# NEXTAM PARTNERS SICAV

An Open-Ended Investment Company registered in Luxembourg

# PROSPECTUS

15 November 2021

# INTRODUCTION

**NEXTAM PARTNERS SICAV** ("**Fund**") has been launched at the initiative of Nextam Partners SGR S.p.A., with registered office at Via Torquato Tasso 1, 20123, Milan, Italy.

The Fund is an umbrella fund registered on the official list of undertakings for collective investment in accordance with the Part I of the Law of 17 December 2010, as amended ("**Law of 2010**"). This registration cannot be considered as an approval by any supervisory authority of the quality of the securities offered and held by the Fund. Any representation to the contrary would be unauthorised and unlawful.

No person is authorised to give any information or make any representations other than those contained in this prospectus ("**Prospectus**") or in the documents indicated herein, which are available for public inspection.

**This Prospectus is valid only if accompanied by the latest available Key Investor Information Documents ("KIIDs"), the annual report and by the latest available half-yearly report, if published later than the annual report. These documents are an integral part of this Prospectus.**

This Prospectus may not be used for the purpose of offering and promoting sales in any country or under any circumstances where such offers or promotions are not authorised.

In particular, the shares of the Fund have not been registered in accordance with any legal provisions pertaining to securities applicable in the United States of America ("**Unites States**" or "**USA**"), and may not be offered in the United States or any of its territories or in any possession or area subject to its jurisdiction, not to persons defined as a "US Person".

The board of directors of the Fund ("**Board of Directors**") accepts responsibility for the accuracy of the information contained in this Prospectus on the date of publication.

This Prospectus may be updated from time to time with significant amendments. Consequently, shareholders are advised to inquire with the Fund as to the publication of a more recent Prospectus.

It is recommended to subscribers to seek professional advice on the laws and regulations (such as those on taxation and exchange control) applicable to the subscription, purchase, holding and selling of shares in their place of origin, residence or domicile.

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# MANAGEMENT OF THE FUND

**Board of Directors**

**Fabio Pavone**
Chairman of the Board of Directors
Conducting Officer
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**Luc Courtois**
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**Jean-François Laffineur**
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**Registered Office:**

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L-2520 Luxembourg,
Grand Duchy of Luxembourg

# ADMINISTRATION OF THE FUND

**Management Company**

**BG FUND MANAGEMENT LUXEMBOURG S.A.**
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Grand Duchy of Luxembourg

**Board of directors of the Management Company**

**Mr Mario Andrea Beccaria**
Chairman of the board of Directors
Head of Asset Management Division
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**Mr Alex Schmitt**
Attorney-at-law
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Grand Duchy of Luxembourg
Vice Chairman of the Board of Directors

**Mrs Marylène Alix**
General Manager
BG FUND MANAGEMENT
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**Mr Alfonso Pipino**
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**Conducting officers of the Management Company**

**Mrs Marylène Alix**
General Manager
BG FUND MANAGEMENT
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**Mr Marco D'Orazio**
Chief Investment Officer
BG FUND MANAGEMENT
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|---|---|
| | **Mr Fabio Pavone**<br>Conducting Officer<br>BG FUND MANAGEMENT<br>LUXEMBOURG S.A.<br>14, Allée Marconi<br>L-2120 Luxembourg<br>Grand Duchy of Luxembourg |
| **Depositary Bank, Fund Administration, and Registrar** | **CACEIS Bank, Luxembourg Branch**<br>5, Allée Scheffer,<br>L-2520 Luxembourg<br>Grand Duchy of Luxembourg |
| **Auditor** | **Ernst & Young**<br>35 Avenue John F. Kennedy<br>L-1855 Luxembourg<br>Luxembourg |
| **Legal Advisors** | **NautaDutilh Avocats Luxembourg S.à r.l.**<br>2, Rue Jean Bertholet,<br>L-1233 Luxembourg<br>Grand Duchy of Luxembourg |

# MAIN FEATURES OF THE FUND

## General Information

**NEXTAM PARTNERS SICAV** (referred to hereafter as the "**Fund**" or the "**Company**")**,** is an open-ended investment company (*Société d'investissement à capital variable*) incorporated for an unlimited duration in Luxembourg on 2 April 2007 and organized under the Law of 2010 and the law of 10 August 1915 on commercial companies, as amended ("**Law of 1915**").

In particular, it is subject to the provisions of Part I of the Law of 2010, specific to undertakings for collective investment in transferable securities ("**UCITS**") as defined in the Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 for all matters relating to the depositary functions, remuneration policies and sanctions amending the Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("**UCITS Directive**").

The articles of incorporation of the Fund ("**Articles**") were published in the *Mémorial C, Recueil des Sociétés et Associations* ("**Mémorial***"*) on 30 April 2007. These Articles have been filed with the *Registre de Commerce et des Sociétés* of Luxembourg. These documents are kept available at the *Registre de Commerce et des Sociétés* of Luxembourg for inspection and copies may be obtained upon request and against payment of the registry dues.

The Fund is registered in the Luxembourg *Registre de Commerce et des Sociétés* under the number B126927.

The registered office of the Fund is at 5, Allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg.

## Capital

The capital of the Fund is at all times equal to the net assets and is represented by fully paid-up shares with no par value.

Its minimum capital is 1,250,000 EUR (one million two hundred and fifty thousand Euro).

Variations in the capital shall be effected *ipso jure* and without compliance with measures regarding publication and entry of such in the *Registre de Commerce et des Sociétés* of Luxembourg as prescribed for increases and decreases of capital of public limited companies.
The valuation currency may vary according to the different sub-funds in the Fund and the consolidation currency is the Euro.

## Sub-Funds Description

The Fund has been structured as an umbrella-fund, which means that it comprises several sub-funds, having each its specific assets and liabilities and an own distinct investment policy. A distinct class of shares therefore represents each sub-fund. Such a structure gives the investor the advantage of a choice between different share classes with the possibility to switch from one class into another free of charge and at his request.

Every sub-fund is only responsible for its own liabilities, commitments and obligations. Sub-funds are independent one from each other in their relationships with shareholders.

The shares of the sub-funds offered to investors are detailed in Appendix 1 "Description of the sub-funds" ("**Sub-Fund Particulars**").

The list not being exhaustive, the Board of Directors may launch other sub-funds, share classes, modify, upon prior notice of the shareholders, the investment policies and the shares dealing procedures from time to time, by updating of this Prospectus and the publication of a notice on the Management Company's website. The Board of Directors may as well decide upon the liquidation of one or several share classes or sub-funds, in which case investors will be informed by publication of a notice on the Management Company's website and the Prospectus will be updated.

# INVESTMENT POLICY AND RESTRICTIONS

## General Provisions

The objective of the Fund is to offer the shareholders an easy access to the different markets of transferable securities while ensuring observance of the principle of risk spreading. Pursuant to the legal provisions, the transferable securities purchased are quoted on an official stock exchange or dealt in on a regulated market, which operates regularly, is recognised and is open to the public. Besides, the Fund will use on regular basis techniques in and instruments on transferable securities and money market instruments as well as those intended to hedge currency risks. More details on such restrictions and risks are outlined in Chapter 5. "Risk factors and Risk Management Process" as well as specific risks for each sub-fund are outlined in the Sub-Funds Particulars, where the investment policy of each sub-fund is also described.

The Management Company and the Investment Managers will consider risks related to sustainability (environmental, social and governance aspects) when making investment decisions as well an on an ongoing basis during the management of existing investments. Unless otherwise provided in the Sub-Fund Particulars for a specific sub-fund, the investment decisions made for each sub-fund do not consider the EU criteria for environmentally sustainable economic activities.

## Investment Restrictions

The Board of Directors has adopted the following restrictions relating to the investment of the Fund's assets and its activities. These restrictions and policies may be amended from time to time by the Board of Directors if and as they shall deem it to be in the best interests of the Fund in which case this Prospectus will be updated.

The investment restrictions imposed by Luxembourg law must be complied with by each sub-fund. The restrictions in paragraph 1. (D) and (E) (iv) below are applicable to the Fund as a whole.

### 1.1.1 Investment In Transferable Securities And Liquid Assets

(A) (1) The Fund will invest in:

(i) transferable securities and money market instruments admitted to an official listing on a stock exchange in any Member State of the European Union (EU), any Member State of the Organisation for the Economic Cooperation and Development (OECD), and any other state which the Board of Directors deems appropriate with regard to the investment objective of each sub-fund (each an "**Eligible State**"); and/or

(ii) transferable securities and money market instruments dealt in on another market which is regulated, operates regularly and is recognised and open to the public in an Eligible State (a "**Regulated Market**"); and/or

(iii) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an official stock exchange or another Regulated Market (an "**Eligible Market**") and such admission is achieved within one (1) year of the issue; and/or

(iv) units of UCITS and/or of other undertakings for collective investment within the meaning of the UCITS Directive ("**UCIs**") eligible under article 50(1)(e) of the UCITS Directive[1], whether situated in an EU member state or not, provided that:

[1] In order to be eligible under article 50(1)(e) of the UCITS Directive, such other UCIs:

(i) shall be prohibited from investing in illiquid assets (such as commodities and real estate) in line with article 1(2)(a) of the UCITS Directive;

(ii) shall be bound by rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments which are equivalent to the requirements of the UCITS Directive in line with article 50(1)(e)(ii) of the UCITS Directive;

(iii) the fund rules or instrument of incorporation shall include a restriction according to which no more than 10% of the assets of the UCI can be invested in aggregate in units of other UCITS or other UCIs in line with article 50(1)(e)(iv) of the UCITS Directive;

- such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in Community law and that a cooperation between authorities is sufficiently ensured,

- the level of protection for shareholders in such other UCIs is equivalent to that provided for shareholders 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 constitutional documents, in aggregate be invested in units of other UCITS or other UCIs; and/or

(v) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve (12) months, provided that the credit institution has its registered office in 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 *Commission de Surveillance du Secteur Financier* ("**CSSF**") as equivalent to those laid down in Community law; and/or

(vi) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs (i) and (ii) above, and/or financial derivative instruments dealt in over-the-counter ("**OTC derivatives**"), provided that:

- the underlying consists of securities covered by this section 1. (A) (1), financial indices, interest rates, foreign exchange rates or currencies, in which the sub-funds may invest according to their investment objective;

- the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;

- 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.

Unless specifically provided otherwise in the Sub-Funds Particulars for any specific sub-fund, the Fund will invest in financial derivative instruments for hedging purposes and for efficient portfolio management purposes, as more fully described in the section "4. Derivatives, Techniques and Other Instruments" below; and/or

(vii) money market instruments other than those dealt in on a Regulated Market, if the issue 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 European Union 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 an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law, or

- issued by other bodies belonging to categories approved by Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, as amended, 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.

(2) In addition, the Fund may invest a maximum of 10% of the net asset value of any sub-fund in transferable securities and money market instruments other than those referred to under (1) above.

(B) Each sub-fund may hold ancillary liquid assets.

(C) (i) Each sub-fund may invest no more than 10% of its net asset value in transferable securities or money market instruments issued by the same issuing body (and in the case of credit-linked securities both the issuer of the credit-linked securities and the issuer of the underlying securities).

Each sub-fund may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of a sub-fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in (1) (A) (1) (v) above or 5% of its net assets in other cases.

(ii) Furthermore, where any sub-fund holds investments in transferable securities and money market instruments of any issuing body which individually exceed 5% of the net asset value of such sub-fund, the total value of all such investments must not account for more than 40% of the net asset value 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 (C) (i), a sub-fund may not combine:

- investments in transferable securities or money market instruments issued by a single body,

- deposits made with, and/or

- exposures arising from OTC derivative transactions undertaken with a single body in excess of 20% of its net assets.

(iii) The limit of 10% laid down in paragraph (C)(i) above shall be 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an EU member state, its local authorities or by an Eligible State or by public international bodies of which one or more EU member states are members.

(iv) The limit of 10% laid down in paragraph (C)(i) above shall be 25% in respect of debt securities which are issued by credit institutions having their registered office in an EU member state and which are subject by law to a special public supervision for the purpose of protecting the holders of such debt securities, provided that the amount resulting from the issue of such debt securities are invested, pursuant to applicable provisions of the law, in assets which are sufficient to cover the liabilities arising from such debt securities during the whole period of validity thereof and which are assigned to the preferential repayment of capital and accrued interest in the case of a default by such issuer.

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

(v) The transferable securities and money market instruments referred to in paragraphs (C)(iii) and (C)(iv) are not included in the calculation of the limit of 40% referred to in paragraph (C)(ii).

The limits set out in paragraphs (C)(i), (C)(ii), (C)(iii) and (C)(iv) above may not be aggregated and, accordingly, the value of investments in transferable securities and money market instruments issued by the same body, in deposits or derivative instruments made with this body, effected in accordance with paragraphs (C)(i), (C)(ii), (C)(iii) and (C)(iv) may not, in any event, exceed a total of 35% of each sub-fund's net asset value.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with directive 83/349/EEC, as amended, or in accordance with recognised international

accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph (C).

A sub-fund may cumulatively invest up to 20% of its net assets in transferable securities and money market instruments within the same group.

(vi) Without prejudice to the limits laid down in paragraph (D), the limits laid down in this paragraph (C) shall be 20% for investments in shares and/or bonds issued by the same body when the aim of a sub-fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Luxembourg supervisory authority, provided:

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

The limit laid down in the subparagraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant provided that investment up to 35% is only permitted for a single issuer.

(vii) Where any sub-fund has invested 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 by an Eligible State which is an OECD member state, or by public international bodies of which one or more EU member states are members, the Fund may invest 100% of the net asset value of any sub-fund in such securities and money market instruments provided that such sub-fund must hold securities from at least six different issues and the value of securities from any one issue must not account for more than 30% of the net asset value of the sub-fund.

Subject to having due regard to the principle of risk spreading, a sub-fund need not comply with the limits set out in this paragraph (C) for a period of six (6) months following the date of its authorisation and launch.

(D) (i) The Fund may not acquire shares carrying voting rights which would enable the Fund to exercise significant influence over the management of the issuing body;

(ii) The Fund may acquire no more than (a) 10% of the non-voting shares of any single issuing body, (b) 10% of the value of debt securities of any single issuing body, (c) 10% of the money market instruments of the same issuing body, and/or (d) 25% of the units of the same collective investment undertaking. However, the limits laid down in (b), (c) and (d) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of securities in issue cannot be calculated.

The limits set out in paragraph (D)(i) and (ii) above shall not apply to:

(i) transferable securities and money market instruments issued or guaranteed by an EU member state or its local authorities;

(ii) transferable securities and money market instruments issued or guaranteed by any other Eligible State;

(iii) transferable securities and money market instruments issued by public international bodies of which one or more EU member states are members; or

(iv) shares held in the capital of a company incorporated in a non-EU member state which invests its assets mainly in the securities of issuing bodies having their registered office in that state where, under the legislation of that state, such holding represents the only way in which such sub-fund's assets may invest in the securities of the issuing bodies of that state, provided, however, that such company in its investment policy complies with the limits laid down in articles 43, 46 and 48 (1) and (2) of the Law of 2010;

(v) shares held by one or more investment companies in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice, or marketing in the country where the subsidiary is located, with regard to the redemption of shares at the request of the shareholders.

(E) Unless a sub-fund is limited to invest only 10% of its net assets in UCITS and/or UCIs, each sub-fund may invest more than 10% of its net asset value in units of UCITS or other UCIs. For the purpose of the application of investment limit, each compartment of a UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured The following limits shall apply:

(i) Each sub-fund may acquire units of the UCITS and/or other UCIs referred to in paragraph (A)(iv), provided that no more than 20% of a sub-fund's net assets be invested in the units of a single UCITS or other UCI.

(ii) Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net asset of a sub-fund.

(iii) When a 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, that management company or other company may not charge subscription or redemption fees on account of the UCITS' investment in the units of such other UCITS and/or UCIs.

In respect of a sub-fund's substantial investments in UCITS and other UCIs linked to the Fund as described in the preceding paragraph, the total management fee (prior to any performance fee, if any) charged to such sub-fund and each of the UCITS or other UCIs concerned shall not exceed 4% of the relevant net assets under management. The Fund will indicate in its annual report the total management fees charged both to the relevant sub-fund and to the UCITS and other UCIs in which such sub-fund has invested during the relevant period.

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

(v) The underlying investments held by the UCITS or other UCIs in which the sub-funds invest do not have to be considered for the purpose of the investment restrictions set forth under 1. (C) above.

(F) The Board of Directors may decide that investments of a sub-fund ("**Cross-Investing Sub-Fund**") be made in one or more other sub-funds. Any acquisition of shares of another sub-fund ("**Target Sub-Fund**") by the Cross-Investing Sub-Fund is subject to the following conditions (and such other conditions as may be applicable in accordance with the terms of this Prospectus):

(i) the Target Sub-Fund may not invest in the Cross-Investing Sub-Fund;

(ii) the Target Sub-Fund may not invest more than 10% of its net assets in UCITS (including other sub-funds) or other UCIs;

(iii) the voting rights attached to the shares of the Target Sub-Fund are suspended during the investment by the Cross-Investing Sub-Fund; and

(iv) the value of the shares of the Target Sub-Fund held by the Cross-Investing Sub-Fund are not taken into account for the purpose of assessing the compliance with the 1,250,000 EUR (one million two hundred and fifty thousand Euro).minimum capital requirement.

(G) Under the conditions set forth in Luxembourg laws and regulations, the board of directors may, at any time it deems appropriate and to the widest extent permitted by applicable Luxembourg laws and regulations, but in accordance with the provisions set forth herein, (i) create any sub-fund qualifying either as a feeder undertaking for collective investment in transferable securities or as a master UCITS, (ii) convert any existing sub-fund into a feeder UCITS sub-fund or (iii) change the master UCITS of any of its feeder UCITS sub-fund.

A feeder UCITS shall invest at least 85% of its assets in the units of another master UCITS. A feeder UCITS may hold up to 15% of its assets in one or more of the following:

a) ancillary liquid assets in accordance with paragraph 3. II. 1. (B);

b) financial derivative instruments, which may be used only for hedging purposes;

c) movable and immovable property which is essential for the direct pursuit of its business.

For the purposes of compliance with article 42, paragraph 3 of the Law of 2010, the feeder UCITS shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under point b) with either:

- the master UCITS actual exposure to financial derivative instruments in proportion to the feeder UCITS investment into the master UCITS; or

- the master UCITS potential maximum global exposure to financial derivative instruments provided for in the master UCITS management regulations or instruments of incorporation in proportion to the feeder UCITS investment into the master UCITS.

### 1.1.2 Investment Limitations

(A) The Fund will not make investments in precious metals or certificates representing these.

(B) The Fund may not enter into transactions involving commodities or commodity contracts.

(C) The Fund will not purchase or sell real estate or any option, right or interest therein, provided the Fund may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

(D) The Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in 1.(A) (1) iv), vi) and vii).

(E) The Fund may not borrow for the account of any sub-fund, other than amounts which do not in aggregate exceed 10% of the net asset value of the sub-fund, and then only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.

### 1.1.3 Other Investment Restrictions

(A) The Fund may not make loans to other persons or act as a guarantor on behalf of third parties provided that this restriction shall not prevent the Fund from acquiring transferable securities or money market instruments or other financial instruments referred to in paragraph 1. (A) (1) (iv), (vi) and (vii) which are not fully paid.

(B) The Fund needs not comply with the limits laid down in Chapter 4. "Investment policy and restrictions" when exercising subscription rights attached to transferable securities or money market instruments which form part of its assets.

If the limits referred to in paragraph (B) are exceeded for reasons beyond the control of the Fund, or as a result of the exercise of subscription rights, the Board of Directors must, as a priority, take all steps as necessary within a reasonable period of time to rectify that situation, taking due account of the interests of its shareholders.

### 1.1.4 Derivatives, Techniques And Other Instruments

The Fund may, for the purpose of efficient portfolio management of its assets or for providing protection against exchange rate risks under the conditions and within the meaning and the limits laid down by law, regulation, circulars issued by the CSSF from time to time and administrative practice and as described under the Sub-Funds Particulars, employ techniques and instruments relating to transferable securities and money market instruments.

Under no circumstances shall these operations cause the UCITS to diverge from its investment objectives as laid down in the UCITS' constitutional documents or Prospectus or add substantial supplementary risks in comparison to the stated risk profile of any sub-fund.

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

Each sub-fund may invest, as a part of its investment policy and within the limits laid down in restriction 1 (C) (v), in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in restrictions 1 (C) (i) to (v). When a sub-fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in restriction 1 (C).

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC financial derivatives must be combined when calculating counterparty risk limits referred to in restriction 1 (C).

All revenues arising from efficient portfolio management techniques (including, for the avoidance of doubt, SFT and TRS, as these terms are further defined below), net of direct and indirect operational costs and fees, will be returned to the Fund. In particular, fees and cost may be paid to agents of the Fund and other intermediaries providing services in connection with efficient portfolio management techniques 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.

Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary Bank or Investment Manager – will be available in the annual report of the Fund.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this restriction.

(A) **SFT and TRS**

**General provisions related to SFT and TRS**

The Fund and any sub-fund may further enter into swap contracts relating to any financial instruments or indices, including TRS. Total return swaps and liquidity swaps ("**TRS**") involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments. As such, the use of TRS or other derivatives with similar characteristics allows gaining synthetic exposure to certain markets or underlying assets without investing directly (and/or fully) in these underlying assets.

The sub-funds may invest in securities financing transaction ("**SFT**") within the meaning of the EU Regulation 2015/2365 on transparency of securities financing transactions and of reuse of 25 November 2015 ("**SFTR**").

For the purposes of the SFTR, SFT shall include:

a) a repurchase transaction;
b) securities or commodities lending and securities or commodities borrowing;
c) a buy-sell back transaction or sell-buy back transaction;
d) a margin lending transaction.

The Fund may make use of TRS and of the following SFT:

- securities lending and securities borrowing;
- repurchase transactions.

"Securities lending" and "securities borrowing" mean transactions by which a counterparty transfers securities subject to a commitment that the borrower will return equivalent securities on a future date or when requested to do so by the transferor, that transaction being considered as securities lending for the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred.

"Repurchase transaction" means a transaction governed by an agreement by which a counterparty transfers securities or guaranteed rights relating to title to securities where that guarantee is issued by a recognised exchange which holds the rights to the securities and the agreement does not allow a counterparty to transfer or pledge a particular security to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities and a reverse repurchase agreement for the counterparty buying them.

The Fund or any of its delegates will report the details of any SFT and TRS concluded to a trade repository or ESMA, as the case may be in accordance with the SFTR. SFT and TRS may be used in respect of any instrument that is

eligible under article 50 of the UCITS Directive.

The assets that may be subject to SFT 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 SFT and TRS as well as the current expected proportion of assets under management that will be subject to SFT and TRS will be disclosed in the relevant sub-fund schedule.

The counterparties to the SFT and TRS will be selected on the basis of very specific criteria taking into account notably their ountry of origin, and provided that they have a minimum credit rating of A or equivalent. The Fund will not be subject to any restriction in terms of legal status accepted for the counterparties.The Fund will therefore only enter into SFT 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 Fund, 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 Fund will collateralize its SFT and TRS pursuant to the provisions set forth hereunder in section "Management of collateral and collateral policy".

The risks linked to the use of SFT 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 and Risk Management Process" hereunder.

Assets subject to SFT and TRS will be safe-kept by the Depositary Bank.

**Policy on sharing of return generated by SFT and TRS**

All revenues arising from SFT and TRS, net of direct and indirect operational costs and fees, will be returned to the Fund. In particular, fees and cost may be paid to agents of the Fund and other intermediaries providing services in connection with TRS and SFT 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. Information on the identity of the entities to which such costs and fees are paid will also be available in the annual report of Fund.

These parties are not related parties to the Investment Manager or the Fund.

(B) **Securities lending and securities borrowing**

The Fund may, on an ancillary basis, employ techniques and instruments relating to transferable securities and money market instruments provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against risk.

In particular and to the extent permitted by, and within the limits of, the investment policy of the relevant sub-fund, the Law of 2010 and any related Luxembourg law or any other regulation in force, circulars and positions of the CSSF and, in particular, the provisions of (i) Article 11 of the Grand Ducal regulation of February 8, 2008 relating to certain definitions of the amended Law of December 20, 2002 relating to undertakings for collective investment and (ii) CSSF Circular 08/356 relating to rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments (as amended or replaced from time to time) and CSSF Circular 14/592 relating to the ESMA Guidelines on ETF and other UCITS issues ("**Circular 14/592**") and the provisions of SFTR, each sub-fund can, in order to generate capital or additional income

or to reduce costs or risk (A) enter into repurchase transactions, either as a buyer or a seller, and (B) engage in securities lending transactions.

When the use of these techniques and instruments is permitted in relation to a specific sub-fund, the investment policy of such sub-fund shall describe the type of collateral to be received and the collateral policy and shall contain the information requested by the Circular 14/592.

The Fund may only lend or borrow securities through a standardised system organised by a recognised clearing institution or through a first class financial institution specialised in this type of transactions. In all cases, the counterparty to the securities lending agreement (i.e. the borrower) must be subject to prudential supervision rules considered by the as equivalent to those prescribed by European Community law.

As part of lending transactions, the Fund must in principle receive a guarantee, the value of which during the lifetime of the contract must be at least equal to 100 % of the global valuation (interests, dividends and other eventual rights included) of the securities lent.

The Fund must ensure that the volume of the securities lending transactions is kept at an appropriate level or that it is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of the Fund's assets in accordance with its investment policy.

The Fund may borrow securities under the following circumstances in connection with the settlement of a sale transaction: (a) during a period when the securities have been sent out for re-registration; (b) when the securities have been lent and not returned in time; (c) to avoid a failed settlement when the custodian fails to make delivery and (d) in order to comply with an obligation to deliver the securities that are the object of repurchase agreements when the counterparty exercises his right to redeem the securities, to the extent that these securities have previously been redeemed by the Fund.

**Repurchase agreements**

The Fund may, on an ancillary basis, enter into repurchase agreement transactions which consist of the purchase and sale of securities with a clause reserving the seller the right or the obligation to repurchase from the purchaser the securities sold at a price and term specified by the two parties in a contractual arrangement.

The Fund can act either as purchaser or seller in repurchase agreement transactions. Its involvement in such transactions is, however, subject to the rules set forth in CSSF Circular 08/356 concerning the rules applicable to undertakings for collective investment when they use certain techniques and instruments relating to transferable securities and money market instruments.

The Fund may not buy or sell securities using a repurchase agreement transaction unless the counterparty in such transactions is a first class financial institution specialised in this type of transaction.

For the duration of the repurchase agreement contract, the Fund cannot sell the securities which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired.

Where the Fund is exposed to redemptions of its own shares, it must take care to ensure that the level of its exposure to repurchase agreement transactions is such that it is able, at all times, to meet its redemption obligations.

The Fund involvement in such transactions is, however, subject to the additional following rules:

- The counterparty to these transactions must be subject to prudential supervision rules considered by the regulatory authority as equivalent to those prescribed by EU law;

- The Fund cannot sell securities, which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired unless the Fund has other means of covering its obligations;

- The Fund may only enter into reverse repurchase agreement and/or repurchase agreement transactions provided that it is able at any time (a) to recall the full amount of cash in a reverse repurchase agreement or any securities subject to a repurchase agreement or (b) to terminate the agreement in accordance with applicable regulations.

However, fixed-term transactions that do not exceed seven (7) days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

Where the Fund is the vendor in a reverse repurchase agreement it cannot, throughout the life of the agreement assign, pledge to a third party nor make subject to another reverse repurchase agreement, in any other form, the securities subject to that reverse repurchase agreement. The Fund will indicate in its financial reports the total value of outstanding repurchase and reverse repurchase transactions outstanding at the date of the report.

These conditions also apply to a reverse repurchase agreement where the Fund acts as purchaser.

Repurchase agreement and reverse repurchase agreements will generally be collateralized as further described hereunder in section "Management of collateral and collateral policy", at any time during the lifetime of the agreement, at least their notional amount.

(C) **TRS**

When entering into Total Return Swaps or TRS arrangements, which for sake of clarity, also need to comply with the provisions applicable to TRS under the SFTR, or investing in other derivative financial instruments having similar characteristics to TRS, the Fund must respect the limits of diversification referred to in articles 43, 44, 45, 46 and 48 of the Law of 2010. Likewise, in accordance with article 42 (3) of the Law of 2010 and article 48 (5) of CSSF Regulation 10-4, the Fund must ensure that the underlying exposures of the TRS (respectively other similar financial instrument) are taken into account in the calculation of the investment limits laid down in article 43 of the Law of 2010.

The Fund may not enter into swap transactions unless it ensures that the level of its exposure to the swaps is such that it is able, at all times, to have sufficient liquid assets available to meet its redemption obligations and the commitments arising out of such transactions.

The counterparties will be leading financial institutions specialised in this type of transaction and subject to prudential supervision. These counterparties do not have discretionary power over the composition or management of the investment portfolio of the sub-fund or over the underlying assets of the derivative financial instruments.

Combined risk exposure to a single counterparty may not exceed 10% of the respective sub-fund assets when the counterparty is a credit institution referred to in article 41 paragraph (1) (f) of the Law of 2010 or 5% of its assets in any other cases.

The TRS and other derivative financial instruments that display the same characteristics shall confer to the Fund a right of action against the counterparty in the swap or in the derivative financial instrument, and any eventual insolvency risk of the counterparty may make it impossible for the payments envisioned to be received.

The total commitment arising from total return swap transactions of a particular sub-fund shall be the market value of the underlying assets used for such transactions at inception.

The net exposure of total return swap transactions in conjunction with all exposures resulting from the use of options, interest rate swaps and financial futures may not in respect of each sub-fund exceed at any time the Net Asset Value of such sub-fund.

The total return swap transactions to be entered into will be marked to market daily using the market value of the underlying assets used for the transaction in accordance with the terms of the swap agreement.

Typically investments in total return swap transactions will be made in order to adjust regional exposures, limit settlement and custodian risks as well as repatriation risk in certain markets and to avoid costs and expenses related to direct investments or sale of assets in certain jurisdictions as well as foreign exchange restrictions.

(D) **Management of collateral and collateral policy**

General

In the context of OTC financial derivatives 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 Fund in such case. All assets received by the Fund in the context of efficient portfolio management techniques (securities lending, repurchase or reverse repurchase agreements) shall be considered as collateral for the purposes 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 circulars issued by the regulatory authority 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:

(a) Any collateral received other than cash should be of high quality, highly liquid, with a minimum credit rating of investment grade 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;

(b) It should be valued at least on a daily basis and must be marked to market daily it being understood that the Fund will make use of daily variation margins. Assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;

(c) 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;

(d) It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the sub-fund's net asset value to any single issuer on an aggregate basis, taking into account all collateral received;

(e) It should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty;

(f) Where there is a title transfer, the collateral received should be held by the depositary of the UCITS. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral;

(g) It should have a maturity sufficiently short in order to limit interest rate volatility.

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

(a) Cash and cash equivalents, including short-term bank certificates and Money Market Instruments;

(b) 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;

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

(d) Shares or units issued by UCITS investing mainly in bonds/shares mentioned in (e) and (f) below;

(e) Bonds issued or guaranteed by first class issuers offering adequate liquidity;

(f) 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.

Level of collateral

The Fund 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 this Prospectus and taking into account the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions.

Haircut policy

The Fund has set up, in accordance with Circular 14/592, a clear haircut policy adapted for each category of assets received as collateral mentioned above. Such policy takes account of the characteristics of the relevant asset category,

including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the stress testing policy.

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the Fund for each asset class based on its haircut policy. The policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests carried out by the Fund under normal and exceptional liquidity conditions. No haircut will generally be applied to cash collateral.

The level of haircut applied normally ranges between:

10% and 40% for collateral received in the form of equities;

0% and 20% for collateral received in the form of bonds; and

5% and 40% for collateral received in a form different from above.

All assets received in the context of management of collateral for OTC financial derivative transactions and efficient portfolio management techniques in accordance with the Circular 14/592 will be considered as collateral and will comply with the criteria set up above.

All collateral used to reduce counterparty risk exposure will comply with the following criteria at all times:

For all the sub-funds receiving collateral for at least 30% of their assets, the Fund will set up, in accordance with the Circular 14/592, an appropriate stress testing policy to ensure regular stress tests under normal and exceptional liquidity conditions to assess the liquidity risk attached to the collateral.

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:

(a) 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;

(b) invested in high-quality government bonds;

(c) used for the purpose of reverse repo 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

(d) invested in short-term money market funds as defined in the Guidelines 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 above.

The sub-funds 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 sub-funds to the counterparty at the conclusion of the transaction. The sub-funds 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 the sub-funds.

The financial reports of the Fund shall disclose the assets into which the cash collateral is re-invested.

(E) **Techniques and instruments intended to hedge currency risks to which the Fund is exposed in the management of its assets**

In order to protect its assets against currency fluctuations, the Fund may enter into transactions the objects of which are currency forward contracts as well as the writing of call options and the purchase of put options on currencies.

The transactions referred to herein may concern contracts which are traded on a regulated market which is operating regularly, recognized and open to the public or dealt in over the counter (OTC).

For the same purpose, the Fund may also enter into forward sales of currencies or exchange currencies on the basis of private agreements with highly rated financial institutions specialized in this type of transactions.

The here before mentioned transactions' objective of achieving a hedge presupposes the existence of a direct relationship between them and the assets to be hedged. This implies that transactions made in one currency may in principle not exceed the valuation of the aggregate assets denominated in that currency nor exceed the period during which such assets are held.

(F) **Disclosure to Investors**

In connection with the use of the above techniques and instruments the Fund, will, in its financial reports, disclose the following information:

- the exposure obtained through efficient portfolio management techniques;
- the identity of the counterparties to these efficient portfolio management techniques;
- the type and amount of collateral received by the Fund to reduce counterparty exposure;
- the use of TRS and SFT pursuant to the SFTR;
- the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.

# RISK FACTORS

## Risk Factors

Investors should be aware that any investment implies to take risks and that there is no guarantee the sub-fund will reach its investment objectives. The risks hereby described are characteristics of the investment policies of every sub-fund. Nevertheless, the present list is not exhaustive and all the detailed risks do not concern all sub-funds. Specific risk considerations are outlined for each sub-fund in the Sub-Funds Particulars.

### 1.1.5 Investment in Equities

The sub-fund can be exposed to equity markets movements and the value of its assets may rise or fall. Therefore, no assurance can be given that the investors will get back the full amount invested.

### 1.1.6 Investments in Other Investment Funds (UCITS OR UCI)

The general provisions of the fund investment policy allow to invest in open UCITS and UCI. Such structures normally give the opportunity to redeem their shares at any net asset value calculation. But under extraordinary circumstances, the invested structure could not redeem its shares and would have an indirect impact on the net asset value calculation of the sub-fund, preventing it from facing its own redemption orders.

### 1.1.7 Investments in non-rated bonds and bonds with a low rating

For sub-funds whose policy allows for the investment in securities rated lower than BBB- (Standard & Poors), investors are warned that these securities are below investment grade and carry more risk, including greater price volatility and a higher default risk on the repayment of principal and the payment of interest than for higher grade securities. Moreover, certain unlisted or undervalued fixed income securities are highly speculative and entail considerable risk, and may be disputed when principal and interest payments fall due. Securities with a rating below BBB- (Standard & Poors), or comparable unlisted securities, are considered speculative and may be disputed when principal and interest payments fall due and incorporate a high risk as to the ability of the debtor to honour their obligations in full.

Such securities involve higher credit or liquidity risk.

High credit risk: Lower rated debt securities, commonly referred to as “junk bonds” are subject to a substantially higher degree of risk than investment grade debt securities. During recessions, a high percentage of issuers of lower rated debt securities may default on payments of principal and interest. The price of a lower rated debt security may therefore fluctuate drastically due to unfavourable news about the issuer or the economy in general.

High liquidity risk: During recessions and periods of broad market declines, lower rated debt securities could become less liquid, meaning that they will be harder to value or sell at a fair price.

Due to the volatile nature of the above assets and the corresponding risk of default, investors must be able to accept significant temporary losses to their capital and the possibility of fluctuations in the income return level of the relevant sub-fund. The Investment Manager of the relevant sub-fund will endeavour to mitigate the risks associated with the investment in securities rated lower than BBB-, by diversifying its holdings by issuer, industry and credit quality.

### 1.1.8 Risks related to sub-funds that invest in contingent convertible bonds, asset-backed securities (ABS) and mortgage-backed securities (MBS)

**Risks linked to asset-backed securities (ABS) and mortgage-backed securities (MBS)**

Asset-backed securities (ABS) are debt instruments that are backed by a pool of ring-fenced financial assets (fixed or revolving), that convert into cash within a finite time period. In addition, rights or other assets may exist that ensure the servicing or timely distribution of proceeds to the holders of the security. Generally, asset-backed securities are issued by a specially created investment vehicle which has acquired the pool of financial assets from the originator/seller. In this regard, payments on the asset-backed securities depend primarily on the cash flows generated by the assets in the underlying pool and other rights designed to assure timely payment, such as liquidity facilities, guarantees or other features generally known as credit enhancements.

Mortgage-backed securities (MBS) are securities that represent an interest in a pool of mortgage loans.

The underlying assets to these instruments may be subject to higher credit, liquidity and interest rate risks than other securities such as government bonds. ABS and MBS carry the right to payments in amounts which depend principally on the flows generated by the underlying assets. ABS and MBS are often exposed to risks of expansion and early repayment, which may have a sizeable effect on the maturity and the amounts of the financial flows generated by the assets by which they are backed and may have a negative effect on their performance. The average term of each individual security may be affected by a large number of factors such as the existence and frequency of exercise of option clauses or early redemption of bonds, the predominant level of interest rates, the actual default rate of the underlying assets, the time needed to return to normal and the rotation rate of the underlying assets.

### 1.1.9 Risks linked to contingent convertible bonds

Contingent convertible bonds or CoCo bonds are a type of investment instrument that, upon the occurrence of a predetermined event (commonly known as a "trigger event"), can be converted into shares of the issuing company, potentially at a discounted price, or the principal amount invested may be lost on a permanent or temporary basis.

Special risk consideration regarding investment in contingent convertible bonds events that trigger the conversion from debt into equity are designed so that conversion occurs when the issuer of the contingent convertible bonds is in crisis, as determined either by regulatory assessment or objective losses (e.g. measure of the issuer's core tier 1 capital ratio).

Investment in contingent convertible bonds may entail the following risks (non-exhaustive list):

**Call extension risk**: Some contingent convertible bonds are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority.

**Capital structure inversion risk**: Contrary to classic capital hierarchy, holders of contingent convertible bonds may suffer a loss of capital when equity holders do not. In certain scenarios, holders of contingent convertible bonds will suffer losses ahead of equity holders. These cuts against the normal order of capital structure hierarchy where equity holders are expected to suffer the first loss.

**Conversion risk**: It might be difficult to assess how the securities will behave upon conversion. In case of conversion into equity, there may be the need to sell these new equity shares because of the investment policy of the sub-fund does not allow equity in its portfolio. This forced sale may itself lead to liquidity issue for these shares.

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

**Liquidity Risk**: In some circumstances, investments in contingent convertible bonds may become relatively illiquid making it difficult to dispose of them at the prices quoted on the various exchanges. Accordingly, a sub-fund's ability to respond to market movements may be impaired and the sub-fund may experience adverse price movements upon liquidation of such investments. Settlement of transactions may be subject to delay and administrative uncertainties.

**Sector concentration risk**: Contingent convertible bonds are issued by banking/insurance institutions. If a sub-fund invests significantly in contingent convertible bonds its performance will depend to a greater extent on the overall condition of the financial services industry than a Compartment following a more diversified strategy.

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

**Unknown risk**: The structure of contingent convertible bonds is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform. In the event a single issuer activates a trigger or suspends coupons, will the market view the issue as an idiosyncratic event or systemic. In the latter case, potential price contagion and volatility to the entire asset class is possible. This risk may in turn be reinforced depending on the level of underlying instrument arbitrage. Furthermore in an illiquid market, price formation may be increasingly stressed.

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

### 1.1.10 Derivatives

For the purposes of investment, efficient portfolio management and hedging, the Fund may use options and futures and other instruments, as described in Chapter 4. "Investment policy and restrictions".

Derivatives transactions carry a high degree of risk. The use of these instruments can result in a higher volatility in the share price of the sub-fund. The principal risks relating to the use of derivatives are the possible lack of a liquid secondary market for closing out the position, an unanticipated market or currency movements or a counterparty default. This list is no exhaustive.

### 1.1.11 Emerging Markets and Geographical Risk

Potential investors should also be aware that the sub-fund may invest in companies established in emerging countries and may be therefore exposed to a higher degree of risk in these countries than in more developed ones.

The economy and markets of these countries are exposed to a higher degree of volatility and their currencies are constantly fluctuating. In addition, the investors should be aware of political risks, changes in the exchange rates controls and fiscal environment, which may directly impact the value and the liquidity of the sub-fund.

The sub-fund may also invest in developing companies or in companies belonging to high-tech sectors. The volatility of these securities - which may directly impact the value - should not be ignored.

### 1.1.12 Sector Risk

The sub-fund may as well invest in securities issued by newly created companies or companies active in specific fast developing sectors. Traditionally, these sectors and specific markets are more volatile and their respective currencies regularly experience periods of important fluctuations. Furthermore, beside the risks inherent to any investment in transferable securities, the investors must be aware of political risks, changes in exchange control and in fiscal environment which could have a direct impact on the value and liquid assets of the portfolio of these sub-funds.

### 1.1.13 Currency Risk

The currency risk occurs when the net asset value of the fund is denominated in a different currency from investor's own reference currency or when the assets are denominated in a different currency from the currency in which the portfolio is evaluated. There is a probability for investors to have larger profits or losses since the portfolio risk adds to the usual investment risk.

The Board of Directors can decide to limit the currency risk by using techniques and instruments hedging the currency risk. Hedging against all currency risks may also result impossible or unjustified.

### 1.1.14 Fiscal Risk

Some income of the Fund's portfolio, consisting of dividends and interests, may be subject to payment of withholding tax at various rates or may be subject to other market fees in its country of origin.

### 1.1.15 Securities Lending, Repurchase Agreements and Reverse Repurchase Transactions

In relation to repurchase transactions, investors must notably be aware that (A) in the event of the failure of the counterparty with which cash of a sub-fund has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (B) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the sub-fund to meet redemption requests, security purchases or, more generally, reinvestment; and that (C) repurchase transactions will, as the case may be, further expose a sub-fund to risks similar to those associated with optional or forward derivative financial instruments, which risks are further described in other sections of the Prospectus.

In relation to securities lending transactions, investors must notably be aware that (A) if the borrower of securities lent by a sub-fund fail to return these there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (B) in case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of the sub-fund, or (iii) yield a sum

less than the amount of collateral to be returned; and that (C) delays in the return of securities on loans may restrict the ability of a sub-fund to meet delivery obligations under security sales.

A sub-fund may also incur a loss in reinvesting cash collateral received. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the sub-fund to the counterparty as required by the terms of the transaction. The 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 the sub-fund.

### 1.1.16 Total Return Swap Risks

In a standard "swap" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments. Certain categories of swap agreements often have terms of greater than seven (7) days and may be considered illiquid. Moreover, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. The swaps market is subject to extensive regulation under the Dodd-Frank Act and certain Securities and Exchange Commission and Commodity Futures Trading Commission rules promulgated thereunder. It is possible that developments in the swaps market, including new and additional government regulation, could result in higher Fund costs and expenses and could adversely affect the Fund's ability, among other things, to terminate existing swap agreements or to realize amounts to be received under such agreements.

### 1.1.17 Liquidity Risk

Liquidity risk exists when some of the Fund's investments may be difficult to sell due to unforeseen economic or market conditions, such as the deterioration in the creditworthiness of an issuer. In case of a large redemption request, the Fund may consequently not be able to sell certain assets to meet the redemption requirement or may not be able to sell certain assets at levels close to current valuation price.

### 1.1.18 Counterparty Risk

The Fund may enter into transactions with counterparties (which could be a company, government or other institution), thereby exposing them to the counterparties' creditworthiness and their ability to perform and fulfil their financial obligations. There exists a risk that the obligation of such counterparties will not be satisfied. This risk may arise at any time the Fund's assets are deposited, extended, committed, invested or otherwise exposed through actual or implied contractual agreements. The weaker the financial strength of a counterparty, the greater the risk of that party failing to satisfy its obligations. The Net Asset Value of the Fund could be affected by any actual or anticipated breach of the party's obligations, while the income of the Fund would be affected only by an actual failure to pay, which is known as a default.

### 1.1.19 Depositary Risk

The assets of the Fund shall be held in custody by the Depositary Bank and its sub-custodian(s) and/or any other custodians, prime broker and/or broker-dealers appointed by the Fund. Investors are hereby informed that cash and fiduciary deposits may not be treated as segregated assets and might therefore not be segregated from the relevant depositary, sub-custodian(s), other custodian / third party bank, prime broker and/or broker dealer's own assets in the event of the insolvency or the opening of bankruptcy, moratorium, liquidation or reorganization proceedings of the depositary, sub-custodian(s), other custodian / third party bank, prime broker or the broker dealer as the case may be. Subject to specific depositor's preferential rights in bankruptcy proceedings set forth by regulation in the jurisdiction of the relevant depositary, sub-custodian(s), other custodian / third party bank, prime broker or the broker dealer, the Fund's claim might not be privileged and may only rank *pari passu* with all other unsecured creditors' claims. The Fund might not be able to recover all of the assets in full.

### 1.1.20 Investments in the AIM Italy markt

The AIM Italy market is a multi-lateral trading platform with the consequences thereof, the market capitalization and the volume of exchange may be inferior to those of most markets developed. The listing requirements applicable to multi-lateral trading platforms are also less strict than those applicable to regulated markets. The Sub-Funds which invest in these markets may be subject to liquidity risks and volatility and could suffer losses due to volatility of the market and the potential lack of liquidity. Indeed, the low volume of exchanges of that market could result in fluctuation significant price of equity instruments negotiated in the AIM Italy Market.

### 1.1.21 Sustainability Risks

Sustainability risks can arise from impacts of environmental and social factors on an asset as well as from the corporate governance of the issuer of an asset held by the sub-funds.

The sustainability risk can either represent a separate risk category or have a reinforcing effect on other risk categories relevant to sub-funds, such as market risk, liquidity risk, credit risk or operational risk and in this context can substantially contribute to the overall risk of the sub-funds.

Insofar as sustainability risks materialize, they may have a significant impact - up to and including a total loss - on the value and/or return of the assets concerned. Such impacts on the asset(s) can have a negative effect on the overall return of the sub-funds.

The sustainability factors that can have a negative impact on the return of the sub-funds are divided into environmental, social and governance aspects ("ESG"). While environmental factors can include e.g. climate protection, social factors can include e.g. compliance with workplace safety requirements. Consideration of compliance with employee rights and data protection are among the components of the governance factors. In addition, climate change factors are also considered, including physical climate events or conditions such as heat waves, rising sea levels and global warming.

**Counterparty specific sustainability risks:** The market value of financial instruments of issuers that do not comply with ESG standards and / or do not commit to implementing ESG standards in the future may be negatively affected by materialising sustainability risks.

Such influences on the market value can be caused, e.g. by reputational damage and/or sanctions. Other examples include physical risks and transition risks caused, e.g. by climate change.

**Specific operational risks regarding sustainability:** The sub-funds may suffer losses due to environmental disasters, socially induced aspects relating to employees or third parties, as well as due to failures in corporate governance. These events may be caused or exacerbated by a lack of attention to sustainability aspects.

**Risk management procedure:** Key risk indicators can be used to assess sustainability risks. The key risk indicators can be of quantitative or qualitative nature and are based on environmental, social and governance aspects and measure the risks related to the considered aspects.

Further information regarding the manner the Management Company and the Investment Managers will take the sustainability risks into account will be published on www.bgfml.lu.

# NET ASSET VALUE

**Net Asset Value Calculation**

The net asset value per share of each sub-fund and share class is determined under the responsibility of the Board of Directors, expressed in the valuation currency, as specified in the Sub-Funds Particulars for each sub-fund.

The consolidation currency is the Euro.

The net asset value per share is determined for each sub-fund by dividing the net assets of such sub-fund by the total number of shares of that sub-fund outstanding.

The net asset value is calculated on each Valuation day as specified in the Sub-Funds Particulars for each sub-fund.

The percentage of the total net asset attributed to each sub-fund shall be adjusted on the basis of the subscription/redemption for this sub-fund as follows: at the time of issue or redemption of shares in any sub-fund, the corresponding net assets will be increased by the amount received, respectively decreased by the amount paid.

The net assets of the different sub-funds shall be assessed as follows:

1. In particular, the Fund's assets shall include:

    1. all cash at hand and on deposit, including interest due but not yet received as well as interest accrued on these deposits up to the Valuation day;

    2. all bills and demand notes and accounts receivable (including the results of securities sold insofar as the proceeds have not yet been collected);

    3. all securities, units or shares in undertakings for collective investment, stocks, debt securities, option or subscription rights, financial instruments and other investments and transferable securities owned by the Fund;

    4. all dividends and distribution proceeds to be received by the Fund in cash or securities insofar as the Fund is aware of such;

    5. all interest accrued but not yet received and all interest produced until the Valuation day on securities owned by the Fund, unless this interest is included in the principal amount of such assets;

    6. the incorporation expenses of the Fund, insofar as they have not yet been written off;

    7. all other assets of whatever kind and nature, including prepaid expenses.

The value of these assets shall be determined as follows:

(a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends and interests declared or due but not yet received shall be deemed to be the full value of such assets, unless it is unlikely that such values be received, in which case the value thereof shall be determined by deducting such amount the Fund may consider appropriate to reflect the true value of these assets;

(b) the valuation of securities and/or financial derivative instruments listed on an official stock exchange or dealt in on another regulated market which operates regularly, is recognised and open to the public, is based on the official closing price in Luxembourg on the Valuation day and, if such security and/or financial derivative instrument is traded on several markets, on the basis of the last available price known on the market considered to be the main market for trading this security and/or financial derivative instrument. If the last available price is not representative, the valuation shall be based on the probable sales value estimated by the Board of Directors with prudence and in good faith;

(c) securities not listed on a stock exchange or dealt in on another regulated market which operates regularly, is recognised and open to the public shall be assessed on the basis of the probable sales value estimated with prudence and in good faith;

(d) shares or units in open-ended undertakings for collective investment shall be valued at their last available calculated net asset value, as reported by such undertakings;

(e) the value of each position in each currency, security or derivative instrument based on currencies or interest rates will be determined on the basis of quotations provided by a pricing service selected by the Fund. Instruments for which no such quotations are available will be valued on the basis of quotations furnished by dealers or market makers in such instruments selected by the Fund; and positions in instruments for which no quotations are available from pricing services, dealers or market makers shall be determined prudently and in good faith by the Board of Directors in its reasonable judgement;

(f) liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis;

(g) swaps are valued at their fair value based on the underlying securities as well as on the characteristics of the underlying commitments or otherwise in accordance with usual accounting practices;

(h) all other securities and other assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.

The Board of Directors is authorised to apply other appropriate valuation principles for the assets of the Fund and/or the assets of a given sub-fund if the aforesaid valuation methods appear impossible or inappropriate due to extraordinary circumstances or events.

Securities expressed in a currency other than the currency of the respective sub-fund shall be converted into that currency on the basis of the last available exchange rate.

2. The liabilities of the Fund shall include:

- all loans, bills matured and accounts due;

- all known liabilities, whether matured or not, including all matured contractual obligations that involve payments in cash or in kind (including the amount of any unpaid dividends declared by the Fund);

- all reserves, authorised or approved by the Board of Directors, in particular those formed for covering potential depreciation on some of the Fund's investments;

- all other liabilities of the Fund, of whatever kind and nature with the exception of those represented by the Fund's own resources. To assess the amount of such other liabilities, the Fund shall take into account all expenses payable by it, including, without limitation, the formation expenses and those for subsequent amendments to the Articles of Incorporation fees and expenses payable to the Management Company, the Delegates of the Board of Directors, Depositary Bank and correspondents, paying agents or other agents of the Fund (in particular but not limited to tax agents and reporting agents), the costs of any sales intermediaries appointed from time to time by of the Fund, as well as the permanent representatives of the Fund in countries where it is subject to registration, the costs for legal and consultancy services assistance and for the auditing of the Fund's annual reports, insurance costs, costs of extraordinary measures carried out in the interests of shareholders (in particular, but not limited to, arranging expert opinions and dealing with legal proceedings), the costs for promoting (including reasonable marketing and advertising expenses), printing and publishing the sales documents for the shares, printing costs of annual and interim financial reports, the cost of convening and holding shareholders' and Board of Directors' meetings, reasonable travelling expenses of Directors and the Delegates of the Board of Directors, Directors' fees, the costs of registration statements, all taxes and duties charged by governmental authorities and stock exchanges, the costs of publication of the issue and redemption prices as well as any other operating costs, including research costs, financial costs, customary transaction fees and commissions charged by depositary banks or their agents (including free payments and receipts and any reasonable out-of-pocket expenses, i.e. stamp taxes, registration costs, scrip fees, special transportation costs, etc.), customary brokerage fees and commissions charged by banks and brokers for securities transactions and similar transactions, interest and postage, telephone, facsimile, telex charges and all the costs related to securities lending transactions (agency fees and transactions costs) or otherwise as well as any other administrative charges (in particular, but not limited to, notary charges and expenses related to the production of regulatory documents and reports (e.g. KIIDs, KIDs, EPT, EMT, etc.) and dissemination when applicable). For the valuation of the amount of such liabilities, the Fund shall take into account administrative and other expenses of a regular or periodic nature on a *prorata temporis* basis.

- The assets, liabilities, charges and expenses which are not attributable to a sub-fund shall be attributed to all the sub-funds, in equal proportions or as long as justified by the amounts concerned, to the *prorata* of their respective net assets.

3. Each share of the Fund to be redeemed is considered as an issued and existing share until the close of business on the Valuation day applicable to the redemption of such share and its price shall be considered as a liability of the Fund from the close of business on such day and this, until the relevant price is paid.

   Each share to be issued by the Fund in accordance with subscription applications received, shall be considered as having been issued as from the close of business on the Valuation day of its issue price and such price shall be considered as an amount to be received by the Fund until the Fund shall have received it.

4. As far as possible, each investment or disinvestment decided by the Fund until the Valuation day shall be taken into account by the Fund.

**Suspension of the Calculation of Net Asset Value, Issue and Redemption of Shares**

The Board of Directors is authorised to suspend temporarily the calculation of the net asset value of one or several sub-funds, as well as the issue, the redemption and the conversion of shares under the following circumstances:

1. for any period during which a market or stock exchange which is the main market or stock exchange on which a substantial part of the Fund's investments is listed from time to time, is closed for periods other than regular holidays, or when trading on such markets is subject to major restrictions, or suspended;

2. when the political, economic, military, monetary or social situation, or act of god or beyond the Fund's responsibility or control, make the disposal of its assets impossible under reasonable and normal conditions, without being seriously prejudicial to the interests of the shareholders;

3. during any breakdown in communications networks normally used to determine the value of any of the Fund's investments or current price on any market or stock exchange;

4. whenever exchange or capital movement restrictions prevent the execution of transactions on behalf of the Fund or in case purchase and sale transactions involving the Fund's assets cannot be effected at normal exchange rates;

5. as soon as a General Meeting is called during which the dissolution of the Fund shall be put forward.

Under exceptional circumstances that may adversely affect the interest of shareholders or in case of applications for redemption or conversion exceeding 10% of a sub-fund's net assets, the Board of Directors of the Fund may either defer all of such redemption or conversion requests (including those below the 10% of the sub-fund's net assets) until the time, but as fast as possible, it considers that they can be treated in the best interest of all the shareholders or declare that part or all of such requests for redemption or conversion will be treated on a pro rata basis as fast as possible in the best interests of the shareholders.. Such redemption or conversion requests will be executed in a priority order of receipt by the Fund.

Subscribers and shareholders offering shares for redemption or conversion shall be notified of the suspension of the net asset value calculation. Pending applications for subscription, redemption and conversion may be withdrawn in writing insofar as notification thereon be received by the Fund or by any other entity duly appointed by and acting in the name of the Fund before the end of suspension.

The Board of Directors reserves the right in case of important redemptions of a sub-fund’s net assets to adapt the calculation method of the performance fees by neutralizing the accrual linked to the capital movement. This will be applied in the interest of the shareholders to keep the net asset value per share increase/decrease in line with the portfolio evolution.

Pending subscriptions, redemptions and conversions shall be taken into consideration on the first Valuation day immediately following the end of suspension.

This shall be the day following the last day of the suspension.

In respect to the process to be applied in case of suspension in above manner, the Board of Directors shall give prior written notice to the shareholders of any such intended suspension of the calculation of the net asset value as soon as possible. (Registered shareholdings as of such day only will be taken into account).

# SHARE DEALING

## Shares

For each sub-fund, shares are issued in registered form. The Fund may also issue fractional shares (thousands) in relation to registered shares.

Registered shares will be dematerialized with the exception of any specific provision as specified in the Sub-Funds Particulars for each sub-fund. The shareholders' register is kept at the registered office of the Fund.

The Central Administration performs the registration, alterations or deletions necessary of all registered shares in the Fund register in order to insure the regular update thereof.

Investors residing in Italy may grant a mandate to the Paying Agents for Italy to act as nominee ("**Nominee**") in relation to the transactions concerning the holding in the Fund. On the basis of such a mandate, the Nominee will, among other things, send to the Fund the investors' subscription, redemption and conversion requests on a cumulative basis. The Nominee will be recorded in the shareholders' register in its own name but on behalf of the relevant investors and fulfil the duties relating to the exercise of voting rights pursuant to the instructions of the relevant investors. The Nominee shall keep and update an electronic book with details of each of the investors and the relevant respective holding. An investor who has subscribed in the Fund through the Nominee may at any time require, to the extent permitted by the Articles and without prejudice thereto, that the shares thus subscribed shall be transferred to the relevant investor as a result that this investor will be registered in the shareholders' register with effect from the date on which the transfer instructions are received by the Fund from the Nominee.

**THE FUND DRAWS THE INVESTORS' ATTENTION TO THE FACT THAT ANY INVESTOR WILL ONLY BE ABLE TO FULLY EXERCISE HIS INVESTOR RIGHTS DIRECTLY AGAINST THE FUND, (NOTABLY THE RIGHT TO PARTICIPATE IN GENERAL SHAREHOLDERS' MEETINGS) IF THE INVESTOR IS REGISTERED HIMSELF AND IN HIS OWN NAME IN THE SHAREHOLDERS' REGISTER OF THE FUND. IN CASES WHERE AN INVESTOR INVESTS IN THE FUND THROUGH AN INTERMEDIARY INVESTING INTO THE FUND IN HIS OWN NAME BUT ON BEHALF OF THE INVESTOR, IT MAY NOT ALWAYS BE POSSIBLE FOR THE INVESTOR TO EXERCISE CERTAIN SHAREHOLDER RIGHTS DIRECTLY AGAINST THE FUND. INVESTORS ARE ADVISED TO TAKE ADVICE ON THEIR RIGHTS.**

Shares must be fully paid-up and are issued with no par value. There is no restriction with regard to the number of shares which may be issued. The rights attached to the shares are those provided for in the Law of 1915, unless superseded by the Law of 2010. All shares of the Fund have an equal voting right, whatever their value (except fractional shares). The shares of each sub-fund have an equal right to the liquidation proceeds of their relevant sub-fund.

Any amendments to the Articles changing the rights of one specific sub-fund have to be approved by a decision of the general meeting of the Fund as well as a general meeting of the shareholders of the specific sub-fund.

## Issue of Shares, Subscription and Payment Procedure

The Board of Directors is authorised to issue shares in each sub-fund at any time and without limitation.

The Fund may restrict or prevent the ownership of shares in the Fund by any person, firm, partnership or corporate body, if in the sole opinion of the Fund, such holding may be detrimental to the interests of the existing shareholders or of the Fund, if it may result in a breach of any law or regulation, whether Luxembourg or otherwise, or if as a result thereof the Fund may become exposed to tax disadvantages, fines or penalties that it would not have otherwise incurred. Such persons, firms, partnerships or corporate bodies shall be determined by the Board of Directors (the "**Prohibited Persons**").

As the Fund is not registered under the United States Securities Act of 1933, as amended, nor has the Fund been registered under the United States Investment Company Act of 1940, as amended, its shares may not be offered or sold, directly or indirectly, in the United States of America or its territories or possessions or areas subject to its jurisdiction, or to citizens or residents thereof (hereinafter referred to as "**US Persons")**. Accordingly, the Fund may require any subscriber to provide it with any information that it may consider necessary for the purpose of deciding whether or not he is, or will be, a Prohibited Person or a US Person.

Pursuant to the Luxembourg law of 5 April 1993, as amended, relating to the financial sector, the law of 12 November 2004, as amended, relating to money laundering and counter-terrorist financing (as amended), and to the relevant circulars of the Luxembourg supervisory authority (notably the CSSF circular 08/387 as amended by the CSSF circular 10/476), all professionals of the financial sector are obliged to take measures to prevent the use of UCITS for

money laundering and terrorist financing purposes. Within this context a procedure for the identification of investors has been imposed. The application form of an investor ("**Application Form**") must be accompanied, in the case of individuals, by a copy of the passport or identification card in the case of individuals and, in the case of legal entities, by a copy of the statutes, articles of incorporation or other constitutive documents, an extract from the commercial register and a list of authorised signatories.

In addition, in the case of legal entities not listed on a recognised Stock Exchange, identification of the shareholders owning more than 25 % of the shares issued or of the voting rights as well as the name and address of persons having a significant influence on the management of the legal persons may be required. In the case of a trust, the Application Form must, at least, be accompanied by a copy of the trust instrument, copy of the passports and/or statutes or other appropriate constitutive documents of the trustee(s) and a list of authorized signatories.

In addition, the identification of the trustee, the settler, the ultimate beneficiary and the protector may be required.

Any copy must be certified to be a true copy by one of the following authorities: ambassador, consulate, notary or police officer or their equivalent in the jurisdiction concerned. Such identification procedure must be complied with in the following circumstances:

(a) in the case of direct subscriptions to the Central Administration; and

(b) in the case of subscriptions received by the Central Administration from any intermediary resident in a country which does not impose on such intermediary an obligation to identify investors equivalent to that required under the laws of the Grand Duchy of Luxembourg for the prevention of money laundering and terrorist financing (a professional of the financial sector who is domiciled in a country which has not implemented the conclusions of the *Financial Action Task* Force *on Money Laundering* report, and who is thus not considered as being subject to a client identification procedure equal to the one required by the laws and regulations of the Grand-Duchy of Luxembourg).

The Fund reserves the right to ask for additional information and documentation as may be required to comply with any applicable laws and regulations. Failure to provide documentation may result in delay in investment or the withholding of redemption proceeds.

Such information provided to the Transfer Agent is collected and processed for anti-money laundering and counter-terrorist financing compliance purposes.

The shares are issued at a price corresponding to the net asset value per share of each sub-fund increased by a subscription fee as defined in the Sub-Funds Particulars for each sub-fund.

The shares may be distributed through saving plans, in accordance with the national laws and customs of the country in which the shares are marketed. Details on saving plans' terms and conditions are to be found in the subscription forms available at local level.

Shareholders may be required to pay additional charges and fees to financial institutions acting as local Paying Agents in foreign countries where the shares are distributed.

Subscriptions are made on the basis of unknown price.

Applications for subscription of registered shares may, at the subscriber's choice, pertain to a number of shares to be subscribed or to an amount to be invested in one or several sub-funds. In this latter case, fractional shares may be issued.

Applications for subscription received by the Fund or by any other entity duly appointed by and acting in the name of the Fund on the Luxembourg full banking business day preceding the Valuation day before 14:00 (Luxembourg time) shall be carried out, if accepted, on the basis of the net asset value determined on the Valuation day. Applications notified after this deadline shall be executed on the following Valuation day. The subscription price of each share is payable in the respective currency of the relevant sub-fund within three (3) Luxembourg full banking business days following the Valuation day.

**Conversion of Shares**

Conversions of shares are made on the basis of unknown price.

Unless otherwise stated for a specific sub-fund, any shareholder may request the conversion of all or part of his shares of one sub-fund into shares of another sub-fund at a price equal to the respective net values of the different sub-funds' shares. Where applicable, such price may be increased of a conversion fee, as detailed in Appendix 1 "Description of the sub-funds".

Shareholders will pay no fees for conversion, except additional charges and fees, if any, to financial institutions acting as local Paying Agents in foreign countries where the shares are distributed.

The shareholder who wishes such a conversion of shares shall make a written request by mail or by fax to the Fund or to any other entity duly appointed by and acting in the name of the Fund indicating the number, the reference name and the class of the shares to be converted.

A special rule governing Switch Programmed Plan (referred to hereafter as "**the Plan**") is available in Italy.

Subscriptions to sub-funds may also be achieved through this Plan allowing shareholders to stagger their investment by making a simultaneous series of conversions. A customised plan can be activated by any placing agent authorized by the sub-fund manager to activate such conditions of share conversion. To this end, the subscriber is to indicate:

- the starting date of the Plan;
- the duration;
- the frequency of redemptions (monthly, bimonthly, quarterly or four-monthly);
- share class and sub-funds selected for the staggered investment (referred to hereafter as "destination sub-funds");
- the amount to be disinvested periodically, specifying the distribution of this amount among destination sub-funds.

Planned redemptions are made on the basis of the net asset value per share on the Valuation day corresponding to the date predetermined by shareholders (if this date is not a Valuation day, the net asset value per share of the following Valuation day is used). The Valuation day of investments coincides with the Valuation day of redemptions.

If on the Valuation day the exchange value of shares held does not reach the amount globally set for each periodic disinvestment, this disinvestment shall not be carried out even in part and the Plan will end.

Shareholders are at any time entitled to terminate the Plan or, in compliance with indications above, amend its duration, frequency, the destination classes and sub-funds; the amount to be disinvested periodically and its distribution among destination classes and sub-funds.

Switch fees will be paid to the Fund. The fees are payable in advance at the first transaction and will represent 30% of the total fee.

The authorized placing agent is to be informed in writing of conditions of termination of or amendments to the Plan.

For any further details on the Plan, investors are invited to request the conversion form available at local level.

Except in the case of a suspension of the calculation of the net assets, the conversion shall be carried out on the valuation day, provided that the request is notified to the Fund on the Luxembourg full banking business day preceding the Valuation day before 14:00 (Luxembourg time) and that the day is a valuation day for the both sub-funds concerned. The number of shares allocated in the new sub-fund shall be established as follows:

$$A = \frac{B \times C \times D +/- XP}{E}$$

A number of shares allotted in the new sub-fund;

B number of shares presented for conversion in the original sub-fund;

C net asset value, on the applicable valuation day, of the shares of the original sub-fund presented for conversion;

D exchange rate applicable on the day of the operation between the currencies of both classes of shares;

E net asset value on the applicable valuation day of the shares allotted in the new sub-fund;

XP balance, applied or not, at the choice of the shareholder. It may be inapplicable and, in such case, reimbursed to the shareholder.

On the other hand, it may be considered to be a fraction for which the shareholder has to pay – within the time limits provided for the payment of subscriptions – the difference in relation to the net asset value of the sub-fund so as to obtain a full number of shares. Finally, it may represent a fraction of a share.

After the conversion, the Fund shall inform the shareholders of the number of new shares obtained after conversion as well as their price.

**Redemption of Shares**

Any shareholder is entitled, at any time and without limitation to have his shares redeemed by the Fund. Shares redeemed by the Fund shall be cancelled.

Redemptions are made on the basis of unknown price.

Shareholders will pay no fees for redemption, except for charges and fees, if any, to financial institutions acting as local Paying Agents in foreign countries where the Shares are distributed.

Applications for redemption must be sent to the Fund or to any other entity duly appointed by and acting in the name of the Fund in writing, by mail or fax. The application is irrevocable and must indicate the number and the class of shares to be redeemed as well as all useful references for the settlement of the redemption.

All the shares presented for redemption, must be received at the registered office of the Fund in Luxembourg or at any other entity duly appointed by and acting in the name of the Fund on the Luxembourg full banking business day preceding the Valuation day before 14:00 (Luxembourg time) unless otherwise stated for a specific sub-fund in the Sub-Funds Particulars. Shares shall be repurchased at the net asset value of the relevant sub-fund as determined on the Valuation day. Applications notified after this deadline shall be dealt with on the next following Valuation day. Redemption fees are defined for each sub-fund in the in the Sub-Funds Particulars.

The payment for shares redeemed shall be made within five (5) Luxembourg full banking business days following the Valuation day, provided the Fund has received all the documents pertaining to the redemption. Payment shall be made in the reference currency of the respective sub-fund as detailed in the Sub-Funds Particulars.

The redemption price for shares of the Fund may be higher or lower than the purchase price paid by the shareholder at the time of subscription due to the appreciation or depreciation of the net assets of the sub-fund.

**Compulsory Redemption**

If the Fund discovers at any time that shares are owned by a Prohibited Person or a US Person, either alone or in conjunction with any other person, whether directly or indirectly, the Board of Directors may at its discretion and without liability, compulsorily redeem the shares after giving notice of at least ten days, and upon redemption, the Prohibited Person or the US Person will cease to be the owner of those shares. The Fund may require any shareholder to provide it with any information that it may consider necessary for the purpose of determining whether or not such owner of shares is or will be a Prohibited Person or a US Person.

**Late Trading and Market Timing**

The Fund does not allow practices related to "market timing".

Market Timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same fund within a short time period, by taking advantage of schedule differences for example.

The Fund keeps the right to reject subscription and conversion orders from an investor who it suspects of using such practices and to take, if appropriate, the necessary steps to protect the other investors of the Fund.

The Fund also retains the right to:

- refuse all or part of an application for subscription of shares;
- repurchase, at any time, shares held by persons not authorised to buy or own the Fund's shares;
- at any time, to buy shares back from shareholders suspected of executing "market timing" transactions.

**Distribution Policy**

Each year, the general meeting of shareholders ("**General Meeting**") shall decide upon the proposal made by the Board of Directors on this matter. Should the Board of Directors decide to propose the payment of a dividend to the General Meeting, such dividend shall be calculated in accordance with the legal and statutory limits provided for this purpose.

The Board of Directors has determined to propose the capitalisation of the income. Nevertheless, if in this Prospectus or in any Sub-Funds Particulars otherwise stated, or if in the Board of Directors' opinion, the payment of a dividend could be more profitable to the shareholders, the Board of Directors shall not refrain from proposing such a dividend to the General Meeting. The Board of Directors may also decide the payment of an interim dividend. This dividend may include, beside the net investment income, the realised and unrealised capital gains, after deduction of realised and unrealised capital losses.

Subject to the local laws and regulations applicable to the Fund in Luxembourg and in the countries where the Fund is distributed, all dividend payment notices may be published in a regularly distributed Luxembourg newspaper and in any other newspaper the Board of Directors may deem appropriate.Registered shareholders are paid by cheque sent to their address indicated in the shareholders' register or by bank transfer according to their instructions.

Each shareholder is offered the possibility to reinvest his/her dividend free of charge up to the available share unit.

Dividends not claimed within five (5) years after their payment date shall no longer be payable to the beneficiaries and shall revert to the sub-fund.

# MANAGEMENT, ADMINISTRATION AND FEES

## General Meetings of Shareholders

The annual General Meeting is held each year at the Fund's registered office or at any other place in Luxembourg specified in the convening notice at the date and time specified in such a notice.

Furthermore, the shareholders of each sub-fund may be required to resolve in a separate general meeting deciding, according to the prescriptions of quorum and majority as laid down by the law, any matter that does not result in any amendment of the Articles of Incorporation and deals mainly with the allotment of the annual profit balance of their sub-fund.

Notices for all general meetings shall be sent at least eight (8) days before the general meeting to all registered shareholders at the address indicated in the shareholders' register unless the shareholder has agreed to receive convening notices to shareholders' meeting by any other mean of communication (including e-mail).

Subject to the local laws and regulations applicable to the Fund in Luxembourg and in the countries where the Fund is distributed, notices shall be published in the *Recueil Électronique des Sociétés et Associations*, in a regularly distributed Luxembourg newspaper and in any newspaper that the Board of Directors shall deem appropriate.

Except otherwise provided by the Articles, and without prejudice thereto, notices shall indicate the date, time and place of the general meeting, the conditions for admission, the agenda and the prescriptions of Luxembourg law regarding quorum and majority.

The notice of any General Meeting may also provide that the quorum and the majority of such general meeting shall be determined by reference to the shares issued and outstanding at midnight on the fifth day preceding the day on which such meeting of shareholders will be held ("**Record Date**"), whereas the right of a shareholder to attend a General Meeting and to exercise the voting rights attaching to his/its/her shares shall be determined by reference to the shares held by this shareholder as at the Record Date.

## Board of Directors

The Board of Directors has the largest powers to manage the Fund and to act in the name of the Fund, except for the powers specially given by law to the General Meeting of shareholders.

The Board of Directors is responsible for the Fund's administration, control, management and the determination of its overall investment objectives and policies. As remuneration for their activities, the general meeting may allocate to the directors a fixed annual sum as directors' fees, the amount of which is entered under the general operating expenses of the Fund and which is apportioned between the directors, at their discretion.

Moreover, the directors may be reimbursed for expenses incurred for the Fund to the extent that they are deemed reasonable.

The Board of Directors determines the remuneration of the chairman and of the secretary of the Board of Directors and also of the officer(s).

## Management Company

BG FUND MANAGEMENT LUXEMBOURG S.A., a limited liability company, *société anonyme*, having its registered office at 14, Allée Marconi, L-2120 Luxembourg (the "**Management Company**") has been designated to serve as management company to the Fund in accordance with the provisions of the Law of 2010.

The Management Company was incorporated for an unlimited duration under the laws of Luxembourg on November 30, 2007 by notarial deed published in the Mémorial on January 7, 2008 under the name of BG Investment Luxembourg S.A..

Its articles of incorporation have been amended on September 9, 2009, February 12, 2013, July 1, 2014, November 16, 2016 and March 28, 2018 and the amendments were published in the Mémorial, respectively in the RESA for the amendments of November 16, 2016 and March 28, 2018.

On July 1, 2014, its share capital amounted to EUR 2,000,000.-. The shareholder of the Management Company is Banca Generali S.p.A..

The Management Company also acts as management company for other investment funds. The names of these other funds will be published in the financial reports of the Fund.

The Management Company is according to an agreement entered into on 27 February 2020 between the Management Company and the Fund appointed to serve as the Fund's designated management company. The Management Company shall in particular be responsible for the following duties:

- overall coordination of the investment policy of all sub-funds and for the investment management and supervision of the sub-funds on a day-to-day basis;
- central administration, including *inter alia*, the calculation of the net asset value (the "**Net Asset Value**"), the procedure of registration, conversion and redemption of the shares and the general administration of the Fund;
- distribution of the shares of the Fund; in this respect the Management Company may with the consent of the Fund appoint other distributors/nominees;
- general co-ordination, administration and marketing services.

The rights and duties of the Management Company are governed by the Law of 2010 and an agreement entered into for an unlimited period of time. This agreement may be terminated by either party upon three months' prior written notice.

In accordance with applicable laws and regulations and with the prior consent of the Board of Directors, the Management Company is empowered to delegate, under its responsibility, all or part of its duties and powers to any person or entity, which it may consider appropriate. It being understood that the Prospectus shall, in such case be amended accordingly.

For the time being the duties of portfolio management for all sub-funds and central administrative agent, which include the registrar and transfer agent duties, have been delegated as further detailed in the Prospectus.

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that does not encourage risk taking which is inconsistent with the risk profile and the articles of incorporation of the Fund.

The Management Company's remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company and the Fund and its investors and includes measures to avoid conflicts of interest.

If applicable, the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Fund managed by the Management Company in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period.

Fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

The remuneration policy is reviewed at least annually.

The details of the Management Company's remuneration policy are directly available on the following website www.bgfml.lu/site/en/home.html under "Corporate Governance". A paper copy of the remuneration policy will be made available free of charge upon request to the Management Company.

**Investment Managers / Advisor**

The Management Company is responsible for the portfolio management of the Fund. In this respect, the Management Company may delegate, with the prior approval of the Board of Directors, to third parties one or more of its duties. Accordingly one or more investment managers may be appointed.

The Management Company will directly perform the investment management of the following sub-fund:

i. NEXTAM PARTNERS - Flex AM

***A. Investment Advisors***

Provided that they receive the prior written consent of the Management Company, the Investment Managers are authorised to seek advice, at their own expenses, for managing the investment of the Fund's assets for one or several sub-funds, from any person or corporation which it may consider appropriate (hereafter referred to as the "**Investment Advisor(s**)").

In any circumstance whatsoever, the Investment Managers will remain entirely liable for acting under such advice unless in the event of any established serious misconduct or gross negligence on the part of the Investment Advisor. The Investment Managers shall not be bound to act, purchase or sell securities, by any advice or recommendation given by the Investment Advisor.

The Investment Advisor shall advise the Investment Managers, and be subject to overall control and responsibilities of the Investment Managers. Based on these pieces of advice, the Investment Managers, will purchase and/or sell securities, otherwise manage the Fund's assets.

The identity of any appointed Investment Advisor may also be disclosed in the Sub-Funds Particulars.

**Central Administration**

With the prior consent of the Board of Directors, the Management Company has delegated its duties in relation to the central administration and registrar and transfer agency of the Fund to CACEIS Bank, Luxembourg Branch (the "**Central Administration**").

As Central Administration, CACEIS Bank, Luxembourg Branch is responsible for the procedure of registration, conversion and redemption of the shares, the calculation of the net asset value and the general administration of the Fund.

**Depositary Bank and Domiciliary Agent**

CACEIS Bank, Luxembourg Branch is acting as depositary of the Fund (the "**Depositary**") in accordance with a depositary agreement dated 27 February 2020 as amended from time to time (the "**Depositary Agreement**") and the relevant provisions of the Law of 2010 and UCITS rules which represent the set of rules formed by the UCITS Directive and any derived or connected EU or national act, statute, regulation, circular or binding guidelines ("UCITS Rules").

CACEIS Bank acting through its Luxembourg branch (CACEIS Bank, Luxembourg Branch) is a public limited liability company (société anonyme) incorporated under the laws of France with a share capital of 440,000,000 Euros having its registered office located at 1-3, place Valhubert, 75013 Paris, 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 prudential et de resolution ("ACPR"). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg

Investors may consult upon request at the registered office of the Fund, the Depositary Agreement to have a better understanding and knowledge of the limited duties and liabilities of the Depositary.

The Depositary has been entrusted with the custody and/or, as the case may be, recordkeeping and ownership verification of the sub-funds' assets, and it shall fulfil the obligations and duties provided for by Part I of the Law of 2010. In particular, the Depositary shall ensure an effective and proper monitoring of the Fund' cash flows.

In due compliance with the UCITS Rules the Depositary shall:

(i) ensure that the sale, issue, re-purchase, redemption and cancellation of shares of the Fund are carried out in accordance with the applicable national law and the UCITS Rules, the Prospectus and articles of association;

(ii) ensure that the value of the shares is calculated in accordance with the UCITS Rules, the Prospectus and articles of association of the Fund and the procedures laid down in the UCITS Directive;

(iii) carry out the instructions of the Fund, unless they conflict with the UCITS Rules, or the Prospectus and articles of association of the Fund;

(iv) ensure that in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits;

(v) ensure that Fund's income is applied in accordance with the UCITS Rules and the Prospectus and articles of association of the Fund.

The Depositary may not delegate any of the obligations and duties set out in (i) to (v) of this clause.

In compliance with the provisions of the UCITS Directive, the Depositary may, under certain conditions, entrust part or all of the assets which are placed under its custody and/or recordkeeping to correspondents or third party depositaries as appointed from time to time. The Depositary's liability shall not be affected by any such delegation, unless otherwise specified, but only within the limits as permitted by the UCITS Rules.

A list of these correspondents /third party depositaries are available on the website of the Depositary (www.caceis.com, section "veille règlementaire"). Such list may be updated from time to time. A complete list of all correspondents /third party depositaries may be obtained, free of charge and upon request, from the Depositary. Up-to-date information regarding the identity of the Depositary, the description of its duties and of conflicts of interest that may arise, the safekeeping functions delegated by the Depositary and any conflicts of interest that may arise from such a delegation are also made available to investors on the website of the Depositary, as mentioned above, and upon request. There are many situations in which a conflict of interest may arise, notably when the Depositary delegates its safekeeping functions or when the Depositary also performs other tasks on behalf of the Fund, such as administrative agency and registrar agency services. These situations and the conflicts of interest thereto related have been identified by the Depositary. In order to protect the Fund's and its shareholders' interests and comply with applicable regulations, a policy and procedures designed to prevent situations of conflicts of interest and monitor them when they arise have been set in place within the Depositary, aiming namely at:

(a) identifying and analysing potential situations of conflicts of interest;

(b) recording, managing and monitoring the conflict of interest situations either in:

- relying on the permanent measures in place to address conflicts of interest such as maintaining separate legal entities, segregation of duties, separation of reporting lines, insider lists for staff members; or

- implementing a case-by-case management to (i) take the appropriate preventive measures such as drawing up a new watch list, implementing a new Chinese wall, making sure that operations are carried out at arm's length and/or informing the concerned shareholders of the Fund, or (ii) refuse to carry out the activity giving rise to the conflict of interest.

The Depositary has established a functional, hierarchical and/or contractual separation between the performance of its Fund depositary functions and the performance of other tasks on behalf of the Fund, notably, administrative agency and registrar agency services.

The Fund and the Depositary may terminate the Depositary Agreement at any time by giving ninety (90) days' notice in writing. The Fund may, however, dismiss the Depositary only if a new depositary bank is appointed within two months to take over the functions and responsibilities of the Depositary. After its dismissal, the Depositary must continue to carry out its functions and responsibilities until such time as the entire assets of the sub-funds have been transferred to the new depositary bank.

The Depositary has no decision-making discretion nor any advice duty relating to the Fund's investments. The Depositary is a service provider to the Fund and is not responsible for the preparation of this Prospectus and therefore accepts no responsibility for the accuracy of any information contained in this Prospectus or the validity of the structure and investments of the Fund.

As Paying Agent, CACEIS Bank, Luxembourg Branch is responsible for the payment of dividends (if any) to the shareholders and as Domiciliation Agent CACEIS Bank, Luxembourg Branch provides administrative and secretarial services to the Fund.

**Fees**

The Fund pays for the various sub-funds a fee to the Management Company as follows:

A) A management fee (the "**Management Fee**") by class of shares, as described in the Sub-Funds Particulars. The Management Fee is calculated and accrued on each Valuation day based on the total net assets attributable to the relevant class of shares and is payable quarterly in arrears; out of the Management Fee, the Management Company will pay the Investment Managers.

B) A fee of 0.18% per annum of the respective sub-fund's average net assets for all administrative activities carried out by the Management Company, payable quarterly in arrears. Out of this fee, the Management Company will pay directly the Central Administration for administrative activities such as, but not limited to, the Net Asset Value calculation, the maintenance of the shareholders register and the execution of the transaction orders.

C) A performance fee (the "**Performance Fee**") in relation to certain sub-funds, as indicated in the Sub-Funds Particulars.

The Management Company and/or the Investment Managers may be entitled to receive soft commissions in the form of supplemental goods and services such as consultancy and research, information-technology material associated with specialist software, performance methods and instruments for setting prices, subscriptions to financial information or pricing providers. Brokers who provide supplemental goods and services to the Management Company and/or the Investment Managers may receive orders for transactions by the Fund. The following goods and services are expressly excluded from the soft commissions: travel, accommodation costs, entertainment, current goods and services connected with the management, the offices, the office equipment, staff costs, clerical salaries and all financial charges. Soft commission services so received by the Management Company and/or the Investment Managers will be in addition to and not in lieu of the services required to be performed by the Management Company and/or the Investment Managers and the fees of the Management Company and/or the Investment Managers will not be reduced as a result of the receipt of such soft commissions. The Management Company and/or the Investment Managers, in using a broker who provides soft commission services, will do so only on the basis that the broker is not a physical person and will execute the relevant transactions on a best execution basis and that there will be no comparative price disadvantage in using that broker. The Management Company and/or the Investment Managers or anyone connected to them shall not personally benefit from any financial return on the commissions collected by brokers or dealers. The Management Company and/or the Investment Managers will provide the Fund with the details of the soft commissions effectively received on an annual basis.

The Management Company will pay, out of its fees, the distributors which may reallocate a portion of their fees to sub-distributors, dealers, other intermediaries or entities, with whom they have a sub-distribution agreement. The conclusion of any sub-distribution agreement will be subject to prior approval of the Management Company.

The Management Company may also, on a negotiated basis, enter into private arrangements (so called "co-operation agreements") with an entity under which the Management Company is authorized to make payments to or for such entity which represent a retrocession of or a rebate on all or part of the fees paid to the Management Company.

The Depositary is entitled to receive fees out of the assets of the Fund, pursuant to the relevant agreement between the Depositary and the Fund and in accordance with usual market practice. The fees payable to the Depositary (excluding sub-depositary fees, if any) will not exceed 0.06% p.a. of the respective sub-fund's average net assets. The fees are calculated and accrued on each Valuation day and are payable quarterly in arrears.

The fees relating to the Fund's incorporation and launching, amount approximately to EUR 25,000 (twenty-five thousand Euro).

The fees and charges related to the launching of any new sub-funds will be supported by the relevant new sub-fund(s) and will be amortised over a period not exceeding the first five (5) fiscal years of the relevant sub-fund(s).

The Fund shall bear all operating costs as detailed in Chapter 6.

A marketing fee could be applied to one or more sub-funds at the discretion of the Board of Directors.

For each sub-fund, the date of introduction and the relevant applicable amount of the fee shall be determined by the Board of Directors and the Prospectus shall be updated accordingly in due time.

It will be possible to introduce the marketing fee only for a specific share class or for some specific sub-funds.

The Fund will bear the costs and expenses incurred in relation with investment researches provided by any service provider appointed by the Fund if any; information concerning the amount of research costs paid by the Fund are available for shareholders at the registered office of the Fund.

# TAXATION

## Taxation of the Fund

In accordance with the law in force and current practice, the Fund is not liable to any Luxembourg tax on income and capital gains. Likewise, dividends paid by the Fund are not subject to any Luxembourg withholding tax.

However, the Fund is subject to an annual tax in Luxembourg corresponding to 0.05% of the value of the net assets. For the share classes reserved to institutional investors, the annual tax rate is 0.01%.

This tax is payable quarterly on the basis of the Fund's net assets calculated at the end of the relevant quarter.

Certain income of the Fund's portfolio, consisting of dividends and interests, may be subject to payment of withholding tax at various rates in its country of origin.

## Taxation of the Shareholders

Subject to section III below, shareholders are, under current legislation, not subject to whatever tax in Luxembourg on capital gains, income, donations or inheritance, nor to withholding taxes, with the exception of shareholders having their domicile, residence or permanent establishment in Luxembourg, and certain Luxembourg ex-residents, owning more than 10% of the Fund's capital.

The provisions above are based on the law and practices currently in force and may be amended.

Potential subscribers should inform themselves and, if necessary, take advice on the laws and regulations (such as those on taxation and exchange control) applicable to the subscription, purchase, holding and sale of their shares in the country of respectively their citizenship, residence or domicile.

## EU Tax Considerations for Individuals Resident in the EU or in Certain Third Countries or Dependent or Associated Territories

Under the law of 18 December 2015 implementing the EU Council Directive 2014/107/UE on administrative cooperation in the field of direct taxation ("**DAC Directive**") and the OECD Common Reporting Standard ("**CRS**") ("**DAC Law**"), since 1 January 2016, except for Austria which has benefited from a transitional period until January 1st 2017, the financial institutions of an EU Member State or a jurisdiction participating to the CRS are required to provide to the fiscal authorities of other EU Member States and jurisdictions participating to the CRS details of payments of interest, dividends and similar type of income, gross proceeds from the sale of financial assets and other income, and account balances held on reportable accounts, as defined in the DAC Directive and the CRS, of account holders residents of, or established in, an EU Member State and certain dependent and associated territories of EU Member States or in a jurisdiction which has introduced the CRS in its domestic law.

Payment of interest and other income derived from the Shares will fall into the scope of the DAC Directive and the CRS and are therefore be subject to reporting obligations.

Prospective investors should consult their own tax advisor with respect to the application of the DAC Directive and the CRS to such investor in light of such investors' individual circumstances. Investors are further invited to request information regarding applicable laws and regulations (i.e. any particular tax aspects or exchange regulations) of the countries of which they are citizens, or in which they are domiciled or resident and which may concern the subscription, purchase, holding and redemption of the shares.

## FATCA – Foreign account tax compliance

The shares have not been and will not be offered for sale or sold in the United States of America, its territories or possessions and all areas subject to its jurisdiction, and they cannot be offered to US Persons.

Investors and applicants should note that under the Foreign Account Tax Compliance Act ("**FATCA**") and/or related intergovernmental agreements details of US investors holding assets outside the US will be reported by financial institutions to the Internal Revenue Service (IRS) or to their local tax authority, as a safeguard against US tax evasion.

On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("**IGA**") with the United States of America and a memorandum of understanding in respect thereof.

The basic terms of FATCA may include the Company as a "Financial Institution", so that in order to comply, the Company may require all Shareholders to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned legislation.

Despite anything else herein contained and as far as permitted by Luxembourg law, the Company shall have the right to:

- Withhold any taxes or similar charges that it is legally required to withhold, whether by law or otherwise, in respect of any shareholding in the Company;

- Require any Shareholder or beneficial owner of Shares to promptly furnish such personal data as may be required by the Company in its discretion in order to comply with any law and/or to promptly determine the amount of withholding to be retained;

- Divulge any such personal information to any tax or regulatory authority, as may be required by law or such authority; and

- Withhold the payment of any dividend or redemption proceeds to a Shareholder until the Company holds sufficient information to enable it to determine the correct amount to be withheld.

In addition the Company hereby confirms that it qualifies as Foreign Financial Institution (FFI) as laid down in the FATCA rules and that it shall register and certify compliance with FATCA. In addition, the Company has filed a request in order to obtain a Global Intermediary Identification Number (GIIN). From this point the Company will furthermore only deal with professional financial intermediaries duly registered with a GIIN.

The discussion on U.S. taxation is not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer. The discussion was written to support the promotion or marketing of the investments described herein. Each prospective Investor should seek advice based on such investor's particular circumstances from an independent tax advisor.

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

# INFORMATION TO SHAREHOLDERS

**Publication of the Net Asset Value**

The net asset value of each sub-fund is available at the Registered Office of the Fund and will be published as deemed appropriate by the Board of Directors in any newspaper or through any other means deemed appropriate by the Board of Directors in compliance with the relevant applicable laws and regulations.

**Notices and Publications**

All notices to shareholders are published on the Management Company's website except those that by law have to be published or sent by mail. The notices are available on the website at the following address: www.bgfml.lu .

**Financial Year and Reports for Shareholders**

The financial year begins on 1 January and ends on 31 December.

Every year, the Fund publishes a detailed report on its activities and the management of its assets, including the balance sheet and consolidated profit and loss accounts expressed in EUR, the detailed breakdown of each sub-fund's assets and the report of the independent auditor.

The financial year report is based on the net asset value as of 31 December of each year and available within four (4) months from this date.

Furthermore, at the end of each half-year, it shall establish a report including inter alia, the composition of the portfolio, statements of portfolio changes during the period, the number of shares outstanding and the number of shares issued and redeemed since the last publication.

**Independent Auditor**

The audit of the Fund's accounts and annual reports is entrusted to Ernst & Young.

**Documents Available to the Public**

The Prospectus and the KIIDs, the Articles, the last financial annual report as well as the last semi-annual report of the Fund are kept free of charge at the disposal of the public at the Fund's registered office and at the local distributors' offices. The agreements between the Fund and other counterparties are also available for consultation.

An up to date version of the KIIDs is available on the website at the following address: www.bgfml.lu .

**Data Protection**

In the course of business, the Fund will collect, record, store, adapt, transfer and otherwise process information by which prospective investors may be directly or indirectly identified. The Fund is the data controller within the meaning of the Regulation (EU) 2016/679 known as the General Data Protection Regulation, which comes into force on 25 May 2018 ("**GDPR**") and undertakes to hold any personal data provided by investors in accordance with GDPR.

The Fund and/or any of its delegates or service providers may process personal data of prospective investors, the ultimate beneficial owners, directors, authorised representatives or contact persons of investors (including, but not limited to the name, address and invested amount of each investor) for any one or more of the following purposes and legal bases:

1. to operate the Fund, including managing and administering a Shareholder's investment in the Fund on an on-going basis which enables the Fund and/or any of its delegates or service providers and investors to satisfy their contractual duties and obligations to each other; or

2. to comply with any applicable legal, tax or regulatory obligations on the Fund and/or any of its delegates or service providers under any applicable laws and anti-money laundering and counter-terrorism legislation and to preserve the interests of the Fund and its investors.

The Fund and/or any of its delegates or service providers may disclose or transfer personal data, whether in the European Economic Area ("**EEA**") or elsewhere (including entities situated in countries outside of the EEA), to other delegates, duly appointed agents and service providers of the Fund (and any of their respective related, associated or affiliated companies or sub-delegates) and to third parties including advisers, regulatory bodies, taxation authorities, auditors, technology providers for the purposes specified above.

The Fund and/or any of its delegates and service providers will not transfer personal data to a country outside of the EEA unless that country ensures an adequate level of data protection or appropriate safeguards are in place or the transfer is in reliance on one of the derogations provided for under GDPR. The European Commission has prepared a list of countries that are deemed to provide an adequate level of data protection which, to date, includes Switzerland, Guernsey, Argentina, the Isle of Man, Faroe Islands, Jersey, Andorra, Israel, New Zealand and Uruguay. Further countries may be added to this list by the European Commission at any time. The US is also deemed to provide an adequate level of protection where the US recipient of the data is privacy shield-certified. If a third country does not provide an adequate level of data protection, then the Fund and/or any of its delegates and service providers will ensure it puts in place appropriate safeguards such as the model clauses (which are standardised contractual clauses, approved by the European Commission).

The Fund and/or any of its delegates or service providers will not keep personal data for longer than is necessary for the purpose(s) for which it was collected. In determining appropriate retention periods, the Fund and/or any of its delegates or service providers shall have regard to any applicable statutes of limitation and any statutory obligations to retain information, including anti-money laundering, counter-terrorism, tax legislation. The Fund and/or any of its delegates or service providers will take all reasonable steps to destroy or erase the data from its systems when they are no longer required.

Where processing is carried out on behalf of the Fund, the Fund shall engage a data processor, within the meaning of GDPR, which provides sufficient guarantees to implement appropriate technical and organisational security measures in a manner that such processing meets the requirements of GDPR, and ensures the protection of the rights of investors. The Fund will enter into a written contract with the data processor which will set out the data processor's specific mandatory obligations laid down in GDPR, including to process personal data only in accordance with the documented instructions from the Fund.

Investors are required to provide their personal data for statutory and contractual purposes. Failure to provide the required personal data or an objection to processing may result in the Fund being unable to permit, process, or release the investor's investment in the Fund and this may result in the Fund terminating its relationship with the investor.

Investors have the right to request access to their personal data kept by the Fund and/or any of its delegates or service providers, the right to rectification in cases where such Personal Data is inaccurate and incomplete, the right of erasure of their data under the conditions set out under article 17 of GDPR, a right to restrict to processing as set out under article 18 of GDPR, a right of portability as set out under article 20 of GDPR. Where personal data are processed for direct marketing purposes, the investor shall have the right to object at any time to processing of personal data concerning him or her for such marketing. For more information on how to exercise their rights investors are invited to consult the data privacy policy available at www.bgfml.lu.

When information is not collected directly from the data subject the investor shall ensure to inform any other data subject about processing of its personal data and their related rights.

# LIQUIDATION OF THE FUND, LIQUIDATION AND MERGER OF SUB-FUNDS

**Liquidation or Dissolution of the Fund**

The liquidation of the Fund shall take place in accordance with the provisions of the Law of 2010.

If the capital of the Fund is lower than two thirds of the minimum capital, the directors are required to submit the question of liquidation of the Fund to the General Meeting for which no quorum shall be prescribed and which shall decide by a simple majority of the shares represented at the meeting.

If the capital of the Fund is lower than one fourth of the minimum capital, the directors are required to submit the question of liquidation of the Fund to the General Meeting for which no quorum shall be prescribed; dissolution may be resolved by shareholders holding one fourth of the shares at the meeting.

The meeting must be convened so that it is held within forty (40) days as from the ascertainment that the net assets have fallen below two thirds or one fourth of the minimum capital. In addition, the Fund may be dissolved by a decision taken by the General Meeting deliberating in accordance with the statutory provisions in this matter. Applications for subscription, redemption and conversion shall be carried out until publication of the convening notice for the general meeting deliberating on the liquidation of the Fund.

The decisions of the General Meeting or of the law courts pronouncing the dissolution or the liquidation of the Fund shall be published in the *Recueil Électronique des Sociétés et Associations* and three newspapers with adequate circulation, including at least one Luxembourg newspaper. These publications shall be made at the request of the liquidator(s).

In case of dissolution of the Fund, liquidation shall be carried out by one or several liquidators appointed in accordance with the Fund's Articles and the Law of 2010.

The net proceeds of the liquidation shall be distributed to shareholders in proportion to the number of shares held. Any amounts unclaimed by shareholders at the close of liquidation shall be deposited with the *Caisse de Consignations* in Luxembourg. Failing their being claimed before expiry of the prescription period (thirty (30) years), these amounts can no longer be claimed.

**Liquidation and Merger of sub-funds**

The Board of Directors may decide on the liquidation of one or several sub-funds if important changes of the political or economic situation would, in the opinion of the Board of Directors, make this decision necessary, and if the net assets of any one sub-fund fall below EUR 1,000,000,- during a period of at least six (6) months. The decision of liquidation will be notified to the shareholders concerned prior the effective date of the liquidation and the notification will indicate the reasons for, and the procedures of, the liquidation operations.

Unless otherwise decided by the Board of Directors, the Fund may, until the execution of the decision to liquidate, continue to redeem the shares of the sub-fund for which liquidation was decided. For such redemption, the Fund shall take as a basis the net asset value as established to account for the liquidation costs, but without deduction of a redemption fee or any other commission. The activated costs of incorporation are to be fully amortised as soon as the decision to liquidate has been taken. The liquidation proceeds shall be distributed to each shareholder in proportion to the number of shares held.

Amounts not claimed by the shareholders or their beneficiaries at the close of liquidation of one or several sub-funds shall be deposited with the *Caisse de Consignations* in Luxembourg.

Under the same circumstances as provided above the Board of Directors may decide to close down any sub-fund by merger into another sub-fund. In addition, such merger may be decided by the Board of Directors if required by the interests of the shareholders of any of the sub-funds concerned. Such decision will be notified to shareholders in the same manner as described in the preceding paragraph and, in addition, the notification will contain information in relation to the new sub-fund. Such notification will be made within one (1) month before the date on which the merger becomes effective in order to enable shareholders to request redemption of their shares, free of charge, before the operation involving contribution into the new sub-fund becomes effective.

Notwithstanding anything to the contrary in this Prospectus, any merger of a sub-fund with another sub-fund of the Fund or with another UCITS (whether subject to Luxembourg law or not) shall be decided by the Board of Directors

unless the Board of Directors decides to submit the decision for such merger to the meeting of shareholders of the sub-fund concerned. In the latter case, no quorum is required for such meeting and the decision for such merger is taken by a simple majority of the votes cast. In case of a merger of a sub-fund where, as a result, the Fund ceases to exist, the merger shall, notwithstanding the foregoing, be decided by a meeting of shareholders resolving in accordance with the quorum and majority requirements for the amendment of the Articles of Incorporation.

The relevant decisions of the Board of Directors are made public in the same way as the notices. The provisions of the Law of 2010 apply in case of a merger of the Fund, whereby the Board of Directors is competent to decide on the effective date of the merger.

# APPENDIX I
# DESCRIPTION OF THE SUB-FUNDS

# NEXTAM PARTNERS – FLEX AM

*Investment Policy*

The aim of the sub-fund is to provide a balance of growth and income, through investments in equity securities, fixed income securities, including money market instruments and other financial instruments with a comparable risk level, bonds, and other fixed or floating rate securities. The investment objective can also be realised through the use of Investment Funds (UCITS and UCI).

A maximum of 30% of the net assets of the sub-fund are invested in equities through direct investment in equity securities, through the use of derivative instruments, other financial instruments (which can be assimilated to equities) and/or equity funds. Equity issuers are established in countries belonging to the International Monetary Fund or in Hong Kong, Taiwan and Cayman Islands. Companies can be different in size, capitalisation and liquidity and can belong to every sector.

The sub-fund may invest in equity securities of companies established in the emerging countries.

The investment policy of the sub-fund can also be realised through the use of derivatives for investment and hedging purposes.

*Use of SFT and TRS*

The proportion of assets under management of the sub-fund that can be subject to SFT and TRS will be as follows:

| | Expected | Maximum |
|---|---|---|
| Securities lending | 0% to 40% | 95% |
| Securities borrowing | 0% | 10% |
| Repurchase agreement | 0% to 30% | 100% |
| TRS | 0% | 10% |

*Sub-fund Specific Risk Profile*

**Investors should be aware that the total exposure to derivatives may reach, but not exceed, the total net assets of the sub-fund.**

**This can lead to higher volatility in the value of shares of the sub-fund.**

**The sub-fund is also exposed to equity, bond, currency and emerging markets risks. This list may not be exhaustive. For more considerations concerning risks, Investors should refer to Chapter 5. "Risk factors and Risk Management Process".**

**Global exposure: the sub-fund employs the commitment approach to calculate the exposure to derivative instruments.**

*Profile of the Typical Investor*

The sub-fund suits investors with a medium risk profile and a long term investment horizon (5 to 6 years).

*Valuation Currency*

Euro.

*Valuation Day*

Every full banking business day in Luxembourg.

*Form of Shares*

Registered form.

| | |
|---|---|
| *Types of Shares* | Class I: accumulating shares for institutional investors as approved by the Board of Directors. |
| *Initial Subscription Price* | Euro 5.- |
| *Minimum Initial Subscription Amount* | Class I: Euro 10,000.- |
| *Subscription Fee* | None. |
| *Management Fee* | Class I: 0.90% per year of the net assets, payable to the Management Company at the end of each quarter and based on the value of the net assets during the relevant quarter. |
| *Performance Fee* | 20% of the Extra Performance paid on a yearly basis to the Management Company. The Performance Fee is calculated and accrued on each Valuation day applying the Crystallization Principle. The Extra Performance is the difference between the performance of the sub-fund Share Class Net Asset Value after deduction of all expenses, liabilities, and Management Fees (but not Performance Fee) and the Benchmark since the last Performance Fee payment. The fee is calculated as 20% of the Extra Performance, adjusted to take into account all subscriptions and redemptions.<br><br>The Benchmark is 5% Morgan Stanley World in Euro, 45% JPM Emu Government Bond Index, 50% Bot Bankitalia.<br><br>Payment of the Performance Fee, which is calculated on the 31st of December of each year and accrued on a daily basis, is made at the beginning of the following year.<br><br>According to the Crystallization Principle if shares are redeemed before the 31st of December of each year, the Performance Fees for which provision has been made and which are attributable to the shares redeemed will be paid at the end of the period.<br><br>Please refer to the disclaimer referring to the Benchmark Regulation in Appendix II which is applicable to this sub-fund. |

# APPENDIX II
# PERFORMANCE FEE DETAILS

Regulation (EU) 2016/1011 (also known as the "**EU Benchmark Regulation**"), as may be amended from time to time, requires the Fund to produce and maintain robust written plans setting out the actions that it would take in the event that a benchmark (as defined by the EU Benchmark Regulation) materially changes or ceases to be provided. The Fund shall comply with this obligation. Further information on the plan is available on request free of charge. The indices or benchmarks used by the sub-funds listed below for the purpose of performance fee calculation are, as at the date of the Prospectus, provided by benchmarks administrators registered in the register of administrators and benchmarks maintained by ESMA pursuant to article 36 of the EU Benchmark Regulation.

| Sub - Funds | Benchmark |
|---|---|
| NEXTAM PARTNERS – FLEX AM | 5% Morgan Stanley World in Euro<br>45% JPM Emu Government Bond Index<br>50% Bot Bankitalia. |