA Equity" factsheet**  
**General Information**

**Investment Objective:**

The Sub-Fund aims to achieve capital growth in the long-term.

**Investment Strategy:**

The Sub-Fund's investment objective is to achieve capital appreciation by investing, directly or indirectly, in equities and equity-related securities of companies that are domiciled in the Middle East (Kingdom of Saudi Arabia, United Arab Emirates, Qatar, Kuwait, Bahrain, Oman), North Africa (Egypt, Morocco, Tunisia) or Levant (Lebanon, Jordan, Palestine) ("Target Regions"); and/or, companies which have all or part of their business activities in the Target Regions.

Indirect exposures to the above mentioned types of issuers will be achieved, inter alia, by investing in financial derivative instruments (as further detailed below), UCITS and/or Other UCIs as well as through UCITS eligible structured products such as participation notes and/or equity-linked notes.

The Sub-Fund mainly consists of liquid securities which are dealt in on Regulated Markets that the Investment Manager deems to be undervalued compared to their fair value, regardless of the market capitalization, selected through an efficient investment process based on fundamental analysis, which involves in particular macro, sectorial and micro research, with an investment horizon of 3 to 5 years.

**Investment Policy and Restrictions:**

Subject to the investment restrictions provided in this Prospectus and the 2010 Law, the Sub-Fund may focus its investment choices on a limited number of issuers.

Under normal market conditions, the Sub-Fund may invest:

- at least 60% of its net assets, directly or indirectly, in equities and equity-related securities of companies related to the Target Regions as described above;
- up to 20% of its net assets in equities, equity-related securities and equity financial derivative instruments related to companies not domiciled in and/or not having all or part of their business activities in the Target Regions;
- up to 10% of its net assets in units of UCITS and/or of Other UCIs;
- up to 30% of its net assets in cash.

The Sub-Fund does not invest in asset-backed securities, mortgage-backed securities, contingent convertible bonds (CoCos), or securities that are distressed or defaulted at the time of their purchase.

The Sub-Fund may use financial derivative instruments for investment purposes, such as contracts for difference (CFD) and futures contracts and Total Return Swaps on single equities and equity related securities in order to implement long directional strategies only.

The Sub-Fund may also use financial derivative instruments for hedging purposes, such as:

- contracts for difference and futures contracts and Total Return Swaps on single equities and equity related securities for beta-hedging, which aims to offset the significant risks linked to an investment in a well-diversified portfolio of shares by taking a short position on stocks, which allows for an unquestionable reduction of the general market risk related to the equity portfolio;
- currency forward, currency swap and currency options for currency hedging with the aim to reduce the effect of exchange rate movements between the Reference Currency of the Sub-Fund and the currencies of the investments.

The Sub-Fund will aim at maintaining a level of leverage lower than 200%, calculated on the total of all financial derivative instruments' notional amounts.

The gross exposure to the Total Return Swap contracts may represent 100% of the Net Asset Value of the Sub-Fund and it is envisaged that this exposure will remain in the range between 20% and 60% of the Net Asset Value of the Sub-Fund. The underlying strategies of Total Return Swap contracts or financial instruments having similar characteristics are "long only" or "long/short" strategies on single stocks related to Target Regions.

In response to extreme market, economic, political, or other conditions related to the Target Regions, and in order to preserve the capital invested, the Sub-Fund may depart from its principal investment strategy by temporarily investing for defensive

purposes up to 100% in cash and investment grade Debt Securities not related to the Target Regions. If the Sub-Fund invests for defensive purposes, it may not achieve its investment objective.

**Reference Currency of the Sub-Fund: USD**

**Available Unit Classes:**

<b>Class of Unit</b>	<b>Reference Currency</b>	<b>Currency risk hedging</b> seeking to minimise the impact of exchange rate fluctuation between the Reference Currency of the Class and the Base Currency of the Sub-Fund
A (EUR)	EUR	Yes
A-PLATFORMS (EUR)	EUR	No
A-INST (EUR);	EUR	No
B (EUR)	EUR	Yes
A (EUR DIS)	EUR	Yes
A-PLATFORMS (EUR DIS)	EUR	No
A-INST (EUR DIS)	EUR	No
B (EUR DIS)	EUR	Yes
A (USD)	USD	No
A-PLATFORMS (USD)	USD	No
A-INST (USD)	USD	No
B (USD)	USD	No
A (USD DIS)	USD	No
A-PLATFORMS (USD DIS)	USD	No
A-INST (USD DIS)	USD	No
B (USD DIS)	USD	No
A (AED)	AED	No
A-PLATFORMS (AED)	AED	No
A-INST (AED)	AED	No
B (AED)	AED	No
A (AED DIS)	AED	No
A-PLATFORMS (AED DIS)	AED	No
A-INST (AED DIS)	AED	No
B (AED DIS)	AED	No



A (CHF)	CHF	No
A-PLATFORMS (CHF)	CHF	No
A-INST (CHF)	CHF	No
B (CHF)	CHF	No
A (CHF DIS)	CHF	No
A-PLATFORMS (CHF DIS)	CHF	No
A-INST (CHF DIS)	CHF	No
B (CHF DIS)	CHF	No
A (GBP)	GBP	No
A-PLATFORMS (GBP)	GBP	No
A-INST (GBP)	GBP	No
B (GBP)	GBP	No
A (GBP DIS)	GBP	No
A-PLATFORMS (GBP DIS)	GBP	No
A-INST (GBP DIS)	GBP	No
B (GBP DIS)	GBP	No

The Platform type Units are mainly intended for third party Distributors (banks, distribution platforms).

**Investor Profile:**

This Sub-Fund provides exposure to stocks across the Middle East, North Africa and Levant region and may be suitable for investors seeking capital appreciation opportunities through equity investments in these regions. Due to the country, the investor is likely to have a long-term investment horizon.

**Unit Classes:**

The various Classes are described above, in chapter 8 and in Appendix I of this Prospectus.

**Initial subscription amount and Minimum Initial Subscription amount:**

The initial price is:

- **EUR 5** for Class A (EUR); A-PLATFORMS (EUR); A-INST (EUR); B (EUR) A; (EUR DIS); A-PLATFORMS (EUR DIS); A-INST (EUR DIS); B (EUR DIS);
- **USD 5** for Class A (USD); A-PLATFORMS (USD); A-INST (USD); B (USD) A; (USD DIS); A-PLATFORMS (USD DIS); A-INST (USD DIS); B (USD DIS);
- **AED 5** for Class A (AED); A-PLATFORMS (AED); A-INST (AED); B (AED); A (AED DIS); A-PLATFORMS (AED DIS); A-INST (AED DIS); B (AED DIS);
- **CHF 5** for Class A (CHF); A-PLATFORMS (CHF); A-INST (CHF); B (CHF); A (CHF DIS); A-PLATFORMS (CHF DIS); A-INST (CHF DIS); B (CHF) DIS;
- **GBP 5:** for Class A (GBP); A-PLATFORMS (GBP); A-INST (GBP); B (GBP); A (GBP DIS); A-PLATFORMS (GBP DIS); A-INST (GBP DIS); B (GBP DIS).

The minimum initial subscription amount is:

- **EUR 1** for Units of A (EUR); A-PLATFORMS (EUR); B (EUR); A (EUR DIS); A-PLATFORMS (EUR DIS); B (EUR DIS);
- **USD 1** for Units of A (USD); A-PLATFORMS (USD); B (USD); A (USD DIS); A-PLATFORMS (USD DIS); B (USD DIS);
- **AED 5** for Units of A (AED); A-PLATFORMS (AED); B (AED); A (AED DIS); A-PLATFORMS (AED DIS); B (AED DIS);
- **CHF 5** for Units of A (CHF); A-PLATFORMS (CHF); B (CHF); A (CHF DIS); A-PLATFORMS (CHF DIS); B (CHF DIS);
- **GBP 5** for Units of A (GBP); A-PLATFORMS (GBP); B (GBP); A (GBP DIS); A-PLATFORMS (GBP DIS); B (GBP DIS);
- **EUR 250,000** for Units of A-INST (EUR); A-INST (EUR DIS);
- **USD 250,000** for Units of A-INST (USD); A-INST (USD DIS);
- **AED 1,000,000** for Units of A-INST (AED); A-INST (AED DIS);
- **CHF 250,000** for Units of A-INST (CHF); A-INST (CHF DIS);
- **GBP 250,000** for Units of A-INST (GBP); A-INST (GBP DIS).

**Frequency of NAV calculation:** NAV shall be calculated weekly, on each Thursday that is a Business Day (each a "Valuation Day"). If such day is not a Business Day the Valuation Day shall be on the following Business Day.

#### **Subscription and Redemptions:**

For Units belonging to Classes A (EUR); A-PLATFORMS (EUR); A-INST (EUR); A (EUR DIS); A-PLATFORMS (EUR DIS); A-INST (EUR DIS); A (USD); A-PLATFORMS (USD); A-INST (USD); A (USD DIS); A-PLATFORMS (USD DIS); A-INST (USD DIS); A (AED); A-PLATFORMS (AED); A-INST (AED); A (AED DIS); A-PLATFORMS (AED DIS); A-INST (AED DIS); A (CHF); A-PLATFORMS (CHF); A-INST (CHF); A (CHF DIS); A-PLATFORMS (CHF DIS); A-INST (CHF DIS); A (GBP); A-PLATFORMS (GBP); A-INST (GBP); A (GBP DIS); A-PLATFORMS (GBP DIS); A-INST (GBP DIS) a subscription fee of maximum 2% is due calculated on the invested amount, as indicated in Appendix I of this Prospectus.

For Units belonging to Classes B (EUR), B (EUR DIS), B (USD), B (USD DIS), B (AED), B (AED DIS), B (CHF), B (CHF DIS), B (GBP), B (GBP DIS), a redemption fee of maximum 2.50% is due calculated on the redeemable amount, as indicated in Appendix I of this Prospectus.

**Investment Advisor:** based on an Investment Advisory Agreement **Al Mal Capital PJSC** has been appointed as Investment Advisor for the Sub-Fund. **Al Mal Capital** is a private joint stock company established under Dubai law, having its registered office in 48, Burj Gate, Downtown Dubai, Sheikh Zayed Road, Office 901, P.O.Box 119930, Dubai (United Arab Emirates).

**Management fee and additional variable management fee:** a management fee is payable for this Sub-Fund, as indicated in Appendix I of this Prospectus.

**For all "Platform" Classes of Units:** an additional variable management fee is payable for this Sub-Fund in the following instances:

- in case of over-performance, i.e., if the change in Unit value within the reference timeframe (calendar year) exceeds the change in the reference index indicated below, within the same timeframe (calendar year). It is calculated on the last Business Day of the calendar year before the reference timeframe (calendar year); and
- if Unit value calculated at the last Business Day of the current calendar year is higher than the Unit value calculated at the last Business Day of the previous calendar year.

When the two above conditions are met, the additional fee will be 10% of said over-performance, multiplied by the number of existing Units as at the Valuation Day to which the calculation of the above fee refers to.

For the purpose of verifying the fulfilment of the above conditions, all reference Unit values will be considered as including (gross value) any amount distributed to Unitholders of the Sub-Fund.

This additional fee is withdrawn every year from the Sub-Fund's assets, on the first Business Day of the calendar year following the reference period.

The additional variable management fee is applied weekly with the provision of the Valuation Day to which the calculation refers being accrued as indicated below.

Every Valuation Day, the provision of the previous Valuation Day will be credited and, where appropriate, the provision of the Valuation Day to which the calculation refers will be debited so as to calculate the total value of the Sub-Fund.

This additional variable management fee will be calculated weekly as of each Valuation Day on the total value of the relevant Classes (net of all liabilities other than the additional variable management fee, if applicable).

**Reference Index: 100% S&P Pan Arab Composite Index (SEMGPCPD Index).**

**For Units belonging to the following Classes: A-(EUR), A-(USD), A-(AED), A-(CHF), A-(GBP), A-(EUR DIS), A-(USD DIS), A-(AED DIS); A-(CHF DIS); A-(GBP DIS); B-(EUR), B-(USD), B-(AED), B-(CHF), B-(GBP), B-(EUR DIS), B-(USD DIS), B-(AED DIS); B-(CHF DIS); B-(GBP DIS) and for all "Institutional" Classes of Units: no additional variable management fee is provided. For these Classes of Units a service fee is provided, for a maximum amount of 0.009% a month.**

The Investment Manager receives a fee for the provision of investment services to the Sub-Fund. Such fee is payable by the Fund and equals to an amount of up to 50% of the net management fee payable to the Management Company.

**Distribution policy:** The Sub-Fund shall distribute revenue to holders of Class A (EUR DIS); A-PLATFORMS (EUR DIS); A-INST (EUR DIS); B (EUR DIS); A (USD DIS); A-PLATFORMS (USD DIS); A-INST (USD DIS); B (USD DIS); A (AED DIS); A-PLATFORMS (AED DIS); A-INST (AED DIS); B (AED DIS); A (CHF DIS); A-PLATFORMS (CHF DIS); A-INST (CHF DIS); B (CHF DIS); A (GBP DIS); A-PLATFORMS (GBP DIS); A-INST (GBP DIS); B (GBP DIS). Units and shall reinvest revenue of holders of Class A (EUR); A-PLATFORMS (EUR); A-INST (EUR); B (EUR); A (USD); A-PLATFORMS (USD); A-INST (USD); B (USD); A (AED); A-PLATFORMS (AED); A-INST (AED); B (AED); A (CHF); A-PLATFORMS (CHF); A-INST (CHF); B (CHF); A (GBP); A-PLATFORMS (GBP); A-INST (GBP); B (GBP). Revenue will be distributed quarterly, according to the following reference periods: 1 January - 31 March; 1 April - 30 June; 1 July - 30 September; 1 October - 31 December.

**Listing:** Sub-Fund Units shall not be listed on the Luxembourg stock exchange.

**Taxe d'abonnement:** an annual registration tax of 0.05% is payable, calculated based on the net assets of the Sub-Fund at the end of each quarter.

**Specific Risk Factors:**

Investors are advised to carefully consider the risks of investing in the Sub-Fund.

In particular, investors shall take into consideration the risks associated with investments in emerging countries as well as frontier markets which include considerable regulatory and legal risks, political and economic risks, but also tax and currency risks, as more fully described in the general part of the Prospectus.

**APPENDIX I: VARIOUS UNIT CLASSES AND RESPECTIVE FEES.**

The fee system is as follows.

	A-(EUR)	A-PLATFORMS (EUR)	A-INST (EUR)	B-(EUR)
	A-(USD)	A- PLATFORMS (USD)	A- INST (USD)	B-(USD)
	A-(AED)	A- PLATFORMS (AED)	A- INST (AED)	B-(AED)
	A-(CHF)	A- PLATFORMS (CHF)	A- INST (CHF)	B-(CHF)
	A-(GBP)	A- PLATFORMS (GBP)	A- INST (GBP)	B-(GBP)
	A-(EUR DIS)	A- PLATFORMS (EUR DIS)	A- INST (EUR DIS)	B-(EUR DIS)
	A-(USD DIS)	A- PLATFORMS (USD DIS)	A- INST (USD DIS)	B-(USD DIS)
	A-(AED DIS)	A- PLATFORMS (AED DIS)	A- INST (AED DIS)	B-(AED DIS)
	A-(CHF DIS)	A- PLATFORMS (CHF DIS)	A- INST (CHF DIS)	B-(CHF DIS)
	A-(GBP DIS)	A- PLATFORMS (GBP DIS)	A- INST (GBP DIS)	B-(GBP DIS)
<b>Subscription</b>	Max 2%	Max 2%	Max 2%	0
<b>Redemption</b>	0	0	0	Decreasing (1)
<b>Conversion</b>	0	0	0	0
<b>Management fee (annual, in %)(2)</b>				
Al Mal MENA Equity	1.50%	2.0%	0.85%	1.50%

(1) According to the duration of the investment:

one year or less:	2.50%
2 years or less:	1.75%
3 years or less:	1.00%
from 3 years on:	0.00%

(2) The management fee, based on the total value of each Sub-Fund (net of all various liabilities other than the management fee and any additional variable management fee), for each past month, shall be payable on a monthly basis.

**SUBSCRIPTION, REDEMPTION AND CONVERSION LISTS**

*TYPE 1 Sub-Funds:* Al Mal MENA Equity.

Subscription, redemption or conversion lists are closed at 2.30 p.m. on the on the relevant Valuation Day.

Subscription, redemption or conversion applications received by the Transfer Agent prior to the indicated cut-off time shall be processed at the subscription/redemption/conversion price calculated on the basis of the NAV determined as of the applicable Valuation Day. Subscription, redemption or conversion applications received by the Transfer Agent after the indicated cut-off time shall be processed at the subscription/redemption/conversion price calculated on the basis of the NAV determined as of the following Valuation Day (as described in the individual Sub-Fund factsheets). For further details, please refer to Chapter 9, 10 and 11 in the general part of the Prospectus.