

RCSL Luxembourg K1098  
**CONSOLIDATED MANAGEMENT  
REGULATIONS**

**ARTICLE 1: THE FUND**

*NEF* (hereinafter also called "the Fund"), is established as an Undertaking for Collective Investment in Transferable Securities ("UCITS") in accordance with the Luxembourg law of 17<sup>th</sup> December, 2010, as amended from time to time ("the Law") of the Grand Duchy of Luxembourg and the directive 2009/65/EC of the European Parliament and of the Council on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as subsequently amended and supplemented (the "UCITS Directive"). The Fund is organised under Part I of the Law, in the form of an open-ended mutual investment fund ("*fonds commun de placement*") as an unincorporated co-ownership of transferable securities and other assets permitted by law. Investors are only liable up to the amount they have contributed.

The Fund is divided in separate portfolios (the "Sub-Funds"), the assets of which belong to the unitholders of the relevant Sub-Fund (the "Unitholders"), which are solely and exclusively administered on the collective behalf of the relevant Unitholders by *NORD EST ASSET MANAGEMENT* en abrégé NEAM, a public limited liability company created on May 19, 1999, for an indefinite period under the laws of the Grand Duchy of Luxembourg (the "Management Company"). Each Sub-Fund constitutes a separate pool of assets (invested in accordance with the particular investment objective and policy applicable to this Sub-Fund) and liabilities. It follows from this that each Sub-Fund operates like a single entity and therefore the value of a given unit will depend upon which Sub-Fund it relates or which corresponding Sub-Fund it belongs. To the extent permitted by applicable law, the board of directors of the Management Company (the "Board of Directors") may create as many Sub-Funds as deemed necessary, according to criteria that said Board of Directors determines. Within each Sub-Fund, the Board of Directors is entitled to create different categories and/or sub-categories of Units (the "Categories" and the "Sub-Categories") that may be characterised by their distribution policy (distribution Units- accumulation Units), their reference currency, their fee level, and or by any other feature to be determined by the Board of Directors. Information regarding any such creation/modification will be formalised by way of an amendment to the Fund's prospectus (the "Prospectus").

The assets of the Fund will thus be divided into several Sub-Funds belonging to all the holders of Units of the relevant Sub-Fund. Each of the Sub-Funds corresponds to Units of a given Sub-Fund, Category or Sub-Category. Unitholders of a given Sub-Fund, Category or Sub-Category have equal rights among themselves in this Sub-Fund, Category or Sub-Category in proportion to their holding in this Sub-Fund, Category or Sub-Category.

The particular investment policy and features of each of the available Sub-Funds are listed in chapter "Available Sub-Funds and Investment Policies" of the Prospectus.

The assets of the Fund are segregated from those of the Management Company and are held under the custodianship of CACEIS Bank, Luxembourg Branch which is also acting as central administration agent of the Fund (the "Depository" and/or "Central Administration Agent").

By the acquisition of units (the "Units") of the Fund any Unitholder fully accepts these Management Regulations which, determine the contractual relationship between the Unitholders and the Management Company. The present Consolidated Management Regulations will be deposited with the Registre de Commerce et des Sociétés de Luxembourg. A notice of the deposit of the amendment to the Management Regulations and of the Consolidated Management Regulations at the Registre de Commerce et des Sociétés de Luxembourg and published in the Recueil électronique des sociétés et associations ("RESA"), Grand Duchy of Luxembourg.

These Management Regulations apply to the Fund as a whole and/or to each Sub-Fund or Category or Sub-Category of units available in this Fund.

## ARTICLE 2 - THE MANAGEMENT COMPANY

*NORD EST ASSET MANAGEMENT* is the Management Company of the Fund. The Management Company is organised in the form of a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg and has its registered office in Luxembourg. The Management Company manages the assets of the Fund in compliance with the Management Regulations in its own name, but for the sole benefit and in the exclusive interest of the Unitholders of the Fund.

The Board of Directors of the Management Company shall determine the investment policy of the Fund within the objective set out in Article 5 hereof and the restrictions set out in Article 6 hereof.

The Board of Directors of the Management Company shall have the broadest powers to administer and manage the Fund within the restrictions set out in Article 6 hereof, including but not limited to the purchase, sale, subscription, exchange and receipt of securities and the exercise of all rights attached directly or indirectly to the assets of the Fund.

The Management Company's annual general meeting will be held within 6 months of the end of each Management Company's accounting year in the Grand Duchy of Luxembourg at the registered office of the Management Company, or at such other place in the Grand Duchy of Luxembourg as may be specified in the convening notice of meeting.

The Management Company is entitled to receive out of each Sub-Fund's average net asset value a management fee of up to 2,5 per cent per annum payable monthly. The current rate of the management fee is disclosed in the Prospectus.

Provided it is replaced by another Management Company, the Management Company shall be subject to removal in any of the following events:

- (a) the Management Company goes into liquidation, becomes bankrupt or has a receiver appointed over its assets; or,
- (b) Unitholders representing at least fifty per cent of the Units outstanding (excluding those held or deemed to be held by the Management Company) deliver a written request to dismiss the Management Company.

The Management Company may appoint an investment Manager at its own cost (the "Investment Manager") for the Fund to perform management of the Fund's assets and render such investment advisory, and other services to the Fund as may be agreed in writing by the Management Company and such Investment Manager.

## ARTICLE 3 - THE DEPOSITARY, CENTRAL ADMINISTRATION AGENT AND REGISTRAR AND TRANSFER AGENT

The Management Company shall appoint and terminate the appointment of the depositary of the assets of the Fund (the "Depositary").

CACEIS Bank, Luxembourg Branch is acting as the Depositary in accordance with a depositary agreement dated 5 September 2016 as amended from time to time (the "Depositary Agreement") and the relevant provisions of the Law.

CACEIS Bank is a public limited liability company (*société anonyme*) incorporated under the laws of France, having its registered office located at 89-91 rue Gabriel Péri – 92120 Montrouge, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Paris. It is an authorised credit institution supervised by the European Central Bank (ECB) and the Autorité de contrôle prudentiel et de résolution (ACPR). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg.

All securities and other assets of the Fund shall be held by the Depositary on behalf of the Unitholders of the Fund and/or, as the case may be, it is entrusted to verify the property of the assets of the Fund. The Depositary may, entrust to banks and other financial institutions all or part of the assets of the

Fund. The Depositary may hold securities in fungible or non-fungible accounts with such clearing houses as the Depositary may determine. The Depositary may dispose of the assets of the Fund and make payments to third parties on behalf of the Fund only upon receipt of proper instructions from the Management Company or its duly appointed agent(s). Upon receipt of such instructions and provided such instructions are in compliance with these Management Regulations, the Depositary and Central Administration Agreements and applicable law, the Depositary shall carry out all transactions with respect of the Fund's assets.

The Depositary shall assume its functions and responsibilities in accordance with the Law, as such Law may be amended from time to time. In particular, the Depositary shall:

- (a) ensure that the sale, issue, re-purchase, redemption and cancellation of units of the Fund are carried out in accordance with the applicable national law and the Law and the Management Regulations;
- (b) ensure that the value of the Units is calculated in accordance with the Law, the Management Regulations and the procedures laid down in the UCITS Directive;
- (c) carry out the instructions of the Management Company, unless they conflict with the Law or the Management Regulations;
- (d) ensure that in transactions involving the assets of the Fund, any consideration is remitted to it within the usual time limits; and
- (e) ensure that the Fund's income is applied in accordance with the Law and the Management Regulations.

The Depositary shall not be entitled to retire before the appointment of a new depositary, which must happen within a two months period starting as from the end of the termination notice. The retirement of the Depositary should take effect at the same time as the new depositary takes up office.

Pursuant to the administrative agency, registrar and transfer agreement (the "Central Administration Agreement"), CACEIS Bank, Luxembourg Branch shall further act as administration registrar, transfer and paying agent of the Fund (in such capacities referred respectively to as "Central Administration Agent" and "Registrar and Transfer Agent") as of 1<sup>st</sup> January 2014. In such capacities, CACEIS Bank, Luxembourg Branch provides certain administrative and clerical services delegated to it by the Management Company, including registration and transfer of the Units in the Fund. It further assists the Management Company in the preparation of and filing with the competent authorities of financial reports.

CACEIS Bank, Luxembourg Branch is empowered to delegate, under its full responsibility, all or part of its duties as Central Administration Agent and Registrar and Transfer Agent to a third Luxembourg entity, with the prior consent of the Management Company.

The Depositary, Central Administration Agent and Registrar and Transfer Agent shall be entitled to receive such fee as will be agreed upon from time to time with the Management Company. The fees and charges of the Depositary are borne by the Fund and are conform to common practice in Luxembourg. The fees and charges due to the Central Administration Agent and Registrar and Transfer Agent are described in Article 12 below.

Any liability that the Depositary, the Central Administration Agent and the Registrar and Transfer Agent may incur with respect to any loss caused to the Management Company, the Unitholders or third parties as a result of the improper performance of their duties thereunder will be determined under the laws of the Grand Duchy of Luxembourg.

#### **ARTICLE 4 - THE INVESTMENT MANAGER**

The Management Company may appoint an Investment Manager (the "Investment Manager") for the Fund (respectively, Sub-Fund) to perform the management of the Fund's (respectively, Sub-Fund's) assets and render such investment advisory, and other services as may be agreed in writing by the Management Company and such Investment Manager. For the performance of its duties, the Investment Manager may decide, under its full responsibility, to be assisted by one or several other investment adviser(s)/manager(s).

Such investment management agreement between the Management Company and the Investment Manager will provide for such fees to be borne by the Management Company and contain such terms and conditions as the parties thereto shall deem appropriate. Notwithstanding such an agreement, the Management Company shall remain ultimately responsible for the management of the Fund's assets.

## **ARTICLE 5 - INVESTMENT OBJECTIVE AND POLICIES**

Pursuant to the Article 41 of the Law, the investments of the Fund will consist mainly of transferable securities. The objectives of the Fund are to achieve capital appreciation and, as regards a certain number of Sub-Funds, as the case may be, income. The selected Investment Managers will maintain a prudent risk level that emphasizes growth but considers the need to preserve capital and accumulated income.

In order to offer investors a variety of investment alternatives the Fund may be divided into several Sub-Funds (the "Sub-Funds"), and each Sub-Fund will have its own assets. The Sub-Funds may differ according to their main objective (geographical sector, economic sector, currency, etc.).

The Management Company may decide to add further Sub-Funds, to discontinue existing Sub-Funds or to vary the investment objective and policy of existing Sub-Funds, subject to, where applicable, a prior notice being given to the Unitholders and subject further to the current Prospectus of the Fund being either amended by way of a prospectus supplement or a revised prospectus being issued.

Since investment in the various Sub-Funds of the Fund is subject to normal market risk, absolute attainment of its declared objective cannot be guaranteed.

The total net assets of the Fund are expressed in EUR for the needs of the Fund's financial reports.

## **ARTICLE 6 - INVESTMENT RESTRICTIONS AND FINANCIAL TECHNIQUES AND INSTRUMENTS**

### **1. INVESTMENT RESTRICTIONS**

Each Sub-Fund is subject to the following investment restrictions.

(I) (A) Each Sub-Fund shall invest in:

- (1) transferable securities and money market instruments admitted to or dealt in on a regulated market in any Eligible State;
- (2) transferable securities and money market instruments dealt in on another regulated market in an Eligible State which is regulated, operates regularly and is recognised and open to the public (a "Regulated Market");
- (3) transferable securities and money market instruments admitted to official listing on a stock exchange in a non Eligible State or dealt in on another in a non Eligible 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 the constitutional document of the Fund;;
- (4) recently issued transferable securities and money market instruments provided that the terms of the issue undertake that application will be made for admission to the official listing on a stock exchange or on another Regulated Market referred to above and that such admission is secured within a year of the issue.  
"Eligible State" must be understood as any country of Europe, Asia, Oceania, the American continents and Africa.
- (5) units of UCITS authorised according to the UCITS Directive and/or other UCIs within the meaning of the first and second indent of Article 1 (2) of the UCITS Directive, whether situated in an EU 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 sufficient ensured,
  - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive,
  - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their management regulations or instruments of incorporation, in aggregate be invested in units of other UCITS or other UCIs;
- (6) deposits with credit institutions which are repayable on request and/or on demand with a maturing date in no more than 12 months, provided that the credit institution has its registered office in a Member State of the European Union or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (7) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
- the underlying consists of instruments covered under this section, financial indices, interest rates, foreign exchange rates or currencies, in which the Fund and or each Sub-Fund may invest according to its 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 at the Fund's initiative;
- (8) money market instruments other than those dealt in on a Regulated Market, if the issuer or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong, or
  - issued by an undertaking any securities of which are dealt in on Regulated Markets, or
  - issued or guaranteed by a credit institution which is subject to prudential supervision, in accordance with criteria defined by Community Law, or by a credit institution which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law, or
  - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or third indent of this section (A) and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (10,000,000 euro) and which presents and publishes its annual accounts in accordance with 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 benefit from a banking liquidity line.

- (B) In spite of what is provided for under (I)(A), above, the Fund and/or each Sub-Fund may also invest no more than 10% of its net assets in transferable securities and money market instruments other than those referred to in (A).
- (II) Each Sub-Fund may hold, up to 20% of net assets, ancillary liquid assets which consist of bank deposits at sight such as cash held in current accounts with a bank accessible at any time. The aim of holding ancillary liquid assets is to cover current or exceptional payments, for the time necessary to reinvest in eligible assets provided under article 41(1) of the Law or for a period of time strictly necessary in case of unfavourable market conditions.
- (III) (A) Each Sub-Fund will invest no more than 10% of its net assets in transferable securities or money market instruments issued by the same issuing body. The Fund may not invest more than 20% of the net assets of any 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) (6) above or 5% of its net assets in other cases.
- (B) Moreover, where the Fund holds on behalf of a Sub-Fund investments in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not exceed 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 (A), the Fund may not combine for each Sub-Fund:

- investments in transferable securities or money market instruments issued by a single body,
  - deposits made with a single body, and/or
  - exposures arising from OTC derivative transactions undertaken with a single body in excess of 20% of its net assets
- (C) The limit of 10% laid down under (III)(A) above, may be of a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State, by its local authorities, by a non-EU Member State or by public international bodies of which one or more EU Member States are members.
- (D) The limit of 10% laid under (III)(A) above, may be of a maximum of 25% for covered bonds as defined in Article 3(1) of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (the "Directive (EU) 2019/2162"), and for certain bonds where they are issued before 8 July 2022 by a credit institution which has its registered office in an EU Member State and is subject, by law, to special public supervision designed to protect bond-holders. In particular, sums deriving from the issue of these bonds issued before 8 July 2022 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 the Sub-Fund invests more than 5% of its net assets in the bonds referred to in this subparagraph and issued by the same issuer, the total value of such investments may not exceed 80% of the value of the Sub-Fund's net assets.

- (E) The transferable securities and money market instruments referred to in (C) and (D) shall not be included in the calculation of the limit of 40% in (B).

The limits set out in sub-paragraphs (III) (A), (B), (C) and (D) may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any 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 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained under (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 an EU Member State, by its local authorities or agencies, or by another Member State of the OECD or by public international bodies which one or more Members States of the EU are members, provided that the 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 under (V), the limits provided under (III) are raised to a maximum of 20% for investments in shares 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 (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) Each Sub-Fund will not:
- (A) - acquire more than 10% of the non-voting shares of the same issuer;  
- acquire more than 10% of the debt securities of the same issuer;  
- acquire more than 10% of the money market instruments of the same issuer.

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

Such limits shall not apply to transferable securities and money market instruments issued or guaranteed by a Member State of the European Union, its local authorities, any other state, or by public international bodies of which one or more Member States of the European Union are members;

These provisions might be waived as regards shares held by the Fund in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the non-Member State of the EU complies with the limits laid down in paragraph (III), (V) and (VI) (A), (B), (C) and (D).

- (B) acquire shares carrying voting rights which would enable the Sub-Fund exercise significant influence over the management of the issuing body;
- (VI) (A) The Fund may acquire units of the UCITS and/or other UCIs referred under (I) (A) (5), provided that no more than 20% of its net assets be invested in the units of a single UCITS or other UCI.

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

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

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

- (C) When the Sub-Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, the management company or other company cannot charge subscription or redemption fees on account of its investment in the units of such other UCITS and/or other UCIs.  
If any Sub-Fund's investments in other UCITS and/or other UCIs constitute a substantial proportion of that Sub-Fund's assets, it shall disclose in the prospectus the maximum level of the management fees (excluding any performance fee) charged both to such Sub-Fund itself and the other UCITS and/or other UCIs concerned in which the Sub-Fund intends to invest. The Fund will indicate in its annual report the maximum level of the management fees charged both to the relevant Sub-Fund and to the UCITS and/or other UCIs in which such 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.
- (VII) The Fund shall ensure for each Sub-Fund that the global exposure relating to derivative instruments does not exceed the total net value 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 Sub-Fund invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down under (III) above. When the Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down under (III).  
When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this section.
- (VIII) Each Sub-Fund will not:
- (A) purchase any securities on margin (except that the Sub-Fund may obtain such short-term credit as may be necessary for the clearance of purchases and sales of securities) or make short sales of securities or maintain a short position; deposits or other accounts in connection with option, forward or financial futures contracts, are, however, permitted within the limits provided for here below;
- (B) make loans to, or act as a guarantor for, other persons, or assume, endorse or otherwise become directly or contingently liable for, or in connection with, any obligation or indebtedness of any person in respect of borrowed monies, provided that for the purpose of this restriction (i) the acquisition of transferable securities in partly paid form, and (ii) the lending of portfolio securities subject to all applicable laws and regulations shall not be deemed to constitute the making of a loan or be prohibited by this paragraph;
- (C) borrow more than 10% of its total net assets, and then only from banks and as a temporary measure. Each Sub-Fund may, however, acquire currency by means of a back to back loan. Each Sub-Fund will not purchase securities while borrowings are outstanding in relation to it, except to fulfil prior commitments and/or exercise subscription rights;
- (D) mortgage, pledge, hypothecate or in any manner encumber as security for indebtedness, any securities owned or held by each Sub-Fund, except as may be necessary in connection with the borrowings permitted under preceding paragraph and then such mortgaging, pledging, hypothecating or encumbering may not exceed 10% of each Sub-Fund's total net assets. The deposit of securities or other assets in a separate account in connection with option or financial futures transactions shall not be considered to be a mortgage, pledge or hypothecation or encumbrance for this purpose;
- (E) make investments in, or enter into transactions involving precious metals, commodities or certificates representing these.

(F) may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.

(G) may not acquire either precious metals or certificates representing them.

### **Cross investment Sub-Fund**

A Sub-Fund may, subscribe, acquire and / or hold securities to be issued or issued by one or more other Sub-Funds under the condition however that:

- (i) the target Sub-Fund does not in turn, invest in the Sub-Fund invested in this target Sub-Fund: and,
- (ii) no more than 10% of the assets of the target Sub-Fund whose acquisition is contemplated may, pursuant to its investment policy, be invested in aggregate in units of other UCIs; and
- (iii) voting rights if any, attaching to the relevant securities are suspended for as long as they are held by the Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports: and
- (iv) in any event for as long as these securities are held by the 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 this Law.

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

### **TRANSPARENCY ON SECURITIES FINANCING TRANSACTIONS**

The Fund may employ securities financing transactions (“SFTs”) and derivative instruments relating to transferable securities and money market instruments amongst others for hedging purposes, efficient portfolio management, duration management or other risk management of the portfolio notably in accordance with the terms and conditions of EU Regulation 2015/2365 of 25 November 2015 on transparency of securities financing transaction and of reuse (“STFR”) as described here below.

Information on whether a Sub-Fund makes use of SFTs is specified under Section “Available Sub-Funds and investment policies” of the Prospectus. In the case where a Sub-Fund makes use of securities lending and borrowing and/or repurchase agreements, it will be on a continuous basis, and to try to positively impact its performance.

The Sub-Funds will not make use of the following SFTs:

- buy-sell back and sell-buy back transaction;
- margin lending transaction.

The assets that may be subject to SFTs and TRS are limited to:

- short term bank certificates or money market instruments such as defined within Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to certain UCITS as regards the clarification of certain definitions;
- bonds issued or guaranteed by a Member State of the OECD or by their local public authorities; or by supranational institutions and undertakings with EU, regional or world-wide scope;
- shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- bonds issued by non-governmental issuers offering an adequate liquidity;
- shares quoted or negotiated on a Regulated Market of a European Union Member State or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

The maximum proportion of assets under management of the Fund that can be subject to SFTs and TRS is as follows:

- Securities lending 100 %

- Securities borrowing 10 %
- Repurchase agreements 15 %
- TRS 50 %

The counterparties to the SFTs and TRS will be selected on the basis of very specific criteria taking into account notably their legal status, country of origin, and minimum credit rating. The Fund will therefore only enter into SFTs and TRS with such counterparties that are subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and approved by the board of directors of the Management Company, and who are based on a regulated market of a European Union Member State or on a stock exchange of a Member State of the OECD. The credit analysis of the counterparties is tailored to the intended activity and may include, but not limited to, a review of the management, liquidity, profitability, corporate structure, regulatory framework in the relevant jurisdiction, capital adequacy and asset quality. Approved counterparties will typically have a public rating of A- or above. There are no predetermined legal status or geographical criteria, except that it has to be of good reputation, applied in the selection of the counterparties.

The Fund will collateralize its SFTs and TRS pursuant to the provisions set forth hereunder in section "Management of collateral and collateral policy". The risks linked to the use of SFTs and TRS as well as risks linked to collateral management, such as operational, liquidity, counterparty, custody and legal risks and, where applicable, the risks arising from its reuse are further described in section "Risk Factors" of the Prospectus.

Assets subject to SFTs and TRS will be safe-kept by the Depositary as better described in the Prospectus under the section The Depositary and Central Administration Agent.

All revenues arising from TRS, net of direct and indirect operational costs and fees, will be returned to the Fund. 70% of revenues arising from securities lending, net of direct and indirect operational costs and fees, will be returned to the Fund while the remaining 30% will be respectively paid to CACEIS Bank Luxembourg Branch as securities lending agent (25%) and to the Management Company (5%).

In particular, fees and cost may be paid to agents of the Management Company and other intermediaries providing services in connection with TRS and SFTs as normal compensation of their services. Such fees may be calculated as a percentage of gross revenues earned by the Fund through the use of such techniques and transactions.

The annual report will contain information on income in connection with TRS and SFT's together with (i) details on direct and indirect operational costs and fees, (ii) identity of the entities which receive these direct and indirect operational costs and fees.

The Management Company for its services to the Fund receives a fee, paid by the borrower, not exceeding 5% of the gross revenue.

The exercise of the right to reuse financial instruments received under a collateral arrangement will be subject to the restrictions and disclosure obligations set forth in article 15 of the EU Regulation 2015/2365 of 25 November 2015 on transparency of securities financing transaction and of reuse.

The Management Company, the Investment Managers, the Depositary and Central Administration Agent may, in the course of their business, have potential conflicts of interests with the Fund when using securities lending, repurchase or reverse repurchase transactions, such as:

- The Depositary or independent firms as lending agent may have the motivation to increase or decrease the amount of securities on loan or to lend particular securities in order to generate additional risk-adjusted revenue for itself and its affiliates or;
- The Depositary or independent firms could also as a lending agent may have an incentive to allocate loans to clients that would provide more revenue to the firm.

Each of the Management Company, the Investment Managers, the Depositary and Central Administration Agent will have regard to their respective duties to the Fund and other persons when undertaking transactions where conflicts or potential conflicts of interest may arise. In the event that such conflict do arise, each of such persons has undertaken or will be requested by the Fund to undertake to use its reasonable endeavors to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Fund and Unitholders are fairly treated.

## **RISK-MANAGEMENT PROCESS**

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

## **2. FINANCIAL TECHNIQUES AND INSTRUMENTS**

### **1. General provisions**

For the purpose of efficient portfolio management and/or to protect its assets and commitments, the Fund may arrange for each Sub-Fund to make use of techniques and instruments relating to Transferable Securities and Money Market Instruments.

When these transactions involve the use of derivatives, the conditions and restrictions set out above in section I “Investment Restrictions” must be complied with. The Fund may arrange for each Sub-Fund to make use for purpose of hedging of same derivative instruments as those described below under point 2 for purposes other than hedging.

In no case whatsoever must recourse to transactions involving derivatives or other financial techniques and instruments cause the Fund to depart from the investment objectives set out in the Prospectus.

### **2. Use of derivatives for purposes other than hedging**

Where with respect to a particular sub-fund derivatives will be used for purposes other than hedging, the following rules will have to be complied with:

- (i) Transactions relating to options
  - a) The total commitment arising from (a) the sale of call and put options (excluding the sale of call options for which there is adequate cover) and (b) transactions referred to under (ii) and (iii) below may not exceed in respect of each Sub-fund at any time the Net Asset Value of such Sub-fund. In this context, the commitment on call and put options sold is equal to the aggregate amount of the exercise prices of those options.
  - b) When selling call options, the Fund must hold either the underlying transferable securities, or matching call options or any other instruments (such as warrants) providing sufficient cover. The cover for call options sold may not be disposed of as long as the options exist, unless they are covered in turn by matching options or other instruments used for the same purpose. Notwithstanding the foregoing, the Fund may sell uncovered call options if the Fund is, at all times, able to cover the positions taken on such sale and if the exercise prices of such options do not exceed 25% of the Net Asset Value of the relevant Sub-fund.
  - c) When selling put options, the Fund must be covered during the full duration of the option by sufficient cash or liquid assets to pay for the transferable securities deliverable to the Fund by the counterparty on the exercise of the options.

- (ii) Transactions relating to futures, options and swap contracts relating to financial instruments

The Fund may, for a purpose other than hedging:

- a) buy and sell futures contracts and options contracts, on any type of financial instrument (including contracts on currencies), provided that the total commitment arising on these purchase and sale transactions, together with the total commitment arising on the sale of call and put options referred to under (i) a) above, (ii)b) and (iii) below in respect of each Sub-fund, at no time exceeds the Net Asset value of such Sub-fund.

In this context, the commitment arising on transactions that do not relate to options on transferable securities is defined as follows:

- the commitment arising on futures contracts is equal to the liquidation value of the net position of contracts relating to identical financial instruments (after netting between purchase and sale positions), without taking into account the respective maturity dates; and
  - the commitment relating to options bought and sold is equal to the sum of the exercise prices of those options representing the net uncovered sales positions in respect of the same underlying asset, without taking into account the respective maturity dates.
- b) enter into swap contracts in which the Fund and the counterparty agree to exchange the returns generated by a security, instrument, basket or index thereof for the returns generated by another security, instrument, basket or index thereof. The payments made by the Fund to the counterparty and vice versa are calculated by reference to a specific security, index, or instrument and an agreed upon notional amount. The relevant indices include, but are not limited to, currencies, fixed interest rates, prices and total return on interest rate indices, fixed income indices, stock indices, and commodity indices. The Fund may enter into swap contracts relating to commodity indices, up to 10% of the net assets of each Sub-fund, and provided that the commodity indice :
- is sufficiently diversified ;
  - represents an adequate benchmark for the market to which it refers;
  - is published in an appropriate manner.

The Fund may enter into swap contracts relating to any financial instrument or index provided that the total commitment arising from such transactions together with the total commitments referred to under (i)a), (ii)a) above and (iii) below, in respect of each Sub-fund at no time exceeds the Net Asset Value of such Sub-funds and the counterparty to the swap contract is a first class financial institution that specialises in that type of transaction.

In this context, the commitment arising on a swap transaction is equal to the value of the net position under the contract marked to market daily. Any accrued, but unpaid, net amounts owed to a swap counterparty will be covered by cash or transferable securities.

#### (iii) Forward Purchase Settlement Transactions

The Fund may, to a limited extent and within the limits set forth below, enter into forward purchase settlement transactions for a purpose other than hedging with broker-dealers who make markets in these transactions and who are first class financial institutions that specialise in these types of transaction and are participants in the over-the-counter markets; such transactions consist of the purchase of debt securities or currencies at their current price with delivery and settlement at a specified future date (which could be in two to twelve months' time).

As settlement date approaches, the Fund may agree with the relevant broker-dealer either to sell the debt securities back to such broker-dealer or to roll the trade over for a further period with any gains or loss realised on the trade paid to, or received from, the broker-dealer. Such transactions are, however, entered into by the Fund with a view to acquiring the relevant debt securities.

The Fund will pay customary fees to the relevant broker-dealer in order to finance the cost to such broker-dealer of the delayed settlement.

The total commitment arising on these forward purchase settlement transactions together with the total commitment arising on the transactions, referred to under (i) and (ii) above in respect of each Sub-fund will at no time exceed the Net Asset Value of such Sub-fund.

The Fund must also at all times have sufficient liquid assets available to meet the commitments arising on such transactions and redemption requests.

### **3. Securities Lending**

Information on whether a Sub-Fund makes use of securities lending is specified under Section "Available Sub-Funds and investment policies" of the Prospectus. In the case where a Sub-Fund enters into securities lending transactions as lender or borrower, it must comply with the provisions set forth in CSSF Circular 08/356, and in particular:

Each Sub-Fund may lend/borrow the securities included in its portfolio to a borrower/lender either directly or through a standardised lending system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law and specialised in this type of transactions;

For each securities lending transaction, the Sub-Fund must receive, a guarantee the value of which is, during the lifetime of the lending agreement, at least equivalent to 90% of the global valuation (interests, dividends and other eventual rights included) of the securities lent.

The guarantee must normally take the form of:

(i) liquid assets; liquid assets include not only cash and short term bank certificates, but also money market instruments such as defined within Directive 2009/65/EC. A letter of credit or a guarantee at first-demand given by a first class credit institution not affiliated to the counterparty are considered as equivalent to liquid assets;

(ii) bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;

(iii) shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;

(iv) shares or units issued by UCITS investing mainly in bonds/shares mentioned in (v) and (vi) below;

(v) bonds issued or guaranteed by first class issuers offering an adequate liquidity, or

(vi) shares admitted to or dealt in on a regulated market of a Member State of the European Union or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

In the case the guarantee is given in the form of cash, such cash could be reinvested by the Sub-fund subject to the prior update of the Prospectus.

#### **4. Credit Default Swaps**

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

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

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

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

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

The aggregate commitments on all credit default swaps will not exceed 20% of the net assets of the Sub-Fund unless specified differently in the Sub-Funds particular.

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

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

Each Sub-Fund will not:

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

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

#### **5. "Réméré" transactions (repurchase agreements)**

Information on whether a Sub-Fund makes use of "réméré transactions" (repurchase agreements) is specified under Section "Available Sub-Funds and investment policies" of the Prospectus. In the case where a Sub-Fund enters into "réméré" transactions which consist of the purchase and sale of securities with a clause reserving the seller the right to repurchase from the acquirer the securities sold at a price and term specified by the two parties in a contractual agreement, it must comply with the provisions set forth in CSSF Circular 08/356. Each Sub-Fund can act either as purchaser or seller in "réméré" transactions. The involvement in such transactions is, in particular, subject to the following regulations: (a) The Sub-Fund may enter into these transactions only if the counterparties to these transactions are subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law; (b) During the duration of a purchase with a repurchase option agreement, the Sub-Fund may not sell the securities which are the subject of the contract, before the counterparty has exercised its option or until the deadline for the repurchase has expired, unless the Sub-Fund has other means of coverage; (c) The Sub-Fund must ensure to maintain the value of the purchase with repurchase option transactions at a level such that it is able, at all times, to meet its redemption obligations towards Unitholders.

A Sub-Fund's counterparty risk arising from one or more securities lending transactions, sale with right of repurchase transaction or repurchase/reverse repurchase transaction vis-à-vis one same counterparty may not exceed:

- 10% of the Sub-Fund's net assets if such counterparty is a credit institution having its registered office in the European Union or in a jurisdiction considered by the CSSF as having equivalent prudential supervision rules; or
- 5% of the Sub-Fund's net assets in any other case.

If the limitations above are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, the Management Company shall adopt as a priority objective for the sale transactions of the Fund, the remedying of that situation, taking due account of the interests of the Unitholders of the Fund.

The Management Company shall have the authority to take appropriate steps with the agreement of the Depositary to amend the investment restrictions and other parts of the Management Regulations, as well as to institute further investment restrictions which are necessary in order to comply with the conditions in such countries where units are sold or are to be sold.

#### **6. Management of collateral and collateral policy**

## General

In the context of OTC financial derivative transactions and efficient portfolio management techniques, the Fund may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral policy applied by the Management Company on behalf of the Fund in such case. All assets received by the Fund in the context of efficient portfolio management techniques shall be considered as collateral for the purpose of this section.

## Eligible Collateral

Collateral received by the Fund may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and CSSF-Circulars issued from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

- (i) Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
- (ii) It should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- (iii) It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- (iv) It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the respective Sub-Fund's net asset value to any single issuer on an aggregate basis, taking into account all collateral received. By way of derogation, a Sub-Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State of the EU, one or more of its local authorities, a third country, or a public international body to which one or more EU Member States belong, provided the Sub-Fund receives securities from at least six different issues and any single issue does not account for more than 30% of the Sub-Fund's net assets. Accordingly a Sub-Fund may be fully collateralised in securities issued or guaranteed by an eligible OECD Member State.
- (v) It should be capable of being fully enforced by the Management Company on behalf of the Fund at any time without reference to or approval from the counterparty.

Subject to the abovementioned conditions, collateral received by the Fund may consist of:

- (i) Cash and cash equivalents, including short-term bank certificates and money market instruments;
- (ii) Bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope;
- (iii) Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- (iv) Shares or units issued by UCITS investing mainly in bonds/shares mentioned in number (v) and (vi) above;
- (v) Bonds issued or guaranteed by first class issuers offering adequate liquidity
- (vi) Shares admitted to or dealt in on a regulated market of a Member State of the EU or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.
  - (a) Non-Cash collateral:
    1. cannot be sold, pledged or re-invested;
    2. must be issued by an entity independent of the counterparty; and
    3. must be diversified to avoid concentration risk in one issue, sector or country.

The maturity of the non-cash collateral shall be a maximum of 5 years.

### (b) Cash Collateral can only be:

- placed on deposit with entities prescribed in Article 41(f) of the Law;
- used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis;

- invested in short-term money market funds as defined in ESMA's Guidelines on a Common Definition of European Money Market Funds. Each Sub-Fund may reinvest cash which it receives as collateral in connection with the use of techniques and instruments for efficient portfolio management, pursuant to the provisions of the applicable laws and regulations, including CSSF Circular 08/356, as amended by CSSF Circular 11/512 and the ESMA Guidelines.

Re-invested cash collateral will expose the Sub-Fund to certain risks such as foreign exchange risk, the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested. Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non cash collateral.

Each Sub-Fund must make sure that it is able to claim its rights on the guarantee in case of the occurrence of an event requiring the execution thereof. Therefore, the guarantee must be available at all times, either directly or through the intermediary of a first class financial institution or a wholly-owned subsidiary of this institution, in such a manner that the Sub-Fund is able to appropriate or realize the assets given as guarantee, without delay, if the counterparty does not comply with its obligation to return the securities. During the duration of the agreement, the guarantee cannot be sold or given as a security or pledged.

#### Level of Collateral

The Management Company will determine the required level of collateral for OTC financial derivatives transactions and efficient portfolio management techniques by reference to the applicable counterparty risk limits set out in the Prospectus and taking into account the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions.

#### Haircut Policy

Collateral will be maintained at all times in an amount equal to 100% of the total valuation of the securities and for the duration of the loan adjusted by the applicable margin in accordance with the table below (the "Haircut")

#### Haircut applicable to collateral received in respect of securities lending transactions:

Government bonds and T-Bills	2%
Supranational bonds and municipal bonds	3%
Corporate bonds	4%
Equities	at least 5%

Collateral is blocked in favor of the Company until termination of the lending contract.

#### Reinvestment of Collateral

Non-cash collateral received by the Fund may not be sold, re-invested or pledged.

Cash collateral received by the Fund can only be:

- (i) placed on deposit with credit institutions which have their registered office in an EU Member State or, if their registered office is located in a third-country, are subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (ii) invested in high-quality government bonds;
- (iii) used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis; and/or
- (iv) invested in short-term money market funds as defined in the ESMA-Guidelines 2010/049 on a Common Definition of European Money Market Funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out under the section "Eligible Collateral" above.

The Sub-Fund concerned may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the Management Company on behalf of the Fund to the counterparty at the conclusion of the transaction. The respective Sub-Fund would be required to cover the difference in value between

the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to such Sub-Fund.

## **ARTICLE 7 - CO-MANAGEMENT**

In order to reduce operational and administrative charges while allowing a wider diversification of the investments, the Management Company may decide that part or all of the assets of any Sub-Fund will be co-managed with assets belonging to other Luxembourg collective investment schemes. In the following paragraphs, the words “co-managed entities” shall refer to any Sub-Fund and all entities with and between which there would exist any given co-management arrangement and the words “co-managed Assets” shall refer to the entire assets of these co-managed entities and co-managed pursuant to the same co-management arrangement.

Under the co-management arrangement, the Investment Manager will be entitled to take, on a consolidated basis for the relevant co-managed entities, investment, disinvestment and portfolio readjustment decisions which will influence the composition of the Sub-Fund’s portfolio. Each co-managed entity shall hold a portion of the co-managed Assets corresponding to the proportion of its net assets to the total value of the co-managed Assets. This proportional holding shall be applicable to each and every line of investment held or acquired under co-management. In case of investment and/or disinvestment decisions these proportions shall not be affected and additional investments shall be allotted to the co-managed entities pursuant to the same proportion and assets sold shall be levied proportionately on the co-managed Assets held by each co-managed entity.

In case of new subscriptions in one of the co-managed entities, the subscription proceeds shall be allotted to the co-managed entities pursuant to the modified proportions resulting from the net asset increase of the co-managed entity which has benefited from the subscriptions and all lines of investment shall be modified by a transfer of assets from one co-managed entity to the other in order to be adjusted to the modified proportions. In a similar manner, in case of redemptions in one of the co-managed entities, the cash required may be levied on the cash held by the co-managed entities pursuant to the modified proportions resulting from the net asset reduction of the co-managed entity which has suffered from the redemptions and, in such case, all lines of investment shall be adjusted to the modified proportions. Unitholders should be aware that, in the absence of any specific action by the Management Company or its appointed agents, the co-management arrangement may cause the composition of assets of a Sub-Fund to be influenced by events attributable to other co-managed entities such as subscriptions and redemptions. Thus, all other things being equal, subscriptions received in one entity with which any Sub-Fund is co-managed will lead to an increase of this Sub-Fund’s reserve of cash. Conversely, redemptions made in one entity with which any Sub-Fund is co-managed will lead to a reduction of the Sub-Fund’s reserve of cash. Subscriptions and redemptions may however be kept in the specific account opened for each co-managed entity outside the co-management arrangement and through which subscriptions and redemptions must pass. The possibility to allocate substantial subscriptions and redemptions to these specific accounts together with the possibility for the Management Company or its appointed agents to decide at any time to terminate a Sub-Fund’s participation in the co-management arrangement permit the Sub-Fund to avoid the readjustments of its portfolio if these readjustments are likely to affect the interest of the Fund and of its Unitholders.

If a modification of the composition of the Sub-Fund’s portfolio resulting from redemptions or payments of charges and expenses peculiar to another co-managed entity (i.e. not attributable to the Sub-Fund) is likely to result in a breach of the investment restrictions applicable to the Sub-Fund, the relevant assets shall be excluded from the co-management arrangement before the implementation of the modification in order for it not to be affected by the ensuing adjustments.

Co-managed Assets of any Sub-Fund shall only be co-managed with assets intended to be invested pursuant to investment objectives identical to those applicable to the co-managed Assets of such Sub-Fund in order to assure that investment decisions are fully compatible with the investment policy of the Sub-Fund. Co-managed Assets of any Sub-Fund shall only be co-managed with assets that are held by the Depositary in custody in order to assure that the Depositary is able, with respect to the Fund, to fully carry out its functions and responsibilities pursuant to the Law. The Depositary shall at all times keep the Fund’s assets segregated from the assets of other co-managed entities, and shall therefore be able at all time to identify the assets of the Fund. Since co-managed entities may have investment policies which are not strictly identical to the investment policy of one of the Sub-Funds, it is possible that as a result the common policy implemented may be more restrictive than that of the Sub-Fund.

The Management Company may decide at any time and without notice to terminate the co-management arrangement.

Unitholders may at all times contact the registered office of the Management Company to be informed of the percentage of assets which are co-managed and of the entities with which there is such a co-management arrangement at the time of their request. Annual and half-yearly reports shall state the co-managed Assets' composition and percentages.

## **ARTICLE 8 - THE UNITS**

Without prejudice for the time to time applicable restrictions pursuant to the Prospectus, any person or corporate entity may acquire Units in the Fund against payment of the issue price such as determined hereafter.

The Units, which are of no par value, carry no preferential or pre-emptive rights. All Units of the Fund must be fully paid.

The Units of the Fund, subject as mentioned above, are freely transferable, and, upon issue, are entitled to participate equally in the profits and dividends of the Fund, in its assets in liquidation and in all other respects.

Fractions of Units are, in due proportion, entitled to the same rights as full units. Fractions will be issued until the third decimal, in case an order (subscription, redemption, switch) requires it.

The owner of a Unit holds a co-ownership right in the Fund's assets. Within each Sub-Fund, the Board of Directors is entitled to create different categories and/or sub-categories ("the Categories" and "the Sub-Categories") that may be characterised by their distribution policy, their form, their reference currency, their fee level, and or by any other feature to be determined by the Board of Directors. The Units are in registered form. The Depositary delivers to the Unitholders confirmation statements evidencing their holdings at their express request.

## **ARTICLE 9 - ISSUE AND REDEMPTION OF UNITS**

### **9.1. Issue of Units**

Investors and Unitholders may subscribe, redeem or convert their Units on each "Valuation Day" – as defined in the Prospectus (hereinafter the "Valuation Day") – with the Registrar and Transfer Agent, or with any authorised bank or sales agent.

Units may be issued on each Valuation Day as further described for each Sub-Fund in the Prospectus, but at least twice a month, subject to the right of the Management Company to discontinue temporarily such issue as provided in the Article "Determination of the Net Asset Value per Unit" under the heading "Suspension of Calculation".

The subscriptions will be processed on the basis of the Net Asset Value per Unit of the relevant Category on a Valuation Day, provided that applications for subscription are received by the Registrar and Transfer Agent by 2 p.m. on that Valuation Day. Applications received after that time will be processed on the next Valuation Day.

Applications for subscription must be made by sending a subscription request in a form determined by resolution of both the Management Company and the Depositary.

In addition to the subscription fees applicable to the Units' subscriptions and to the extent referred to in the Prospectus, other costs may be charged to Subscribers in order to remunerate the activity performed by the banks acting as payment agents or by the parties that are appointed to perform Units placement.

The Fund will accept payment in any major freely convertible currency not later than three Business Days after the relevant Valuation Day. If the payment is made in a currency different from the Reference Currency, any currency conversion cost shall be borne by the Unitholder.

The minimum initial and subsequent investment and minimum holding requirements, if any, shall be disclosed in the sales documents for the Fund's different Sub-Funds.

Investors may also subscribe Units by means of a Pluriannual Investment Plan (the "Plan"). Terms and conditions of such Plan are fully described in separate leaflets offered to subscribers in countries where such Plan is available. The Prospectus is attached to such leaflets, or such leaflets describe how a Prospectus can be obtained. In that case, exceptional fees – in addition to the subscription fee applicable to single payment subscriptions – may be charged to the investor in favour of the authorized bank or sale agent who has received the subscription request.

## **9.2. Redemption of Units**

Unitholders may at any time request redemption of their Units of any Category.

Redemptions will be processed on the basis of the Net Asset Value per Unit of the relevant Category on a Valuation Day, provided that applications for redemption are received by the Registrar and Transfer Agent by 2 p.m. on that Valuation Day. Applications received after that time will be processed on the next Valuation Day. It is not currently foreseen that a redemption fee shall be levied. However, additional fees may be charged to the investors, to the extent it is allowed under the Prospectus, in order to remunerate the activity performed by the banks acting as payment agents or by those subjects that have intermediated the Units redemption.

Applications for redemption must be made by sending to the Registrar and Transfer Agent, or to any bank and sales agent appointed by it for this purpose, a redemption request in a form determined by resolution of both the Management Company and the Depositary.

Redemption requests by a Unitholder who is not a physical person must be accompanied by a document evidencing authority to act on behalf of such Unitholder or power of attorney which is acceptable in form and substance to the Management Company. Redemption requests made in accordance with the foregoing procedure shall be irrevocable, except that a Unitholder may revoke such request in the event that it cannot be honoured for any of the reasons specified in the Chapter "Determination of the Net Asset Value per Unit".

Investors may also redeem their Units by means of a redemption Plan. Terms and conditions of such Plan are fully described in separated leaflets offered to subscribers in countries where such Plan is available. In that case, exceptional fees may be charged to the investor in favour of the authorized bank or sale agent who has received the redemption request.

Payment of the redemption price will be made by the Management Company not later than one week from the relevant Valuation Day or at the date on which the transfer documents have been received by the Registrar and Transfer Agent, whichever is the later date. Payment for such Units will be made in the Reference Currency of the Sub-Fund. Payment for such Units may also be made in such other currency that may be freely purchased with the Reference Currency and that a Unitholder applying for redemption of its Units may request, provided that any currency conversion cost shall be deducted from the amount payable to such Unitholder.

The Management Company may approve the redemption of Category of Units by means of securities of the corresponding Sub-Fund provided that the holder accepts such a redemption in specie, that such a redemption is not made to the detriment of the remaining holders of the Sub-Fund and provided that the equality amongst holders of the Sub-Fund is at all time maintained. A valuation report, the cost of which is to be borne by the relevant holder, will be drawn up by the auditor ("réviseur d'entreprises agréé") of the Fund and will be deposited with the Court and available for inspection at the registered office of the Fund.

With a view to protecting the interests of all Unitholders, the Management Company will be entitled at its discretion, to limit the number of Units redeemed on any Valuation Day to 10 per cent of the total number of Units in issue in the relevant Sub-Fund. In this event, the limitation will apply pro rata so that all holders wishing to redeem their Units on that Valuation Day redeem the same proportion of

such Units, and Units not redeemed but which would otherwise have been redeemed will be carried forward for redemption, subject to the same limitation, on the next Valuation Day. In this case, all applications for redemption without any exception will be processed at the Net Asset Value per unit thus calculated. If requests for redemption are so carried forward, the Management Company will inform the Unitholders affected.

If on any given date payment in respect of requests involving substantial redemptions cannot be effected out of the Fund's assets or authorised borrowings, the Management Company may defer payments for such period as is considered necessary to sell part of the Fund's assets in order to be able to meet the substantial redemption requests.

The Management Company may compulsorily redeem the entire unitholding of any Unitholder who would not comply with the minimum holding request, if any, as stated in Section "Available Sub Funds and investment Policies" in the Prospectus.

The Management Company may impose such restrictions as they may think necessary for the purpose of ensuring that no Units in the Fund are acquired or held by (a) any person in breach of the laws or requirements of any country or governmental authority, or (b) any person in circumstances which in the opinion of the Management Company might result in the Fund incurring any liability of taxation or suffering any other disadvantage which the Fund might not otherwise have incurred or suffered. The Fund may compulsorily redeem all Units held by any such person.

In accordance with the Management Regulations, the Management Company may further compulsorily redeem all of the Units of a given Sub-Fund if, at any time, the Net Asset Value of such Sub-Fund shall, on a Valuation Date, be less than EUR 5 million or its equivalent in the Reference Currency.

The provisions listed herein will apply mutatis mutandis to the compulsory redemption of Units.

## ARTICLE 10- CONVERSION

Unitholders of a Sub-Fund will be entitled to convert some or all of their Category of Units into Units of another Sub-Fund or Category on any day which is a Valuation Day for both relevant Sub-Funds or Categories, by making application to the Registrar and Transfer Agent or to any bank and sales agent appointed by it for this purpose, including the relevant information.

Applications for conversion will be processed on a Valuation Day provided that requests for conversion are received by the Registrar and Transfer Agent by 2 p.m. on that Valuation Day. All applications for conversion reaching the Registrar and Transfer Agent after the time specified will be executed on the following Valuation Day at the net asset value then prevailing.

A request for conversion may be refused by the Management Company if the amount to be converted in one Sub-Fund or Category of Units is inferior to the applicable Minimum Subscription Amount, or if the implementation of such request would leave the Unitholder with a balance of Units in the previously held Sub-Fund or Category amounting to less than the applicable Minimum Subscription Amount. The above minimum amounts do not take into account any applicable conversion charges. Conversion will also be refused if the calculation of the Net Asset Value of one of the relevant Sub-Funds is suspended.

The rate at which all or any part of a holding of units of any Sub-Fund or Category (the "original Sub-Fund") is converted on any such valuation day into units of another Sub-Fund or Category (the "new Sub-Fund") will be determined in accordance with the following formula :

Subject to the charges, if any, applicable to the conversion pursuant to the Prospectus (the maximum conversion fee being 3% of the NAV per Unit of the new Sub-Fund) and in compliance with the relevant provisions of the Prospectus, Units of all Sub-Funds may be converted into Units of another Sub-Fund on any Valuation Day pursuant to the following formula:

$A = B \times C \times E / D$  - where

"A" = the number of Units of the new Sub-Fund or Category to be allotted;  
"B" = the number of the previously held Units;  
"C" = the relevant Net Asset Value, less applicable conversion charges, if any, of the previously held Units;  
"D" = the relevant Net Asset Value of the Units of the new Sub-Fund or Category to be allotted; and,  
"E" = the applicable currency conversion factor, if any.

## **ARTICLE 11 - DETERMINATION OF THE NET ASSET VALUE PER UNIT**

### **11.1. Frequency of Calculation**

The Net Asset Value per Unit and the issue, redemption and exchange prices will be valued on each Valuation Day, as defined under the Article "Issue and Redemption of Units", by reference to the value of the assets of the Fund in accordance with the present Article, under the heading "Valuation of the Assets". The calculation of that Net Asset Value per Unit will be done on the next Business Day by the Central Administration Agent under guidelines established by, and under the responsibility of, the Management Company. Whenever used herein, the term "Business Day" shall mean a full day on which banks and stock exchanges are open for business in Luxembourg.

### **11.2. Calculation**

The Net Asset Value per Unit shall be expressed in the Reference Currency of each Sub-Fund and shall be calculated by dividing the Net Asset Value of the Fund attributable to each Sub-Fund which is equal to (i) the value of the assets of the Fund attributable to such Sub-Fund and the income thereon, less (ii) the liabilities of the Fund attributable to such Sub-Fund and any provisions deemed prudent or necessary, by the total number of Units outstanding in such Sub-Fund on the relevant Valuation Day.

The percentages of the total Net Asset Value allocated to each category of Units within one Sub-Fund shall be determined by the ratio of Units issued in each category of Units within one Sub-Fund to the total number of Units issued in the same Sub-Fund, and shall be adjusted subsequently in connection with the distribution effected and the issues, conversions and redemptions of Units as follows: (1) on each occasion when a distribution is effected, the Net Asset Value of the Units which received a dividend shall be reduced by the amount of the distribution (causing a reduction in the percentage of the Net Asset Value allocated to these units), whereas the Net asset Value of the other Units of the same Sub-Fund shall remain unchanged (causing an increase in the percentage of the Net Asset Value allocated to these Units); (2) on each occasion when Units are issued, converted or redeemed the Net Asset Value of the respective categories of Units, within the relevant Sub-Fund shall be increased or decreased by the amount received or paid out.

The proceeds net of charges to be received from the issue of Units of a Sub-Fund shall be applied in the books of the Fund to that Sub-Fund and the relevant amount shall increase the proportion of the net assets of such Units of the Sub-Fund to be issued, and the assets and liabilities and income and expenditure attributable to such Sub-Fund or Sub-Funds of Units shall be applied to the corresponding Sub-Fund subject to the provisions of this Article.

Without prejudice to what has been stated hereabove, when the Board of Directors has decided for a specific Sub-Fund to issue several categories and/or sub-categories of Units, the Board of Directors may also decide to compute the Net Asset Value per Unit of a category and/or sub-category as follows: on each Valuation Day the assets and liabilities of the considered Sub-Fund are valued in the reference currency of the Sub-Fund. The categories and/or sub-categories of Units participate in the Sub-Fund's assets in proportion to their respective numbers of portfolio entitlements. Portfolio entitlements are allocated to or deducted from a particular category and/or sub-category on the basis of issues or repurchases of Units of each category and/or sub-category, and shall be adjusted subsequently with the distribution effected as well as with the issues, conversions and/or redemptions. The value of the total number or portfolio entitlements attributed to a particular category and/or sub-category on the given Valuation Day represents the total Net Asset Value attributable to that category and/or sub-category of Units on that Valuation day. The Net Asset Value per Unit of that category and/or sub-category equals to the total Net Asset Value on that day divided by the total number of Units of that category and/or sub-category then outstanding.

Although the Fund represents a single copropriatorship, unless otherwise agreed to with the creditors and any commitments apply to any Sub-Fund of the Fund, the assets and liabilities of each Sub-Fund following from these commitments are attributed to separate Sub-Funds. The rights of unitholders and of creditors concerning a Sub-Fund or which have arisen in connection with the creation, operation or liquidation of a Sub-Fund are limited to the assets of that Sub-Fund. The assets of a Sub-Fund are exclusively available to satisfy the rights of investors in relation to that Sub-Fund and the rights of those creditors whose claims have arisen in connection with the creation, the operation or the liquidation of that Sub-Fund.

If since the time of determination of the Net Asset Value of the Fund there has been a material change in the quotations in the markets on which a substantial portion of the investments of the Fund are dealt in or quoted, the Management Company may, in order to safeguard the interests of the Unitholders and the Fund, cancel the first valuation and carry out a second valuation.

To the extent feasible, investment income, interest payable, fees and other liabilities (including the administration and management fees of the Management Company) will be accrued daily. The charges incurred by the Fund are set out in the Article "Charges and Expenses of the Fund".

### **11.3. Suspension of Calculation**

The Management Company may temporarily suspend the determination of the Net Asset Value per Unit and in consequence the issue, redemption and exchange of Units of a Sub-Fund in any of the following events:

- When one or more stock exchanges, or one or more Regulated Markets, which provide the basis for valuing a substantial portion of the assets of the Sub-Fund, or when one or more foreign exchange markets in the currency in which a substantial portion of the assets of the Sub-Fund is denominated, are closed otherwise than for ordinary holidays or if trading thereon is restricted or suspended;
- When, as a result of political, economic, military or monetary events or any circumstances outside the responsibility and the control of the Management Company, disposal of the assets of the Sub-Fund is not reasonably or normally practicable without being seriously detrimental to the interests of the Unitholders;
- In the case of breakdown in the normal means of communication used for the valuation of any investment of the Sub-Funds or if, for any reason, the value of any asset of the Sub-Fund may not be determined as rapidly and accurately as required;
- When the Management Company is prevented from repatriating funds for the purpose of making payments on the redemption of the Units or when any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Units cannot in the opinion of the Board of Directors of the Management Company be effected at normal rates of exchange.
- When exceptional circumstances might negatively affect Unitholders' interests, or when redemptions would exceed 10% of a Sub-Fund's net assets.

Any such suspension and the termination thereof shall be notified to those Unitholders who have applied for subscription, redemption or conversion of their Units and shall be published as provided in Article "Information For The Unitholders" hereof. Unless withdrawn, their applications will be considered on the first Valuation Day after the suspension is lifted.

Any suspension in one single Sub-Fund shall have no cause on the calculation of the Net Asset Value in the other Sub-Funds.

### **11.4. Valuation of the Assets**

The valuation of the Net Asset Value per Unit shall be made in the following manner:

#### **I. The assets of the Fund shall include:**

- 1) all cash on hand or on deposit, including any interest accrued thereon;
- 2) all bills and notes payable and accounts receivable (including proceeds of securities sold but not delivered);
- 3) all bonds, time notes, shares, stock, debenture stocks, units/shares in undertakings for collective investment, subscription rights, warrants, options and other securities, financial instruments and similar assets owned or contracted for by the Fund (provided that the Fund

may make adjustments in a manner not inconsistent with paragraph 1. below with regard to fluctuations in the market value of securities caused by trading ex-dividends, ex-rights, or by similar practices);

- 4) all stock dividends, cash dividends and cash distributions receivable by the Fund to the extent information thereon is reasonably available to the Fund;
- 5) all interest accrued on any interest-bearing assets owned by the Fund except to the extent that the same is included or reflected in the principal amount of such asset;
- 6) the preliminary expenses of the Fund, including the cost of issuing and distributing Units of the Fund, insofar as the same have not been written off;
- 7) all other assets of any kind and nature including expenses paid in advance.

The value of such assets shall be determined as follows:

- 1) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Management Company may consider appropriate in such case to reflect the true value thereof.
- 2) The value of each security and financial derivative instrument which is quoted or dealt in on a stock exchange will be valued at its latest available price on the stock exchange which is normally the principal market for such security and financial derivative instrument.
- 3) The value of each security dealt in on any other Regulated Market will be based on the closing price of the last available transaction. The latest available prices used to value the portfolios may differ from one Regulated Market to another one (or one sub-fund to another one).
- 4) In the event that any of the securities held in the Fund's portfolio on the relevant day are not quoted or dealt in on any stock exchange or dealt in on any other Regulated Market or if, with respect of securities quoted or dealt in on any stock exchange or dealt in on any Regulated Market, the price as determined pursuant to sub-paragraphs 2. or 3. is not representative of the relevant securities, the value of such securities will be determined based on a reasonable foreseeable price determined prudently and in good faith by the Management Company.
- 5) The financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market will be valued on each Valuation Day in accordance with market practice with a constant, reliable and verifiable method.
- 6) Units or shares in underlying open-ended investment funds shall be valued at their last available net asset value reduced by any applicable charges. Units or shares in underlying closed-ended undertakings for collective investments shall be valued at their last available stock market price.

## **II. The liabilities of the Fund shall include:**

- 1) all loans, bills and accounts payable;
- 2) all accrued interest on loans of the Fund (including accrued fees for commitment for such loans);
- 3) all accrued or payable expenses (including administrative expenses, advisory and management fees, including incentive fees, and Depositary fees);
- 4) all known liabilities, present and future, including all matured contractual obligations for payments of money or property, including the amount of any unpaid distributions declared by the Fund;
- 5) an appropriate provision for future taxes based on capital and income to the Valuation Day, as determined from time to time by the Fund, and other reserves (if any) authorised and approved by the Management Company, as well as such amount (if any) as the Management Company may consider to be an appropriate allowance in respect of any contingent liabilities of the Fund;
- 6) all other liabilities of the Fund of whatsoever kind and nature reflected in accordance with generally accepted accounting principles. In determining the amount of such liabilities, the Fund shall take into account all charges and expenses payable by the Fund pursuant to Article 12 and accruals of administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods.

The value of all assets and liabilities not expressed in the Reference Currency of the concerned Sub-Fund will be converted into the Reference Currency of this Sub-Fund at the rate of exchange ruling in Luxembourg on the relevant Valuation Day. If such quotations are not available, the rate of exchange

will be determined in good faith by or under procedures established by the Board of Directors of the Management Company. If the Reference Currency of a specific Sub-Fund is not the same as the Reference Currency of the Fund, the net asset value of such Sub-Fund will be converted in the Fund's Reference Currency.

The Board of Directors of the Management Company, in its discretion, may permit some other method of valuation to be used, if it considers that such valuation better reflects the fair value of any asset of the Fund.

In the event that extraordinary circumstances render a valuation in accordance with the foregoing guidelines impracticable or inadequate, the Management Company will, prudently and in good faith, use other criteria in order to achieve what it believes to be a fair valuation in the circumstances.

## **ARTICLE 12 - CHARGES AND EXPENSES OF THE FUND**

The costs and expenses charged to the Fund include:

- A management fee charged by the Management Company for the performance of its duties, payable quarterly on average Net Asset Value, at a maximum rate determined in the Prospectus under the description of the available Sub-Funds;
- All costs related to transactions;
- Fees and expenses incurred by the Management Company or the Depository while taking extraordinary measures in the interests of the Fund, including expert's report or litigation costs;
- Legal and Auditor's fees;
- Fees and expenses charged by the Depository, as agreed with the Management Company in conformity to common practice in Luxembourg;
- An administrative fee charged by the Management Company for an amount of 0,025% per annum of the respective Sub-Fund's net assets, concerning all administrative activities carried out by the Management Company, payable quarterly in arrears. Part of this amount is paid directly by the Management Company to the Central Administration Agent and Registrar and Transfer Agent for the performance of administrative activities such as, by way of example only, NAV calculation, register of Unitholders maintenance and transaction orders execution;
- All taxes, duties, governmental and similar charges which may be due on the assets and the income of the Fund;
- The cost of preparing, printing and filling any administrative documents and supplementary memorandum for information purposes with any authority;
- Reporting and publishing expenses, including the cost of preparing, printing, in such languages as are necessary for the benefit of the Fund, and distributing prospectuses, annual, semi-annual and other reports or documents as may be required under applicable law or regulations;
- The fees and expenses involved in preparing and/or filing the Management Regulations and all other documents concerning the Fund, including the Prospectus and any amendments or supplements thereto, with all authorities having jurisdiction over the Fund or the offering of Units of the Fund or with any stock exchanges in the Grand Duchy of Luxembourg and in any other country;
- Advertising, promotion and marketing costs of the Fund;
- The cost of preparing, printing and distributing public notices to the Unitholders, including the costs of publication of Unit prices;
- Fees and expenses charged by the correspondent bank in Italy, as agreed with the Management Company;
- All similar administrative, operating and communication charges;
- All fees and expenses related to (i) the regular compliance checks including the cost of the ESG certification for the relevant sub-fund(s) and to (ii) risk checks;

- The cost of the benchmark service providers.
- All costs related to any new regulations the Fund or the Management Company should comply with.

For the avoidance of doubt, the fees charged by an Investment Manager will be paid by the Management Company out of its management fee, so that Investment Manager's fees are included in the Management Company's management fee and do not come on top of that.

For the avoidance of doubt, the fees charged by a sub-investment manager will be paid by the Investment Manager out of its management fee, so that sub-investment manager's fees are included in the Investment Manager's management fee and do not come on top of that.

For the avoidance of doubt, the fees charged by the Central Administration Agent and by the Registrar and Transfer Agent will be paid by the Management Company out of its administrative fee, so that Central Administration Agent's fees and Registrar and Transfer Agent's fees are included in the Management Company's administrative fee and do not come on top of that.

All recurring charges will be charged first against income of the Fund, then against capital gains and then against assets of the Fund. Other charges may be amortised over a period not exceeding five years.

Set up costs of the Fund and of new Sub-Funds will be amortized over a 5 year period. Each new Sub-Fund will amortize its own costs, initial set up costs being exclusively amortized by the Sub-Fund(s) that were/was launched initially.

The initial set up costs are estimated at approximately EUR 100.000.

Costs and expenses that may not be attributed to one particular Sub-Fund will be dealt with prorata the amount of net assets of each Sub-Fund.

Cash penalties, as set forth in the Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories, may be charged to the Fund in compliance with the applicable regulations and market practice.

#### **ARTICLE 13 - DISTRIBUTIONS**

Dividends, if any, in respect of Distribution Units, may be declared by the Management Company out of the net investment income payable by the Fund on these Units and, in order to maintain a reasonable level of dividend distribution on these Units, out of net realised and/or unrealised capital gains.

Dividends shall be payable to Unitholders at their last known address. Dividends not claimed within five years from their due date will lapse and revert to the Sub-Fund.

Accumulation Units will not entitle Unitholders to the payment of dividends. However, should a distribution be considered to be appropriate, the Management Company may decide a distribution to be paid out of the accumulated profits, and within the limits of the Law.

No distribution may be made if as a result of such distribution the Fund's net assets are less than the minimum imposed by the Law (EUR 1,250,000).

#### **ARTICLE 14 - ACCOUNTING YEAR; AUDIT**

The financial year of the Fund starts on the first of January and ends on the thirty-first of December of each year. The Fund publishes an audited annual report on its activity and the management of its assets. The accounts will contain a statement confirming that the Depositary had complied with the terms of the Management Regulations.

The accounts of the Fund shall be kept in EUR (the "Base Currency").

The accounts of the Management Company and of the Fund will be audited by an auditor appointed from time to time by the Management Company.

#### **ARTICLE 15 - JOINT HOLDERS**

Up to four persons may be registered as the joint holders of any registered Unit. The Management Regulations provide that the Management Company are entitled, but not bound, to require any redemption request or other instruction in relation to any joint holding to be signed by all the registered joint holders but that they may, to the exclusion of any such request or instruction from any of the other joint holders, rely on any redemption request or other instructions signed by or otherwise received from the joint holder first named on the register of Unitholders.

#### **ARTICLE 16 - INFORMATION FOR THE UNITHOLDERS**

Audited annual reports and unaudited semi-annual reports will be mailed free of charge by the Management Company to the Unitholders at their request. In addition, such reports will be available at the registered offices of the Management Company, and any local representative. Any other financial information concerning the Fund or the Management Company, including the periodic calculation of Net Asset Value per Unit, the subscription, redemption and exchange prices will be made available at the registered offices of the Management Company and any local representative. Any other substantial information concerning the Fund may be published in such newspaper(s) (including at least a Luxembourg one) and notified to Unitholders in such manner as may be specified from time to time by the Management Company.

#### **ARTICLE 17 - DURATION AND LIQUIDATION OF THE FUND AND OF ANY SUB-FUND**

The Fund has been established for an unlimited period. However, notwithstanding the causes of liquidation provided for in Article 22 of the Law, the Fund may be dissolved and liquidated at any time by the Management Company, The Management Company is authorised to dissolve a Sub-Fund in the case where the value of the net assets of the Sub-Fund shall be less than the equivalent of EUR 5 million over a period of one month or in case of a significant change of the economic or political situation. Any decision or order of liquidation of the Fund or a Sub-Fund will be notified to the Unitholders, and published in accordance with the Law in two newspapers (one of which being a Luxembourg newspaper), in the *Mémorial* and in any other newspapers as determined by the Management Company.

In the event of voluntary or compulsory dissolution, the Management Company will realise the assets of the Fund in the best interests of the Unitholders, and the Management Company, will distribute the net proceeds from such liquidation, after deducting all expenses relating thereto, among the Unitholders in proportion to the number of Units held by them. The Management Company may distribute the assets of the Fund wholly or partly in kind in a fair manner. An audit report will then be established. Unless a derogation is obtained, 9 (nine) months after the start of the liquidation of the Fund, the proceeds thereof corresponding to Units not surrendered will be kept in safe custody with the Luxembourg *Caisse de Consignation* until the prescription period has elapsed.

The procedure to be followed in order to liquidate a Sub-Fund is that applicable to the Fund.

Issuance, redemption, conversion and exchange of Units will cease at the time of the decision or event leading to the dissolution of the Fund.

The liquidation or the partition of the Fund may not be requested by a Unitholder, nor by his heirs or beneficiaries.

## ARTICLE 18- MERGER

### **Merger from one Sub-Fund into another**

The Management Company may decide to operate the merger from one Sub-Fund into another. Such merger may arise (i) in case the net assets of one Sub-Fund fall below the equivalent of EUR 5 million, (ii) in case of a significant change of the economic or political situation, or (iii) in any event the Management Company thinks it necessary for the best interest of the Unitholders.

In case of merger, the decision must be brought to the attention of the Unitholders the same way as provided for above for under dissolution and liquidation. Notification to the Unitholders shall, among others, (1) provide for the conditions of the merger and, (2) indicate the date of implementation of the merger, which date shall not be sooner than one month after the date of publication or the notification, which ever is the latest. During that one month period, the Unitholders who do not agree with the merger will have the opportunity to demand redemption of part or all of their Units at the applicable NAV free of any commissions and charges.

### **Merger from the Fund or a Sub-Fund into another structure**

In the case where the value of the net assets of the Fund or a Sub-Fund has decreased to an amount determined by the Management Company to be the minimum level for the Fund or Sub-Fund to be operated in an economically efficient manner, or in case of a significant change of the economic or political situation, the Board of Directors of the Management Company may resolve to cancel Units issued in the Fund or Sub-Fund and, after deducting all expenses relating thereto, determine the allocation of units to be issued in a UCI organised under Part I of the Law, subject to the condition that the investment objectives and policies of such UCI are compatible with the investment objectives and policies of the Fund or Sub-Fund and subject to the following formalities:

Notice shall be delivered in writing to the registered Unitholders of the Fund or Sub-Fund. Such notice shall further be published in the Memorial and in a Luxembourg newspaper and may also be published, as the Management Company may deem appropriate, in newspapers of countries where the Units of the Fund or Sub-Fund are offered and sold. Such notice shall be delivered and published at least one month before the date on which the resolution of the Management Company shall take effect.

Unitholders of the Fund or Sub-Fund shall have the right, until the Business Day before the last Valuation Day before the date on which the resolution shall take effect (but at least during one month), to request the redemption of all or part of their Units at the applicable Net Asset Value per Unit, subject to the procedures described under "Redemption of Units" without paying any redemption charge.

The implementation of the merger conditions must be approved by an auditor.

## ARTICLE 19 - AMENDMENTS TO THE MANAGEMENT REGULATIONS

The Management Company may, in accordance with Luxembourg law, make such amendments to these Management Regulations as it may deem necessary in the interest of the Unitholders. A notice of the deposit of the amendments at the Registre de Commerce et des Sociétés de Luxembourg will be published in the RESA.

## ARTICLE 20 - APPLICABLE LAW; JURISDICTION; LANGUAGE

Any claim arising between the Unitholders and the Management Company shall be settled according to the laws of the Grand Duchy of Luxembourg and subject to the jurisdiction of the District Court of Luxembourg-city provided, however, that the Management Company may subject the Fund to the jurisdiction of courts of the countries in which the Units are offered or sold, with respect to claims by investors resident in such countries and, with respect to matters relating to subscriptions, redemptions, conversions and exchanges by Unitholders resident in such countries, to the laws of such countries. English shall be the governing language of these Management Regulations.

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Consolidated Management Regulations as of 22 September 2023.

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For the Management Company,

For the Depositary,

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Nord Est Asset Management

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CACEIS Bank, Luxembourg Branch