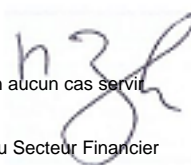


# **TIMEO NEUTRAL SICAV**

**Société d'Investissement à Capital Variable**

## **PROSPECTUS**

**JUNE 2019**



**TIMEO NEUTRAL Sicav is currently offering Shares of the following Sub-Funds:**

- 1. TIMEO NEUTRAL SICAV – BZ EQUITY VALUE FUND**
- 2. TIMEO NEUTRAL SICAV – BZ INFLATION-LINKED BONDS FUND**
- 3. TIMEO NEUTRAL SICAV – BZ CONSERVATIVE WOLF FUND**
- 4. TIMEO NEUTRAL SICAV – BZ ACTIVE INCOME FUND**
- 5. TIMEO NEUTRAL SICAV – BZ DIVERSIFIED FUND**
- 6. TIMEO NEUTRAL SICAV – CFO EUROPA 38**
- 7. TIMEO NEUTRAL SICAV – CFO AMERICA 38**
- 8. TIMEO NEUTRAL SICAV – EUROPEAN ABSOLUTE RETURN FUND**
- 9. TIMEO NEUTRAL SICAV – BZ BEST GLOBAL MANAGERS FLEXIBLE EQUITY**
- 10. TIMEO NEUTRAL SICAV – BZ SYNTAGMA ABSOLUTE RETURN**

**Upon opening of any of the above Sub-Funds for subscription or upon creation of additional Sub-Funds, this Prospectus will be updated accordingly.**

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## 1. PRINCIPAL FEATURES

- ◆ *TIMEO NEUTRAL Sicav* (the “Company”) is an investment company organized under the Laws of the Grand Duchy of Luxembourg as a “Société d’Investissement à Capital Variable” with separate Sub-Funds (each of them hereinafter referred to as a “Sub-Fund”).
- ◆ *TIMEO NEUTRAL Sicav* provides access to long-term investment management expertise. The Company may create new Sub-Funds at any time whose investment objectives may differ from those of the Sub-Funds then existing. The Prospectus will consequently be updated. Depending on the Sub-Fund, it may invest in equity, bonds, short-term debt instruments or any other transferable securities, money market instruments and other eligible assets, all in compliance with the Law of 17 December 2010 (the “Law”) on Undertakings for Collective Investments.
- ◆ The Company is offering shares of several Sub-Funds (the “Shares”) on the basis of the information contained in the Prospectus and the Key Investor Information Document (“KIID”) and in the documents referred to therein. No person is authorized to give any information or to make any representation concerning the Company other than as contained in the Prospectus and in the documents referred to therein, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in the Prospectus shall be solely at the risk of the purchaser.
- ◆ The distribution of the Prospectus is not authorized unless it is accompanied by the most recent annual report and any subsequent semi-annual report of the Company when issued. Such report or reports form an integral part of the Prospectus. The Shares to be issued hereunder relate to separate Sub-Funds of the Company and can be of different classes/categories. Shares of the different Sub-Funds and/or classes/categories may be issued, redeemed and converted at prices computed on the basis of the Net Asset Value (“NAV”) per Share in the relevant Sub-Fund and/or classes/categories as defined in the Articles of Incorporation of the Company (the “Articles”), including any applicable charges.
- ◆ In accordance with the Articles, the Board of Directors may decide to issue Shares in each Sub-Fund and/or classes/categories. A separate portfolio of assets is maintained for each Sub-Fund and/or classes/categories and is invested in accordance with the investment objective applicable to the relevant Sub-Fund and/or classes/categories. As a result, the Company is an “Umbrella Fund” enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds and/or classes/categories. Investors may choose which Sub-Fund and/or classes/categories best suits their specific risk and return expectations as well as their diversification needs.
- ◆ The distribution of the Prospectus and the offering of Shares may be restricted in certain jurisdictions. The Prospectus does not constitute an offer or solicitation in a jurisdiction where it is unlawful or the person making the offer or solicitation is not qualified to do so or a person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of the Prospectus and of any person wishing to apply for Shares to inform himself about and to observe all applicable laws and regulations of its relevant jurisdictions.
- ◆ The Board of Directors has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which makes misleading any statement herein.

- ♦ **TIMEO NEUTRAL Sicav** is registered pursuant to Part I of the Law on the Undertakings for Collective Investments. However, such registration does not represent any Luxembourg authority to approve or disapprove either the adequacy or accuracy of the Prospectus or the quality of the securities held in the various Sub-Funds. Any representations to the contrary are unauthorized and unlawful.
- ♦ **European Union ("EU")** – TIMEO NEUTRAL Sicav qualifies as an Undertaking for Collective Investment in Transferable Securities ("UCITS") set-up in accordance with the Directive of the Council of the European Community of 13 July 2009 (2009/65/CE).
- ♦ **USA** – The Shares have not been registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and have not been registered with the Securities and Exchange Commission or any state securities commission nor has the Company been registered under the Investment Company Act of 1940, as amended (the "1940 Act"); the Shares may therefore not be publicly offered or sold in the United States of America, or in any territories or possessions subject to its jurisdiction or to or for the benefit of a United States person as such word is defined by Article 8 of the Articles.
- ♦ It should be remembered that the net asset value per share may fall as well as rise.
- ♦ Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding, conversion, transfer, redemption or disposal of the Shares of the Company.
- ♦ All references to "Business Day" refer to any day on which banks are open for business in Luxembourg-City for the whole day. All references in the Prospectus to "EUR" (or "euro"), or "USD" are to legal currencies respectively of the European Union, and the United States of America.
- ♦ Further copies of this Prospectus and of the KIID and copies of the following documents may be obtained during usual business hours on any Business Day at the registered office of the Company at 5, Allée Scheffer, L-2520 Luxembourg:
  - (I) the Articles of Incorporation of the Company;
  - (II) the agreement with the Investment Manager referred to under Chapter "Investment Manager";
  - (III) the Custodian Agreement referred to under Chapter "Custodian and Central Administration";
  - (IV) the Central Administration Agreement referred to under Chapter "Custodian and Central Administration";
  - (V) the reports and accounts of the Company.
- ♦ For the purpose of the relations between shareholders, each Sub-Fund shall be treated as a single entity with its own funding, capital gains/losses, expenses and net asset value calculation;
- ♦ The Company will mainly invest in transferable securities and money market instruments;
- ♦ The Company may issue classes of shares as further detailed in Chapter 8;
- ♦ The Company may issue two categories of Shares: distribution Shares (D Shares) and capitalization (C Shares);
- ♦ Shares may be purchased, redeemed or converted on any Valuation Day at the net asset value per Share of the relevant class/category in the relevant Sub-Fund on that Valuation Day (as defined in Chapter 23); respectively under the Sub Fund particulars of the relevant Sub fund

- ♦ The net asset value per Share ("NAV") is calculated on the basis of the net assets of the class/category of the Sub-Fund in respect of which the Share is issued and therefore the value of Shares of the Company may differ from one class/category and from one Sub-Fund to another;  
The Company has a share capital represented by fully paid-up Shares of no par value. The consolidated financial statements of the Company are expressed in EUR (the "Reference Currency" of the Company). The NAV per Share of each Sub-Fund and/or classes/categories is denominated in the reference currency of the relevant Sub-Fund and/or classes/categories.

## 2. DATA PROTECTION

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

### 1. CATEGORIES OF PERSONAL DATA PROCESSED

Any personal data as defined by the Data Protection Laws (including but not limited to the name, e-mail address, postal address, date of birth, marital status, country of residence, identity card or passport, tax identification number and tax status, contact and banking details including account number and account balance, resume, invested amount and the origin of the funds) relating to (prospective) investors who are individuals and any other natural persons involved in or concerned by the Company's professional relationship with investors, as the case may be, including but not limited to any representatives, contact persons, agents, service providers, persons holding a power of attorney, beneficial owners and/or any other related persons (each a "**Data Subject**") provided in connection with (an) investment(s) in the Company (hereinafter referred to as the "**Personal Data**") may be processed by the Data Controller.

### 2. PURPOSES OF THE PROCESSING

The processing of Personal Data may be made for the following purposes (the "**Purposes**"):

**a) For the performance of the contract to which the investor is a party or in order to take steps at the investor's request before entering into a contract**

This includes, without limitation, the provision of investor-related services, administration of the shareholdings in the Company, handling of subscription, redemption and conversion orders, maintaining the register of shareholders, management of distributions, sending of notices, information and communications and more generally performance of service requests from and operations in accordance with the instructions of the investor.

The provision of Personal Data for this purpose:

- has a contractual nature or is a requirement necessary for the Company to enter into a contractual relationship with the investor; and
- is mandatory;

**b) For compliance with legal and/or regulatory obligations**

This includes (without limitation) compliance:

- with legal and/or regulatory obligations such as obligations on anti-money laundering and fight against terrorism financing, obligations on protection against late trading and market timing practices, accounting obligations;
- with identification and reporting obligations under foreign account tax compliance act ("**FATCA**") and other comparable requirements under domestic or international exchange tax information mechanism such as the Organisation for Economic Co-operation and Development ("**OECD**") and EU standards for transparency and automatic exchange of financial account information in tax matters ("**AEOI**") and the common reporting standard ("**CRS**") (hereinafter collectively referred to as "**Comparable Tax Regulations**"). In the context of FATCA and/or Comparable Tax Regulations, the Personal Data may be processed and transferred to the Luxembourg tax authorities who, in turn and under their control, may transfer such Personal Data to the competent foreign tax authorities, including, but not limited to, the competent authorities of the United States of America;
- with requests from, and requirements of, local or foreign authorities.

The provision of Personal Data for this purpose has a statutory/regulatory nature and is mandatory. In addition to the consequences mentioned at the end of this point 2, not providing Personal Data in this context may also result in incorrect reportings and/or tax consequences for the investor;

**c) For the purposes of the legitimate interests pursued by the Company**

This includes the processing of Personal Data for risk management and for fraud prevention purposes, improvement of the Company's services, disclosure of Personal Data to Processors (as defined below) for the purpose of effecting the processing on the Company's behalf. The Company may also use Personal Data to the extent required for preventing or facilitating the settlement of any claims, disputes or litigations, for the exercise of its rights in case of claims, disputes or litigations or for the protection of rights of another natural or legal person.

The provision of Personal Data for this purpose:

- has a contractual nature or is a requirement necessary for the Company to enter into a contractual relationship with the investor; and
- is mandatory;

**and/or**

**d) For any other specific purpose to which the Data Subject has consented**

This covers the use and further processing of Personal Data where the Data Subject has given his/her explicit consent thereto, which consent may be withdrawn at any time, without affecting the lawfulness of processing based on consent before its withdrawal.

**Not providing Personal Data for the Purposes under items a) to c) hereabove or the withdrawal of consent under item d) hereabove may result in the impossibility for the Company to accept the investment in the Company and/or to perform investor-related services, or ultimately in termination of the contractual relationship with the investor.**

### 3. DISCLOSURE OF PERSONAL DATA TO THIRD PARTIES

The Personal Data may be transferred by the Company, in compliance with and within the limits of the Data Protection Laws, to its delegates, service providers or agents, such as (but not limited to) the Management Company, the Domiciliary Agent, the Auditor, other entities directly or indirectly affiliated with the Company and any other third parties who process the Personal Data for providing their services to the Company, acting as data processors (collectively hereinafter referred to as "**Processors**").

Such Processors may in turn transfer Personal Data to their respective agents, delegates, service providers, affiliates, such as (but not limited to) the Administrative Agent, the Registrar and Transfer Agent, the Global Distributor, acting as sub-processors (collectively hereinafter referred to as "**Sub-Processors**").

Personal Data may also be shared with service providers processing them on their own behalf as data controllers and third parties as may be required by applicable laws and regulations (including but not limited to administrations, local or foreign authorities (such as competent regulator, tax authorities, judicial authorities, etc)).

Personal Data may be transferred to any of these recipients in any jurisdiction including outside of the European Economic Area ("**EEA**"). The transfer of Personal Data outside of the EEA may be made to countries ensuring (based on the European Commission's decision) an adequate level of protection or to other countries not ensuring such adequate level of protection. In the latter case, the transfer of Personal Data will be protected by appropriate or suitable safeguards in accordance with Data Protection Laws, such as standard contractual clauses approved by the European Commission. The Data Subject may obtain a copy of such safeguards by contacting the Company.

### 4. RIGHTS OF THE DATA SUBJECTS IN RELATION TO THE PERSONAL DATA

Under certain conditions set out by the Data Protection Laws and/or by applicable guidelines, regulations, recommendations, circulars or requirements issued by any local or European competent authority, such as the Luxembourg data protection authority (the *Commission Nationale pour la Protection des Données* – "**CNPD**") or the European Data Protection Board, each Data Subject has the rights:

- to access his/her Personal Data and to know, as the case may be, the source from which his/her Personal Data originate and whether they came from publicly accessible sources;
- to ask for a rectification of his/her Personal Data in cases where they are inaccurate and/or incomplete,
- to ask for a restriction of processing of his/her Personal Data,
- to object to the processing of his/her Personal Data,
- to ask for erasure of his/her Personal Data, and
- to data portability with respect to his/her Personal Data.

Further details regarding the above rights are provided for in Chapter III of GDPR and in particular articles 15 to 21 of GDPR.

No automated decision-making is conducted.

To exercise the above rights and/or withdraw his/her consent regarding any specific processing to which he/she has consented, the Data Subject may contact the Company's data protection officer at the following address: [info@pharusmanco.lu](mailto:info@pharusmanco.lu)

In addition to the rights listed above, should a Data Subject consider that the Company does not comply with the Data Protection Laws, or has concerns with



regard to the protection of his/her Personal Data, the Data Subject is entitled to lodge a complaint with the CNPD.

## **5. INFORMATION ON DATA SUBJECTS RELATED TO THE INVESTOR**

To the extent the investor provides Personal Data regarding Data Subjects related to him/her/it (e.g. representatives, beneficial owners, contact persons, agents, service providers, persons holding a power of attorney, etc.), the investor acknowledges and agrees that: (i) such Personal Data has been obtained, processed and disclosed in compliance with any applicable laws and regulations and its/his/her contractual obligations; (ii) the investor shall not do or omit to do anything in effecting this disclosure or otherwise that would cause the Company, the Processors and/or Sub-Processors to be in breach of any applicable laws and regulations (including Data Protection Laws); (iii) the processing and transferring of the Personal Data as described herein shall not cause the Company, the Processors and/or Sub-Processors to be in breach of any applicable laws and regulations (including Data Protection Laws); and (iv) without limiting the foregoing, the investor shall provide, before the Personal Data is processed by the Company, the Processors and/or Sub-Processors, all necessary information and notices to such Data Subjects concerned, in each case as required by applicable laws and regulations (including Data Protection Laws) and/or its/his/her contractual obligations, including information on the processing of their Personal Data as described in this data protection section. The investor will indemnify and hold the Company, the Processors and/or Sub-Processors harmless for and against all financial consequences that may arise as a consequence of a failure to comply with the above requirements.

## **6. DATA RETENTION PERIOD**

Personal Data will be kept in a form which permits identification of Data Subjects for at least a period of ten (10) years after the end of the financial year to which they relate or any longer period as may be imposed or permitted by applicable laws and regulations, in consideration of the legal limitation periods (including for litigation purposes).

## **7. RECORDING OF TELEPHONE CONVERSATIONS**

Investors, including the Data Subjects related to him/her/it (who will be individually informed by the investors in turn) are also informed that for the purpose of serving as evidence of commercial transactions and/or any other commercial communications and then preventing or facilitating the settlement of any disputes or litigations, their telephone conversations with and/or instructions given to the Company, the Management Company, the Depositary Bank, the Domiciliary Agent, the Administrative Agent, the Registrar and Transfer Agent, and/or any other agent of the Company may be recorded in accordance with applicable laws and regulations. These recordings are kept during a period of seven (7) years or any longer period as may be imposed or permitted by applicable laws and regulations, in consideration of the legal limitation periods (including for litigation purposes). These recordings shall not be disclosed to any third parties, unless the Company, the Management Company, the Depositary Bank, the Domiciliary Agent, the Administrative Agent, the Registrar and Transfer Agent and/or any other agent of the Company is/are compelled or has/have the right to do so under applicable laws and/or regulations in order to achieve the purpose as described in this paragraph.

### **3. PRINCIPAL AGENTS OF THE COMPANY**

#### **REGISTERED OFFICE OF THE COMPANY:**

5, Allée Scheffer,  
L-2520 Luxembourg

#### **BOARD OF DIRECTORS OF THE COMPANY:**

##### **Chairwoman:**

Ms. Elisabetta Perazzetta  
CEO  
Costanza s.r.l. - Società Fiduciaria  
Strada Comunale delle Corti 54,  
I - 31100 Treviso  
Italy

##### **Members:**

Mr. Andrea Mognon  
Head of Fund Asset Management  
BANCA ZARATTINI & CO. SA  
Via Pretorio 1,  
CH - 6900 Lugano  
Switzerland

Mr. Vittore Greggio  
Senior Fund Manager  
Asset Management Department  
Banca Zarattini & Co. SA  
Via Pretorio 1,  
CH - 6900 Lugano  
Switzerland

Mr. Andrea Caraceni  
Director  
CFO SIM S.p.A.  
Via dell' Annunciata 23/4,  
I - 20121 Milano  
Italy

Mr. Massimo Maria Gionso  
Member of Board of Directors  
CFO SIM S.p.A.  
Via dell' Annunciata 23/4,  
I - 20121 Milano  
Italy

Mr. Sante Jannoni  
Independent Director

**MANAGEMENT COMPANY**

PHARUS MANAGEMENT LUX S.A.  
16 avenue de la Gare  
L-1610 Luxembourg

**BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

Chairman:

Mr. Davide Berra  
Pharus Management S.A.,  
Via Pollini 7,  
CH-6850 Mendrisio  
Switzerland

Directors:

Mr. Davide Pasquali  
Pharus Management S.A.,  
Via Pollini 7,  
CH-6850 Mendrisio  
Switzerland

Mrs. Luigi Vitelli  
PHARUS MANAGEMENT LUX S.A.  
16 avenue de la Gare,  
L-1610 Luxembourg

Mr. Sebastiano MUSUMECI  
Pharus Management S.A.,  
Via Pollini 7,  
CH-6850 Mendrisio  
Switzerland

**Initiator of the**

**TIMEO NEUTRAL SICAV - European Absolute Return Fund  
and of all Sub-Funds  
with a BZ as part of their name**

BANCA ZARATTINI & CO. SA  
Via Pretorio 1,  
6900 Lugano  
Switzerland

**Initiator of all Sub-Funds  
CFO as part of their name**

CFO SIM S.p.A.,  
Via dell' Annunciata, 23/4,  
20121 Milano,  
Italy

**INVESTMENT MANAGER for all Sub-Funds with the exception of  
TIMEO NEUTRAL SICAV - European Absolute Return Fund**

BANCA ZARATTINI & CO. SA  
Via Pretorio 1  
6900 Lugano  
Switzerland

**TIMEO NEUTRAL SICAV**

## **The Investment Manager for the Sub-Funds**

### **TIMEO NEUTRAL SICAV – CFO EUROPA 38 TIMEO NEUTRAL SICAV – CFO AMERICA 38**

has delegated to:

CFO SIM S.p.A.  
Via dell' Annunciata,  
23/4,  
20121 Milano  
Italy

investment management  
functions within  
the meaning of stock picking

## **The Investment Manager for the Sub-Fund**

### **TIMEO NEUTRAL SICAV – BZ ACTIVE INCOME FUND**

has delegated to:

Gala Investments Ltd (as from the 3<sup>rd</sup> September 2018)  
St. Paul Street 259,  
Valletta VLT-1213, Malta

investment management  
functions within  
the meaning of securities picking

### **INVESTMENT MANAGER for TIMEO NEUTRAL SICAV - European Absolute Return Fund**

Alken Asset Management Ltd  
Floor 3, 61 Conduit Street  
W1S 2GB London  
United Kingdom

#### **Depository**

CACEIS Bank, Luxembourg Branch  
5, Allée Scheffer,  
L-2520 Luxembourg

#### **Paying, Domiciliary, Registrar Transfer and Administrative Agent:**

CACEIS Bank, Luxembourg Branch  
5, Allée Scheffer,  
L-2520 Luxembourg

#### **AUDITORS**

DELOITTE S.A.  
560, rue de Neudorf  
L-2220 Luxembourg

## **4. ORGANISATION OF MANAGEMENT AND ADMINISTRATION**

The Board of Directors is responsible for managing the Company, monitoring its operations as well as specifying and implementing investment policy.

Notwithstanding the foregoing, the Company may designate a management company, in accordance with the relevant provisions of the Law.

### **Management Company**

The Directors of the Company have appointed Pharus Management Lux S.A. effective as of the 15 June 2015 to serve as its designated management company within the meaning of the Law and pursuant to a Management Company Services Agreement.

The Management Company will provide, subject to the overall control of the Board of Directors of the Company, and without limitation:

- (i) asset management services;
- (ii) central administration, registrar and transfer agency services; and
- (iii) distribution services to the Company.

The rights and duties of the Management Company are further set out in articles 101 et seq. of the Law.

The Management Company must at all time act honestly and fairly in conducting its activities in the best interests of the Shareholders, and in conformity with the Law, this Prospectus and the Articles.

The Management Company is a company incorporated in Luxembourg as a “société anonyme” on 3 July 2012 for an indefinite duration and registered in the Luxembourg Commercial Register under Number B169798. Its registered capital is set at three-hundred fifty thousand euro (EUR 350,000) divided into three hundred and fifty (350) registered shares, with a nominal value of one thousand euro (EUR 1,000), each fully paid up.

Besides managing the Company, the Management Company currently manages additional undertakings for collective investments, the list of which can be obtained from the Management Company.

The Management Company is vested with the day-to-day management and administration of the Company. In fulfilling its duties pursuant to the Law, and the Management Company Services Agreement, the Management Company is authorised, for the purposes of the efficient conduct of its business, to delegate, under its responsibility and control, and with the prior consent of the Company, and subject to the approval of the CSSF, part, or all of its functions and duties to any third party, which, having regard to the nature of the functions, and duties to be delegated, must be qualified and capable of undertaking the duties in question.

The Management Company will require any such agent to which the Management Company intends to delegate its duties to comply with the provisions of the Prospectus, the Articles, and the relevant provisions of the Management Company Services Agreement, as well as the Law.

In relation to any delegated duty, the Management Company shall implement appropriate control mechanisms, and procedures, including risk management controls, and regular reporting processes in order to ensure the effective

supervision of the third parties to whom functions, and duties have been delegated, and that the services provided by such third party service providers are in compliance with the Articles, this Prospectus and the agreements entered into with the relevant third party service providers, as well as the Law. When delegating a duty or a function, the Management Company shall ensure that nothing in the related agreement shall prevent it from giving at any time further instructions to the party to whom such duty or function has been delegated or from withdrawing the relevant mandate with immediate effect when this is in the interests of the Shareholders.

The Management Company shall be careful, and diligent in the selection, and monitoring of the third parties to whom functions and duties may be delegated, and ensure that the relevant third parties have sufficient experience, and knowledge, as well as the necessary authorisation required to carry out the functions delegated to such third parties.

The following functions have been delegated by the Management Company to third parties:

- investment management of the Sub-Funds;
- central administration; and
- marketing and distribution, as further set out in this Prospectus

The Management Company Services Agreement has been entered into for an undetermined period of time, and may be terminated, in particular, by either party upon serving to the other a written notice at least 3 (three) months prior to the termination.

### **Conflicts of Interest**

The Board of the Company and/or of the Management Company will (in the event that any conflict of interest actually arises) endeavour to ensure that such conflict is resolved fairly and in the best interests of the Company and its shareholders.

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

The Management Company has in place a remuneration policy which is consistent with, and promotes, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles of the sub-funds, the Prospectus and the Articles of Incorporation nor impair compliance with the Management Company's duty to act in the best interest of the Company and of its Shareholders.

The remuneration policy of the Management Company is in line with the business strategy, objectives, values and interests of the Management Company and of the other UCITS that it managed and of the interest of the Company, and includes measures to avoid conflicts of interest.

The assessment of performance is set in a multiyear framework appropriate to the holding period recommended to the investors of the UCITS managed by the Management Company in order to ensure that the assessment process is based

on the longer term performance of the Company and its investment risks and that the actual payment of performance based components of remuneration is spread over the same period.

Due to the Management Company's remuneration policy it is ensured the fixed and variable components of total remuneration are appropriately balanced and the fixed remuneration component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable components, including the possibility to pay no variable remuneration component.

The remuneration policy of the Management Company has been adopted by its board of directors of the Management Company and is reviewed at least annually.

Details of the up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee (if any), are available on:

<http://www.pharusmanco.lu/en/documents/documents/>

A paper copy of such document is available free of charge from the Management Company upon request.

## **5. INVESTMENT MANAGER**

The Management Company has appointed **BANCA ZARATTINI & CO. SA** as Investment Manager of all the Sub-Funds of the Company. **BANCA ZARATTINI & CO. SA** is a corporation organized under the law of Switzerland with a capital of 20'000'000,00 CHF. It is a Securities Dealer according to Swiss Federal Law LBVM.

It has been active in portfolio management since its foundation in 1991. Beside the management of Private Banking portfolios, it has specialized in market neutral strategies related to the management and the investment policies of investment funds it initiates.

The Chairman of the Board of Directors of the Investment Manager is Mr. Claudio Sulser.

**BANCA ZARATTINI & CO. SA** is acting as Investment Manager of the Company since the 2 November 2010 for all Sub-Funds with the exception of:

**(i) TIMEO NEUTRAL SICAV - European Absolute Return Fund,**

for which

**Alken Asset Management Ltd**  
Floor 3,  
61 Conduit Street London,  
W1S 2GB, United Kingdom

**TIMEO NEUTRAL SICAV**

is appointed as Investment Manager by the Management Company.

The Management Company has entered into

- (i) one investment management agreement with the Investment Manager **BANCA ZARATTINI & CO. SA** and the Company the 15th of June 2015 and
- (ii) one investment management agreement with the Investment Manager **Alken Asset Management Ltd** and the Company the 29th of September 2017 and

All afore referenced Investment Management Agreements are covering the service to provide day-to-day management of the Sub-Fund's investments where applicable, subject to the overall supervision and responsibility of the Management Company. The applicable Investment Management Agreement will continue, and remain in force, unless, and until terminated by the Company or the Management Company, or the Investment Manager giving to the others at least 90 (ninety) calendar days' prior written notice, although in certain circumstances the Investment Management Agreement may be terminated forthwith by notice in writing by any party to the others.

The foregoing does not preclude the possibility for the Management Company to terminate the Investment Management Agreement without prior notice and with immediate effect as provided for by article 110 (1) (g) of the Law.

The Investment Managers will be managing on a daily basis the Sub-Funds' portfolios with the responsibility of making specific investment choices on behalf of the Company within the framework of allocation criteria established from time to time by the Management Company.

The Investment Manager is required to adhere strictly to the guidelines laid down by the Management Company. In particular, the Investment Manager is required to ensure that the assets of the Sub-Fund are invested in a manner consistent with the Company's and the Sub-Funds' investment restrictions and that cash belonging to the Sub-Funds is invested in accordance with the guidelines laid down by the Management Company.

## **6. THE DEPOSITARY, PAYING AGENCY AND DOMICILIARY AGENCY AND CENTRAL ADMINISTRATION, REGISTRAR AND TRANSFER AGENT**

### **THE DEPOSITARY, PAYING AGENCY AND DOMICILIARY AGENCY**

CACEIS Bank, Luxembourg Branch, established at 5, allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 209.310 is acting as depositary of the Company (the "Depositary") in accordance with a depositary agreement dated as of 15<sup>th</sup> of June 2015, as amended from time to time (the "Depositary Agreement") and the relevant provisions of the UCI Act and UCITS Rules.

CACEIS Bank, Luxembourg Branch is acting as a branch of CACEIS Bank, a public limited liability company (société anonyme) incorporated under the laws



of France, 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.

CACEIS Bank is an authorised credit institution supervised by the European Central Bank ("ECB") and the Autorité de contrôle prudentiel et de résolution ("ACPR"). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg. Investors may consult upon request at the registered office of the Company, 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 UCI Act and the UCI Act. In particular, the Depositary shall ensure an effective and proper monitoring of the UCITS' cash flows.

In due compliance with the UCITS Rules the Depositary shall:

- (i) ensure that the sale, issue, re-purchase, redemption and cancellation of units of the UCITS are carried out in accordance with the applicable national law and the UCITS Rules or instruments of incorporation;
- (ii) ensure that the value of the Units is calculated in accordance with the UCITS Rules, the UCITS Constitutive Documents and the procedures laid down in the UCITS Directive;
- (iii) carry out the instructions of the UCITS, unless they conflict with the UCITS Rules, or the UCITS Constitutive Documents;
- (iv) ensure that in transactions involving the UCITS's assets any consideration is remitted to the UCITS within the usual time limits; and
- (v) ensure that an UCITS's income is applied in accordance with the UCITS Rules and the UCITS Constitutive Documents.

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 Custodians 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 UCI Act.

A list of these Correspondents/Third Party Custodians is available on the website of the Depositary ([www.caceis.com](http://www.caceis.com), section "veille réglementaire"). Such list may be updated from time to time. A complete list of all Correspondents/Third Party Custodians 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 Company, 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 Company'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 Company, 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 Company depositary functions and the performance of other tasks on behalf of the Company, notably, administrative agency and registrar agency services.

The Company and the Depositary may terminate the Depositary agreement at any time by giving ninety (90) days' notice in writing. The Company 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 Company's investments. The Depositary is a service provider to the Company and is not responsible for the preparation of this Offering Document and therefore accepts no responsibility for the accuracy of any information contained in this Offering Document or the validity of the structure and investments of the Company.

The Depositary shall be remunerated for its services in line with the customary practice in the Luxembourg financial market. The Depositary shall receive a fee based on the net assets of the Sub-Funds up to 0.08% per annum, payable monthly in arrears.

## **Central Administration, Registrar and Transfer Agent**

With the prior consent of the Board, the Management Company has delegated its duties in relation to the central administration and registrar and transfer agency of the Company to CACEIS Bank, Luxembourg Branch (the "Central Administration"), on the basis of an agreement of unlimited duration signed with effect on 15th of June 2015. This agreement is made for an unlimited duration and may be terminated by either party giving a minimum three months' notice.

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

As Central Administration, CACEIS Bank, Luxembourg Branch is responsible for the procedure of registration, conversion and redemption of the shares in the Company, the calculation of the net asset value, the maintenance of records and other general administrative functions.

The Central Administration shall be remunerated for its services in line with the customary practice in the Luxembourg financial market. The Central Administration shall receive a fee payable monthly in arrears based on the average net assets of the Sub-Funds up to 0.030% annual rate with a minimum yearly fee per Sub-Fund of EUR 12.000,-.

## **7. DISTRIBUTORS, PAYING AGENTS**

### **I. Distributors:**

The shares of the Company may be subscribed directly at the head office of the Company or through the intermediary of the various Distributors appointed by the Company in countries where the shares of the Company are distributed. The Management Company will, in accordance with Luxembourg laws and regulations, act as principal distribution agent of the Company and, in such capacity, it will in particular supervise the distribution and marketing of the Shares by Distributors appointed at the initiative of the Company.

These Distributors are professionals of the financial sector and are domiciled in countries in which financial intermediaries are subject to the supervision of a financial authority as prescribed by law and must fulfil similar controls and obligations of identification as those which are provided for under Luxembourg law and under Chapter 12 "prevention of money laundering" below. Certain Distributors may not offer all of the Sub-Funds/categories/classes of shares or all of the subscription/redemption currencies to their customers. Customers are invited to consult their Distributor for further details.

### **II. Paying Agents:**

CACEIS Bank, Luxembourg Branch, the Company's principal Paying Agent, may, at the initiative of the company, decide to appoint local paying agents in jurisdictions where the Company is authorised for sale to the public.

In any country where the Management Company together with the Company have appointed a local paying agent, requests for subscriptions, conversions and redemptions for the shares of each Sub-Fund of the Company may be received by the Distributors. All such requests shall be transmitted to the local paying agent and forwarded by the local paying agent to the Registrar and Transfer Agent of the Company.

The local paying agent, within the framework of national legal provisions concerning the distribution of the shares of the Company, undertakes:

- To group subscription, conversion and redemption requests as may be appropriate.
- To forward to the Registrar and Transfer Agent, the subscription, conversion and redemption requests, either grouped or individually, and to credit the subscription monies to the Depositary.
- To make available to the investors the annual and semi-annual financial statements of the Company as well as a copy of the prospectus and the articles of incorporation of the Company.
- To keep for the account of the Company, and in specific archives, the subscription, conversion and redemption requests.
- To pay to owners dividends on Shares, net of withholdings imposed by the laws from time to time in force, which the Company shall timely credit on accounts.

Detailed data of the individual shareholders is held by the local paying agent who remits to the investors a written confirmation of the issuing of shares.

Moreover, the local paying agent will submit on behalf of the Company the statistic reporting to the authorities of such country and will act as fiscal agent in such country.

In any country where the Management Company together with the Company have appointed a local paying agent, for its services, the local paying agent shall be entitled to receive an annual fee of maximum 0.2% payable quarterly and calculated on the average net asset value of each Sub-Fund held by the local paying agent during the relevant quarter as confirmed by the local paying agent to the Registrar and Transfer Agent.

The Subscribers of the Sub-Funds' shares may be called to pay the expenses incurred by their country's local paying agent for the activities carried out on the basis of the legislative and prescribed provisions in force in the countries where the Company's shares are marketed.

## **8. INVESTMENT OBJECTIVES AND POLICIES**

The Company's objective, based upon the principle of risk spreading, is to manage its assets for the benefit of the shareholders and to achieve the best possible result through investments primarily in transferable securities and money market instruments. The degree of risk involved is to be kept within the limits considered acceptable by the Investment Manager and suited to the specific Sub-Fund and/or classes/categories.

The investment Policy of each Sub-Fund and/or classes/categories is described in the Sub Fund particulars.

**TIMEO NEUTRAL SICAV**

The investments of each Sub-Fund and/or classes/categories shall comply with the rules and restrictions set forth in Chapter 20.

The investments within each Sub-Fund and/or classes/categories are subject to market fluctuations and to the risk inherent to all investments; accordingly, no assurance can be given that the investment objectives will be achieved, and the NAV per Shares in any of the Sub-Funds and/or classes/categories may go down as well as up.

When using “main investments” or “mainly invest” in a particular asset or financial instrument means that a Sub-Fund must invest at least 50% of its net assets in the concerned type of asset or financial instrument.

The remaining assets may be invested in any other eligible assets and financial instruments.

For hedging and for any other purposes, within the limits set out in the investment restrictions in Chapter 20, a Sub-Fund may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC), provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the Sub-Fund may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying in line with the 2010 Law as well as the investment policy of the Sub-Fund, including but not limited to currencies (including non-delivery forwards), interest rates, transferable securities, basket of transferable securities, indices (including but not limited to commodities, precious metals or volatility indices which qualify as eligible assets pursuant to art. 44 of the Law of 2010), undertakings for collective investment.

A Sub-Fund can invest in structured products, such as but not limited to notes, certificates or any other transferable securities whose returns are correlated with changes in, among others, an index selected in accordance with the article 9 of the grand-ducal regulation dated 8th February 2008 (the “Grand-Ducal Regulation”) (including indices on volatility, commodities, precious metals, etc composed in compliance with Art 44 of the 2010 law), currencies, exchange rates, transferable securities or a basket of transferable securities or an undertaking for collective investment, at all times in compliance with the Grand-Ducal Regulation.

In compliance with the Grand-Ducal Regulation, a Sub-Fund may also invest in structured products without embedded derivatives, correlated with changes in commodities (including precious metals) with cash settlement.

Within the limits set out in item A §2 1) of the investment restrictions in the main body of the Prospectus, a Sub-Fund may also invest, among others, in the following regulated UCIs: alternative funds and/or hedge funds and/or funds of hedge funds or other funds of funds.

The investments made by a Sub-Fund in Russia, other than those which are listed on the Moscow Interbank Currency Exchange (MICEX) and on the Russian Trading System (RTS) (which are recognized as regulated markets), combined with investments that are made in other assets as referred in item A §2 1) of investment restrictions in the main body of the Prospectus shall not exceed 10% of the net assets of the Sub-Fund.

## 9. SHARES

### **A/ classes of Shares:**

Within the meaning of Article 181 of the Law, the Company may issue within each Sub-Fund one or more classes of Shares whose assets will be commonly invested pursuant to the specific investment policy of the Sub-Fund concerned but may differ, inter alia, in respect of specific sales and redemption charge structure, management charge structure, distribution policy, hedging policy or any other features as the Board of Directors of the Company shall from time to time determine in respect of each Sub-Fund.

Currently, the Board of Directors of the Company may decide to issue within each Sub-Fund, classes of shares as further described in Chapter 24.

The **shares of class A** are only launched under the Sub-Funds

- **TIMEO NEUTRAL Sicav –European Absolute Return Fund**
- **TIMEO NEUTRAL Sicav –BZ BEST GLOBAL MANAGERS FLEXIBLE EQUITY**

as further detailed under the tables of the description of the Sub-Funds determined under Chapter 23 below.

The **shares of class I** are institutional Shares. An institutional Share is offered to institutional investors only, as may be defined from time to time by the guidelines or recommendations issued by the Luxembourg supervisory authority.

The **shares of class R** are retail Shares. A retail Share is offered to all investors.

The **shares of class S** are seeding Shares. A seeding Share is reserved to shareholders expressly approved by the Investment Manager of the concerned Sub-Fund.

The **shares of class Z** have no subscription fees and are reserved to investors (retail or institutional ones) that are clients (existing or prospective ones) of the Investment Manager.

The **shares of listed classes** are all share classes indicated under Chapter 24 as **"listed share classes"**

The Listed Share Classes are listed and negotiated on ATFund Market which was launched on 1 October 2018 and is dedicated to open-end UCITS funds, which differ from ETFs.

Those listed share classes are indicated under Chapter 24 as "listed share classes" and can only be invested via Intermediaries through the ATFund Market of the Italian Stock Exchange.

As such the listed share classes are accessible to all intermediaries that adhere both directly and indirectly to ATFFund.

This includes a wide range of institutional and retail investors, who can buy or sell funds daily at a price equal to the NAV of the trading day, which are then calculated and disclosed the following day.

Banca Finnat  
Palazzo Altieri - Piazza del Gesù, 49  
00186 Roma Italia

will be the Appointed Intermediary supporting liquidity, while settlement will take place through Monte Titoli at T+3, according to the single instrument's settlement calendar.

The stock listed share class will not issue fractions and can only be invested as fully paid up Shares.

**In accordance with the above, the Board may also decide to issue within the same class of Shares or Sub-Fund, two categories as further described in Chapter 24.**

### **B/ Categories of Shares:**

The **Shares of category D** are distribution Shares. A distribution Share confers to its holder the right to receive a dividend, within the limits of article 31 of the Law.

The **Shares of category C** are capitalization Shares. A capitalization Share confers to its holder the right to an increase of the net assets in the proportion of the return attributable to such Shares. Such increase is added to the portion attributable to the Net Asset Value of this category.

The net proceeds from the subscriptions are invested in the specific portfolio of assets constituting the relevant Sub-Fund and/or classes/categories.

The Company is considered as one single legal entity. However, notwithstanding the article 2093 of the Luxembourg Civil Code, the assets of one Sub-Fund are only responsible for all debts, commitments and obligations attributable to this Sub-Fund and/or relevant class of Shares

All Shares, without any specific consideration to the class or category, must be fully paid-up:

They are of no par value and carry no preferential or preemptive rights. Each Share of the Company, regardless of the class/category or Sub-Fund to which it belongs, is entitled to one vote within the exercise of voting rights and all Shares participate equally in the resolutions to be taken in any general meeting of shareholders, in compliance with Luxembourg law and the Articles.

Shares in any Sub-Fund and/or class/category shall be issued in registered form only.

All Shares are freely transferable and have an equal entitlement to any profits, proceeds of liquidation and dividends relating to the Sub-Fund and/or classes/categories to which they pertain.

Forms for the transfer of Shares are available at the registered office of the Company.

Investors may subscribe for Shares in different classes/categories of Shares (as set out in the Chapter 23).

The inscription of the shareholder's name in the Register of Shareholders evidences his right of ownership on such registered Shares. All owners of the Shares will have their names entered into the Shareholders' Register which will be held at the Company's registered office. No certificates will be issued. Shareholders will only receive confirmation that their names have been recorded in the Shareholders' Register. Shares repurchased by the Company shall be cancelled.

Fractions of registered Shares may be issued up to five decimals, in case not differently determined for Stock listed share or as being differently determined under the Sub-Fund particulars of the Sub-Fund launched from time to time under this Company.

If fractional Shares are issued, such fractional Shares shall not be entitled to vote but shall be entitled to a participation in the net results and in the proceeds of liquidation attributable to the relevant Sub-Fund and/or classes/categories on a pro rata basis.

The Board of Directors of the Company reserves the right to apply for listing of the Shares of the Company with the Luxembourg Stock Exchange. In case such listing comes into force the Prospectus will be amended accordingly.

## **10. SUBSCRIPTION OF SHARES**

Subscriptions are dealt with at an unknown Net Asset Value.

Shareholders wishing to subscribe for Shares for the first time should contact the Company's Registrar and Transfer Agent in order to open an account with the Company and provide all relevant required documentation.

After the close of the Initial Offering Period (as defined under Chapter 23) shares will be issued on any Valuation Day and investors applications for subscription will be allotted Shares at a Subscription Price equal to the NAV per Share of the relevant class/category in the relevant Sub-Fund on the relevant Valuation Day, increased by any Subscription fee/ Conversion fee/ Redemption fee (as defined under Chapter 23). Additional taxes or costs may be charged to the applicant to comply with the laws, regulations, or banking practices in a country where a subscription is made.

The NAV per Share (on which the Subscription Price is based) as of the relevant Valuation Day will be calculated in the reference currency of the Sub-Fund and/or classes/categories by dividing the net assets of the Sub-Fund and/or classes/categories (being the value of the assets of the Sub-Fund and/or classes/categories less the liabilities attributable to the Sub-Fund and/or classes/categories) by the number of Shares of the Sub-Fund and/or classes/categories then outstanding, as provided for in the Articles.

Applications to subscribe for Shares must be sent to the Company's Registrar and Transfer Agent by fax or SWIFT.

In case not otherwise determined under the Sub-Fund Particulars Investors whose applications are accepted will be allotted Shares issued at a Subscription Price determined as of a Valuation Day, provided that such application is received by the Company's Registrar and Transfer Agent not later than 4 p.m., Luxembourg time, on the Business Day preceding the relevant Valuation Day.



In respect of orders received after the above-mentioned cut-off time, the Company's Registrar and Transfer Agent will apply the price based on the Net Asset Value calculated as of the following Valuation Day.

Payment for the Shares must be received in the reference currency of the relevant Sub-Fund and/or classes/categories and must be made by electronic transfer net of charges exclusively to the Company's Registrar and Transfer Agent or any local paying agent not later than three Business Days following the relevant Valuation Day.

The Board of Directors has decided to accept only initial applications for a minimum amount as set out in Chapter 23.

Failing receipt of payment of subscription monies on due time, applications will be considered as cancelled.

The Board of Directors reserves the right to reject any application in whole or in part or to suspend in exceptional circumstances at any time the calculation of the NAV per Share as well as the issue, the redemption or the conversion of Shares in one, several or all the Sub-Funds and/or classes/categories, as provided for in the Articles.

Financial intermediaries and local paying agents may be involved in the collection of subscription, redemption and conversion orders on behalf of the Company and any of the Sub-Funds and/or classes/categories and may, in that case, provide a nominee service for investors purchasing Shares through them under the sole condition that they are professionals of the financial sector and are domiciled in countries in which financial intermediaries are subject to similar obligations of identification as those which are provided for under Luxembourg law and Chapter 12 below.

Investors may elect to make use of such nominee service pursuant to which the nominee will purchase and hold the Shares in its name for and on behalf of the investors who, in order to empower the nominee to vote at any general meeting of shareholders, shall provide the nominee with specific or general voting instructions to that effect.

The Shares of the Company could be distributed, in accordance with the national laws and customs of the country in which the Shares are marketed, through saving plans. Investors residing in Italy shall be required to pay a fee to the Italian Paying Agent amounting to a maximum of EUR 15 in the context of a first subscription through an Investment Program. This fee is reduced to EUR 10 on successive payments made in this context.

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

Investors shall be entitled at any time to claim direct title to the Shares held by the nominee, except in circumstances where the use of the services of a nominee is

indispensable or even compulsory for legal, regulatory or compelling practical reasons.

For the Italian market only the local paying agent may group the subscription, conversion and redemptions requests, and forward such requests to the Company on a cumulative basis, in the name of the local paying agent and on behalf of the investors. In this case, the Shares will be registered in the Company's Shareholder register in the name of the local paying agent, with the indication "on behalf of third party" or the equivalent. In the Application Form, the investors will grant to the local paying agent the relevant mandate.

## **11. CONVERSION OF SHARES**

Conversions are dealt with at an unknown Net Asset Value.

Shareholders have the right, subject to the provisions hereinafter specified, to convert Shares from one Sub-Fund to another Sub-Fund and also within each Sub-Fund between the various classes and categories of Shares as the case may be, provided that they fulfill the access requirements to such classes or categories as set out in Chapter 23.

If as a result of any request for conversion the amount invested by any shareholder in a Sub-Fund would fall below the minimum initial investment requirement in that Sub-Fund, as detailed in Chapter 23, the Company may decide to convert the entire shareholding of such shareholder in such Sub-Fund.

In converting Shares of such Sub-Fund or classes/categories for Shares of another Sub-Fund or classes/categories, a shareholder must meet the applicable minimum initial investment requirement imposed by the acquired Sub-Fund.

The rate at which Shares shall be converted, will be determined by reference to the respective NAV of the relevant Shares, calculated on the relevant Valuation Day, in accordance with the following formula:

$$A = \frac{(B \times C) - F}{E}$$

Where:

- A: is the number of Shares to be allotted
- B: is the number of Shares to be converted
- C: is the Shares Net Asset Value to be converted, calculated on the relevant Valuation Day
- E: is the Net Asset Value of the Shares to be allotted, calculated on the relevant Valuation Day
- F: is the conversion charge, if any.

Shares tendered for conversion may be converted on any Valuation Day in the relevant Sub-Fund and/or classes/categories.

All terms, notices and conditions regarding the redemption of Shares shall equally apply to the conversion of Shares.

Fractions of Shares will be issued on conversion up to five decimals in case not differently determined for Stock listed share or as being differently determined

under the Sub-Fund particulars of the Sub-Fund launched from time to time under this Company.

Shares will not be converted in circumstances where the calculation of the NAV of the relevant class/category of Shares of the relevant Sub-Fund is suspended by the Company pursuant to the Articles.

## **12. REDEMPTION OF SHARES**

Redemption are dealt with at an unknown Net Asset Value

Shareholders have the right, subject to the provisions hereinafter specified, to redeem their Shares on any Valuation Day.

In case not otherwise determined under the Sub-Fund Particulars Shareholders will have their Shares redeemed at a Redemption Price determined as of a Valuation Day provided the redemption request is received by Company's Registrar and Transfer Agent not later than 4 p.m. Luxembourg time, on the Business Day preceding the relevant Valuation Day.

In respect of orders received after the above-mentioned cut-off time, the Company's Registrar and Transfer Agent will apply the price based on the Net Asset Value calculated as of the following Valuation Day.

Redemption requests must be made by fax or SWIFT to the Company's Registrar and Transfer Agent. The redemption request should quote the shareholder's identification, the Sub-Fund and/or classes/categories with the relevant ISIN codes, the number of Shares to be redeemed, two authorised signatures and payment instructions.

Shares shall be redeemed at a Redemption Price equal to the NAV per Share of the relevant class/category in the relevant Sub-Fund on the relevant Valuation Day decreased by a redemption fee as defined in Chapter 23. Such redemption fee shall be applied on each redemption request of the relevant Sub-Fund and/or classes/categories and Additional taxes or costs may be charged to the applicant to comply with the laws, regulations, or banking practices in a country where a redemption is made.

The NAV per Share (on which the Redemption Price is based) as of the relevant Valuation Day will be calculated in the reference currency of the Sub-Fund and/or classes/categories by dividing the net assets of the Sub-Fund and/or classes/categories (being the value of the assets of the Sub-Fund and/or classes/categories less the liabilities attributable to the Sub-Fund and/or classes/categories) by the number of Shares of the Sub-Fund and/or classes/categories then outstanding, as provided for in the Articles.

Redemption proceeds will be transferred in the reference currency of the relevant Sub-Fund and/or classes/categories to the bank account, as specified by the shareholder on its redemption application, as promptly as practical, but not later than five Business Days from the relevant Valuation Day or the date on which all the redemption documents have been received by the Company's Registrar and Transfer Agent whichever is the later date.

Shares of any Sub-Fund and/or classes/categories will not be redeemed if the calculation of the NAV per Share in such Sub-Fund and/or classes/categories is suspended by the Company in accordance with article 11 of the Articles. In the case

of suspension of dealing in Shares the applicant may give notice that he wishes to withdraw his application. If no such notice is received by the Company's Registrar and Transfer Agent, the application will be dealt with on the first Valuation Day following the end of such suspension period.

In the event that requests for redemption of shares in any Sub-Fund to be carried out on any Valuation Day should exceed 10% of the shares in that Sub-Fund in issue on such Valuation Day, the Company, in order to safeguard the interests of shareholders may decide that all redemptions be deferred until the next date on which the Net Asset Value is calculated for the Sub-Fund in question. If redemption requests are so deferred the Company will inform the shareholders who are affected thereby. On that next Net Asset Value calculation date, redemption or conversion applications that have been deferred (and not withdrawn) will have priority over applications received for that particular Net Asset Valuation day (which have not been deferred).

If as a result of any request for redemption the amount invested by any shareholder in a Sub-Fund and/or classes/categories would fall below the minimum initial investment requirement in the Company or in a Sub-Fund and/or classes/categories, the Board of Directors of the Company may decide to redeem the entire shareholding of such shareholder in the Company or in such Sub-Fund and/or classes/categories.

In the event that for any reason the value of the total net asset of any Sub-Fund and/or classes/categories would fall below such amount as the Board of Directors of the Company shall determine to be the minimum investment level for the Sub-Fund and/or classes/categories to operate in an efficient manner, the Board of Directors of the Company may proceed to a compulsory redemption of all Shares of the given Sub-Fund and/or classes/categories at the NAV calculated on the Valuation Day on which such decision shall take effect, decreased by any charges incurred in connection with the redemption of such Shares (taking into account actual realization prices of investments and realization expenses). In such event the Board of Directors of the Company may proceed as provided in Article 24 of the Articles. Registered shareholders shall be notified in writing.

### **13. PREVENTION OF MONEY LAUNDERING**

A number of Luxembourg laws and regulations relating to money laundering and the financing of terrorism impose obligations on those working in the financial sector to prevent the use of investment funds for money-laundering and financing of terrorism purposes. As a result, in order that a subscription be considered as valid and acceptable by the Company, the identity of subscribers must be revealed to the Company by means of a certified copy of the passport or identity card for natural persons and, for legal persons, a copy of the articles of incorporation accompanied by a recent original extract from the Trade and Companies Register, the indication of the beneficial owner of the company and, where applicable, a certified copy of the authorisation to operate issued by the competent authority; these documents shall be attached to the subscription form. Such information shall be collected for verification purposes only and shall be covered by the banking and professional secrecy imposed on the Depositary and the Central Administration of the Company.

The Central Administration of the Company will check the identity of subscribers except where the subscription form is transmitted to the Company by a financial intermediary submitted to anti-money laundering obligations similar to those applied in Luxembourg (i.e. located in a country having ratified the conclusions of

the report of the Financial Action Task Force (FATF) on money laundering) and where this financial intermediary is submitted to a prudential supervision considered as equivalent to the one carried out by the Commission de surveillance du secteur financier.

**The absence of documents required for identification purposes may lead to the suspension of a request for subscription and/or redemption.**

#### **14. DETERMINATION OF THE NET ASSET VALUE AND ALLOCATION OF ASSETS AND LIABILITIES**

The net asset value per share of each Sub-Fund and/or classes/categories shall be calculated in the reference currency of the relevant Sub-Fund and/or classes/categories and, to the extent applicable within a Sub-Fund and/or classes/categories, expressed in the currency of quotation for the relevant class/category of Shares. It shall be determined on each Valuation Day, as defined in Chapter 23, which is a bank business day otherwise it shall be postponed to the next bank business day, by dividing the net assets of the Company attributable to each class/category of Shares, being the value of the portion of assets less the portion of liabilities attributable to such class/category, on any such Valuation Day, by the number of shares in the relevant class/category then outstanding, in accordance with the valuation rules set forth below. The net asset value per share may be rounded up or down to the nearest unit of the relevant currency, as the board of directors shall determine. If since the time of determination of the net asset value there has been a material change in the quotations in the markets on which a substantial portion of the investments attributable to the relevant class/category of Shares are dealt in or quoted, the Company may, in order to safeguard the interests of the shareholders and the Company, cancel the first valuation and carry out a second valuation, in which case all relevant subscription, redemption and/or conversion requests will be dealt with on the basis of that second valuation.

The issue, redemption and conversion price of shares in the Sub-Fund is available at the registered office of the Company or of the Central Administration.

The valuation of the net asset value of the different classes/categories of Shares shall be made in the following manner:

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

- 1) all cash on hand or on deposit, including any interest accrued thereon;
- 2) all bills and demand notes payable and accounts receivable (including proceeds of securities sold but not delivered);
- 3) all bonds, time notes, certificates of deposit, shares, stock, debentures, debenture stocks, subscription rights, warrants on transferable securities, options and other securities, financial instruments and similar assets owned or contracted for by the Company (provided that the Company may make adjustments in a manner not inconsistent with paragraph (a) below with regards to fluctuations in the market value of securities caused by trading ex-dividends, ex-rights, or by similar practices);

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

The value of such assets shall be determined as follows:

(a) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.

(b) The value of securities, which are listed or dealt in on any stock exchange, is based on the last available price on the stock exchange, which is normally the principal market for such assets.

(c) The value of securities dealt in on any other regulated market (as defined in Chapter 20 Investment restrictions) is based on the last available price.

(d) In the event that any securities are not listed or dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange, or other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (b) or (c) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.

(e) The liquidating value of futures, forward and options contracts not traded on exchanges or on other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established in good faith by the board of directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward and options contracts traded on exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded by the Company; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the board of directors may deem fair and reasonable.

(f) The value of money market instruments not listed or dealt in on any stock exchange or any other Regulated Market and with remaining maturity of less than 12 months and of more than 90 days is deemed to be the

nominal value thereof, increased by any interest accrued thereon. Money market instruments with a remaining maturity of 90 days or less will be valued by the amortised cost method, which approximates market value.

(g) Units of UCITS and/or other UCI will be evaluated at their last available net asset value per unit.

(h) Interest rate swaps will be valued at their market value established by reference to the applicable interest rates curve.

(i) 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 value of all assets and liabilities not expressed in the reference currency of a Sub-Fund and/or classes/categories will be converted into the reference currency of such Sub-Fund and/or classes/categories at rates last quoted by major banks. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the board of directors.

The board of directors of the Company, at its sole discretion, may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset of the Company.

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

- 1) all loans, bills and accounts payable;
- 2) all accrued interest on loans of the Company (including accrued fees for commitment for such loans);
- 3) all accrued or payable expenses (including but not limited to administrative expenses, management company fees, investment management fees including incentive fees, if any, advisory fee, distribution fee, custodian fees and corporate agents' fees);
- 4) all known liabilities, present and future, including all matured contractual obligations for payments of money or property, including the amount of any unpaid dividends declared by the Company;
- 5) an appropriate provision for future taxes based on capital and income to the Valuation Day, as determined from time to time by the Company, and other reserves (if any) authorised and approved by the board of directors, as well as such amount (if any) as the board of directors may consider to be an appropriate allowance in respect of any contingent liabilities of the Company;
- 6) all other liabilities of the Company of whatsoever kind and nature reflected in accordance with generally accepted accounting principles. In determining the amount of such liabilities the Company shall take into account all expenses payable by the Company which shall comprise formation expenses, fees payable to its investment managers, investment advisers (as the case may be), fees and expenses payable to its accountant, the Depositary and its correspondents, domiciliary, administrative, registrar and transfer agent, listing agent, any paying agent, any distributor and permanent representatives in places of registration, as well as any other agent employed by the Company, the remuneration of the directors and their reasonable out-of-pocket expenses, insurance coverage, and

reasonable travelling costs in connection with board meetings, fees and expenses for legal and auditing services, any fees and expenses involved in registering and maintaining the registration of the Company with any Governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country, reporting and publishing expenses, including the cost of preparing, printing, advertising and distributing prospectuses, explanatory memoranda, periodical reports or registration statements, the costs of printing share certificates and the costs of any reports to shareholders, all taxes, duties, governmental and similar charges, and all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage, postage, telephone and telex. The Company may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods.

### **III. The assets shall be allocated as follows:**

The board of directors of the Company shall establish a Sub-Fund in respect of each class/category of Shares and may establish a Sub-Fund in respect of multiple classes/categories of Shares in the following manner:

(a) If multiple classes/categories of Shares relate to one Sub-Fund, the assets attributable to such classes/categories shall be commonly invested pursuant to the specific investment policy of the Sub-Fund concerned provided however, that within a Sub-Fund, the board of directors is empowered to define classes/categories of Shares so as to correspond to (i) a specific distribution policy, such as entitling to distributions or not entitling to distributions and/or (ii) a specific sales, redemption, conversion and or distribution fees structure and/or (iii) a specific management or advisory fee structure, and/or (iv) a specific assignment of distribution, shareholder services or other fees and/or (v) the currency or currency unit in which the class/category may be quoted and based on the rate of exchange between such currency or currency unit and the reference currency of the relevant Sub-Fund and/or (vi) the use of different hedging techniques in order to protect in the reference currency of the relevant Sub-Fund the assets and returns quoted in the currency of the relevant class/category of Shares against long-term movements of their currency of quotation and/or (vii) such other features as may be determined by the board of directors from time to time in compliance with applicable law;

(b) The proceeds to be received from the issue of Shares of a class/category shall be applied in the books of the Company to the relevant class/category or classes/categories of Shares issued in respect of such Sub-Fund, and, as the case may be, the relevant amount shall increase the proportion of the net assets of such Sub-Fund attributable to the class/category of Shares to be issued;

(c) The assets, liabilities, income and expenditure attributable to a Sub-Fund shall be applied to the class/category or classes/categories of Shares issued in respect of such Sub-Fund, subject to the provisions here-above under (a);

(d) Where any asset is derived from another asset, such derivative asset shall be attributable in the books of the Company to the same class/category or classes/categories of Shares as the assets from which it was derived and on each revaluation of an asset, the increase or decrease in value shall be applied to the relevant Sub-fund or classes/categories of Shares;



(e) In the case where any asset or liability of the Company cannot be considered as being attributable to a particular class/category of shares, such asset or liability shall be allocated to all the classes/categories of shares pro rata to their respective net asset values or in such other manner as determined by the board of directors acting in good faith, provided that (i) where assets, on behalf of several Sub-Funds are held in one account, the respective right of each shares shall correspond to the prorated portion resulting from the contribution of the relevant class/category of shares to the relevant account, and (ii) the right shall vary in accordance with the contributions and withdrawals made for the account of the class/category of shares, as described in the sales documents for the shares of the Company. With reference to the relations between Shareholders, each Sub-Fund and class/category of shares will be treated as a separate entity.

(f) Upon the payment of distributions to the holders of any class/category of Shares, the net asset value of such class/category of Shares shall be reduced by the amount of such distributions.

All valuation regulations and determinations shall be interpreted and made in accordance with generally accepted accounting principles.

In the absence of bad faith, gross negligence or manifest error, every decision in calculating the net asset value taken by the board of directors or by any bank, Company or other organization which the board of directors may appoint for the purpose of calculating the net asset value, shall be final and binding on the Company and present, past or future shareholders.

#### **IV. For the purpose of this paragraph:**

1) Shares of the Company to be redeemed under Chapter Redemption of shares and Chapter Conversion of shares shall be treated as existing and taken into account immediately after the time specified by the board of directors on the Valuation Day on which such valuation is made and from such time and until paid by the Company; the price therefore shall be deemed to be a liability of the Company;

2) Shares to be issued by the Company shall be treated as being in issue as from the time specified by the board of directors on the Valuation Day on which such valuation is made and from such time and until received by the Company; the price therefore shall be deemed to be a debt due to the Company;

3) all investments, cash balances and other assets expressed in currencies other than the reference currency of the relevant Sub-Fund and/or classes/categories shall be valued after taking into account the market rate or rates of exchange in force at the date and time for determination of the net asset value of Shares and

4) where on any Valuation Day the Company has contracted to:

- purchase any asset, the value of the consideration to be paid for such asset shall be shown as a liability of the Company and the value of the asset to be acquired shall be shown as an asset of the Company;

- sell any asset, the value of the consideration to be received for such asset shall be shown as an asset of the Company and the asset to be delivered shall not be included in the assets of the Company;

provided however, that if the exact value or nature of such consideration or such asset is not known on such Valuation Day, then its value shall be estimated by the Company.

## **V. Temporary suspension of the determination of the Net Asset Value and issues, redemptions and conversions**

The board of directors of the Company may suspend the determination of the net asset value per share of any particular Sub-Fund and/or class/category and the issue and redemption of its Shares to and from its shareholders as well as the conversion from and to Shares of each Sub-Fund and/or class/category:

- a) during any period when any of the principal stock exchanges or other markets on which any substantial portion of the investments of the Company attributable to such Sub-Fund and/or class/category of Shares from time to time is quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended, provided that such restriction or suspension affects the valuation of the investments of the Company attributable to a class/category quoted thereon; or
- b) during the existence of any state of affairs which constitutes an emergency in the opinion of the board of directors as a result of which disposals or valuation of assets owned by the Company attributable to such Sub-Fund and/or class/category of Shares would be impractical; or
- c) during any breakdown in the means of communication normally employed in determining the price or value of any of the investments of such Sub-Fund and/or class/category of Shares or the current price or values on any stock exchange or other market in respect of the assets attributable to such Sub-Fund and/or class/category of Shares; or
- d) when for any other reason the prices of any investments owned by the Company attributable to any Sub-Fund and/or class/category of Shares cannot promptly or accurately be ascertained; or
- e) from the time of publication of a notice convening an extraordinary general meeting of shareholders for the purpose of winding-up the Company, any Sub-Fund or classes/categories of Shares, or informing the shareholders of the decision of the board of directors to terminate Sub-Fund or classes/categories of Shares;

Any such suspension shall be published, if appropriate, by the Company and may be notified to shareholders having made an application for subscription, redemption or conversion of Shares for which the calculation of the net asset value has been suspended.

Such suspension as to any Sub-Fund and/or class/category of Shares shall have no effect on the calculation of the net asset value per share, the issue, redemption and conversion of Shares of any other Sub-Fund and/or class/category of Shares.

A shareholder may not withdraw his request for subscription, conversion or redemption except in the event of a suspension of the valuation of assets of the relevant Sub-Fund and/or class/category (as stipulated above), and in such event a withdrawal will be effective only if written notification is addressed to Company's Registrar and Transfer Agent before the termination of the period of suspension. If the request is not so withdrawn, the subscription, conversion or redemption will be made on the next Valuation Day following the end of the suspension.

## **15. DISTRIBUTION OF INCOME**

The general distribution policy will be as follows:

- (i) regarding capitalization Shares or Category C Shares: no distribution of dividends, but an increase of the net assets in the proportion attributable to the capitalization Shares for the benefit of the capitalization Shares. The value of such increase will be reflected, for each Sub-Fund, in the Net Asset Value of said Shares;
- (ii) regarding distribution Shares or category D Shares: the Sub-Fund may declare dividends for the holders of dividend Shares. Dividends may be attributed within the limits of article 31 of the Law.

The payment of the dividends shall be made at their addresses indicated on the Register of Shareholders and shareholders shall be informed in writing.

In addition to the above dividends, the Company may choose to pay interim dividends.

Any distribution that has not been claimed within five years of its declaration shall be forfeited and shall be accrued for the benefit of the category of Share of the relevant Sub-Fund.

No interest shall be paid on a dividend declared by the Company and kept by it at the disposal of its beneficiary.

In any event, no distribution may be made if, as a result, the net assets of the Company would fall below EUR 1'250'000,00.

## **16. CHARGES AND EXPENSES**

### **(i) General**

The Company pays out of the assets of the relevant Sub-Funds all expenses which shall comprise:

- fees payable to the Management Company,
- the Central Administration,
- the Investment Manager,
- Distributors or the various professional financial intermediaries involved in the placement or distribution of the Shares,
- the Depositary and its correspondents and permanent representatives in places of registration,
- the costs and fees of FATCA, and common reporting standards (CRS) support service agent,
- the costs and fees of the Swiss Representative,
- the costs and fees of local paying agents,
- the costs and fees of the EMIR support service agent,

- the costs and fees of valuation agents employed for a proper valuation of the Company's assets,
- the costs and fees of the investment restriction management system employed by Investment Managers of the Company,
- the costs and fees of the Key Investor Information Document (hereafter the "KIID") support service agent,
- the cost and fees caused by the stock exchange listing of the Company,
- the formation expenses,
- and the costs and fees of any other agent employed by the Company or the Management Company, any fees and expenses involved in registering and maintaining the registration of the Company with any Governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country, fees for legal and auditing services, printing, reporting and publishing expenses, including the cost of preparing, translating, printing and distributing prospectuses, the KIID, explanatory memoranda, periodical reports or registration statements, all taxes, duties, governmental and similar charges, and all other operating expenses, including the cost of buying and selling assets and subsequent stamp duties/FTT, interest, bank charges and brokerage, postage, telephone, telex and telefax.

The Company may calculate administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance, and may accrue the same in equal proportion over any such period.

Any Sub-Fund created in the future will bear its own formation expenses to be amortised in the same process than the existing Sub-Funds.

**(ii) Fees payable to the Investment Manager and Intermediaries involved in the Sub Fund Distribution and the Investment Adviser where applicable.**

**- Global Fee**

The Company pays out of the assets of the relevant Sub-Funds a Global Fee to the Investment Manager or to the Investment Advisors or to the Distribution and/or Placement Agents / introducers and, or intermediaries involved in the marketing and distribution of the relevant Sub Funds.

From such Global Fee the Sub-Investment Manager where applicable, or the Intermediaries involved in the Sub-Fund's shares distribution and/or private placement or the Investment Advisors can be sub-remunerated where applicable.

According to the Investment Management Agreement, the Investment Manager is entitled to receive out of the assets of each Sub-Fund an investment management fee accrued at each NAV calculation and payable quarterly in arrears, together with a performance fee calculated where stipulated in each relevant Sub-Fund out of the assets of the Company as defined in Chapter 23.

The investment management fee is paid to the Investment Manager whether or not the Sub-Fund generates a profit.

- **Performance fee**

In addition, the Company will pay, on a quarterly basis, or at any other frequency as set out in the Appendices to this Prospectus, a performance fee to the Investment Managers, the Sub-Investment Managers.

The financial intermediaries in connection with the placing of the Company's Shares and introducers may be entitled to a retrocession on the performance fee net of VAT, if applicable.

Details of such performance fee (if applicable) are set out in the relevant Appendix to the present Prospectus.

- **Shareholder Servicing Fee**

The Company pays out of the assets of the relevant Sub-Fund to the Investment Manager or the Sub-Manager or to the Initiator of the respective Sub-Fund a Shareholder Servicing Fee of up to **0.50 %**, to remunerate all of them.

The "Shareholder Servicing Fees" are fees paid to the Investment Manager or to the Sub-Investment Manager or to the Initiator of the respective Sub-Fund to respond to investor inquiries and provide investors with information about their investments.

**Fees payable to the Management Company**

**Management fees**

The Company pays, out of the assets of the relevant Sub-Funds, management fees to the Management Company of maximum **0.075 %**.

The exact amount of such fees will depend on the net assets of the sub-funds and will be disclosed in the Company's semi-annual and annual reports.

At least an annual minimum fee of **100.000 EUR** for 10 sub funds is charged by the Management Company to the Company.

**Fees of the Management Company for the risk management services applied for each Sub-Fund:**

- For the Sub-Funds using the VaR methodology for their risk management process an annual fee of **5.000 EUR** is charged to the Sub-Fund.
- For the Sub-Funds using the Commitment methodology for their risk management process an annual fee of **3.000 EUR** is charged to the Sub-Fund.

**Fees payable to the Depositary**

The Company pays, out of the assets of the relevant Sub-Funds, fees to the Depositary in accordance with the current bank practice in Luxembourg and as specified in Section 5 here above.

The exact amount of such fees will depend on the net assets of the sub-funds and on the number of realised transactions and will be disclosed in the Company's semi-annual and annual reports.

### **Fees payable to the Board of Directors of the Company**

Fees of the Board of Directors of the Company and the Directors insurance could amount to max 50.000 EUR p.a.

Reasonable out of-pocket expenses / Travel expenses / Expenses for due diligence visits.

In addition to the fees disclosed above, the Board of Directors of the Company, the Management Company, the Depositary, Central Administration, Domiciliary, Administrative, Paying, Registrar and Transfer Agent are entitled to be reimbursed by the Company as applicable for its reasonable out-of-pocket expenses, reasonable travel expenses for Board Meetings and/or Due Diligence visits to be performed where applicable and disbursement and for the charges of any correspondents.

### **Italian Paying Agent Fees**

The Italian Paying Agent / soggetto incaricato dei pagamenti (hereafter referred to as the "Italian Paying Agent") is entitled to remuneration for his services in relation with the distribution of Shares in Italy.

## **17. TAXATION**

The following summary is based on the law and practice currently applicable in the Grand Duchy of Luxembourg and is subject to changes therein.

### **A. Taxation of the Company in Luxembourg**

The Company is not liable to any Luxembourg tax on profits or income, nor are distributions paid by the Company liable to any Luxembourg withholding tax. The Company is however liable to annual tax in Luxembourg calculated at the rate of 0.05% for retail Shares and of 0.01% for institutional Shares per annum of the net asset value of all Sub-Funds. This tax is payable quarterly on the basis of the value of the aggregate Net Assets of the Sub-Funds at the end of the relevant calendar quarter.

No stamp duty or other tax is payable in Luxembourg on the issue of Shares. No Luxembourg tax is payable on the realized capital appreciation of the assets of the Company.

### **General**

Dividends and interest received by the Company on its investments may be subject to non-recoverable withholding tax in the countries of origin. The Company may benefit in certain circumstances from double tax treaties, which the Grand-Duchy of Luxembourg has concluded with other countries.

### **EU Tax Considerations**

The Council of the European Union adopted on June 3, 2003, a Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. Under the Directive, EU Member States will be required to provide the tax authorities of another EU Member State with details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other

EU Member State. Austria and Luxembourg have opted instead for a withholding tax system for a transitional period in relation to such payments. Certain other countries, including the Swiss Confederation, the Caribbean countries, UK Channel Islands, Isle of Man, the Principality of Monaco and the Principality of Liechtenstein, will also be introducing measures equivalent to information reporting or withholding tax.

The law implementing the Directive in national legislation in Luxembourg was adopted on June 21, 2005 (the "2005 Law").

Since July 1, 2011 applicable withholding tax rate is 35%.

Article 9 of the 2005 Law provides that no withholding tax will be withheld if the beneficial owner expressly authorizes the paying agent to report information in accordance with the provisions of the 2005 Law.

**If withholding tax is applied, any dividends distributed by a fund will be subject to the directive if more than 15% of a fund's assets are invested in debt claims (as defined in the above mentioned Directive). Proceeds realised by shareholders on the disposal of shares will be subject to such reporting or withholding if more than 25% of a fund's assets are invested in debt claims.**

As the Company qualifies as a UCITS under Part I of the Law, it may come within the scope of the 2005 Law. However, it is the investment policy pursued by each Sub-Fund that will determine whether dividends distributed by such Sub-Fund and capital gains realised by Shareholders on the disposal of Shares in such Sub-Fund will be subject to such reporting or withholding; such matter will therefore be specified for each Sub-Fund separately in Chapter 23.

## **B. Luxembourg Taxation of Shareholders**

Under current legislation, shareholders are not subject to any capital gains, income or withholding tax in Luxembourg (except for (i) those domiciled, resident or having a permanent establishment in Luxembourg or (ii) non-residents of Luxembourg who hold 10% or more of the Shares of the Company and who dispose of all or part of their holdings within 6 months from the date of acquisition or (iii) in some limited cases, some former residents of Luxembourg who hold 10% or more of the Shares of the Company).

### **General**

It is expected that shareholders in the Company will be resident for tax purpose in many different countries. Consequently, no attempt is made in this Prospectus to summarize the taxation consequences for each investor of subscribing, converting, holding or redeeming or otherwise acquiring or disposing of Shares in the Company.

These consequences will vary in accordance with the law and practice currently in force in a shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances.

**Investors should inform themselves about and when appropriate consult their professional advisers on the possible tax consequences of subscription for buying, holding, converting, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.**

## **C. Exchange of Financial Account Information**

### **FATCA considerations**

The US Foreign Account Tax Compliance Act ("FATCA") aims at preventing US tax evasion by requiring foreign (non-US) financial institutions to report to the US Internal Revenue Service information on financial accounts held outside the United States by US investors. US securities held by a non-US financial institution that does not comply with the FATCA reporting regime will be subject to a US tax withholding of 30% on gross sales proceeds and income, commencing on 1 July 2014.

Luxembourg entered into a Model I Intergovernmental Agreement (the "IGA") with the US on 28 March 2014. Under the terms of the IGA, the Company will be obliged to comply with the provisions of FATCA under the terms of the IGA and under the terms of Luxembourg legislation implementing the IGA (the "Luxembourg IGA Legislation"). Under the IGA, Luxembourg-resident financial institutions that comply with the requirements of the Luxembourg IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA ("FATCA Withholding"). In order to elect for and keep such FATCA status, the Company only allows (i) participating foreign financial institutions, (ii) deemed-compliant foreign financial institutions, (iii) non-reporting IGA foreign financial institutions, (iv) exempt beneficial owners (v), Active Non-Financial Foreign Entities ("Active NFFE") or (vi) non-specified US persons, all as defined under FATCA as unitholders; accordingly, investors may only subscribe for and hold Shares through a financial institution that complies or is deemed to comply with FATCA. The Company may impose measures and/or restrictions to that effect, which may include the rejection of subscription orders or the compulsory redemption of Shares, as further detailed in this Prospectus and in the Articles, and/or the withholding of the 30% tax from payments to the account of any shareholder found to qualify as a "recalcitrant account" or "non-participating foreign financial institution" under FATCA.

The attention of US taxpayers is drawn to the fact that the Company qualifies as a passive foreign investment company ("PFIC") under US tax laws and does not intend to provide information that would allow such investors to elect to treat the Company as a qualified electing fund (so-called "QEF election"). Prospective investors should (i) consult their own tax advisors regarding the impact of FATCA further to an investment in the Company and (ii) be advised that although the Company will attempt to comply with all FATCA obligations, no assurance can be given that it will be able to satisfy the such obligations and therefore to avoid FATCA Withholding.

For the reasons outlined above, the Shares of the Company may not be offered, sold, assigned or delivered to investors who are not i) participating foreign financial institutions, (ii) deemed-compliant foreign financial institutions, (iii) non-reporting IGA foreign financial institutions, (iv) exempt beneficial owners (v), Active NFFE or (vi) non-specified US persons, all as defined under FATCA, the US FATCA final regulations and/or any applicable intergovernmental agreement on the implementation of FATCA. Such FATCA non-compliant investors may not hold Shares of the Company and Shares may be subject to compulsory redemption if this is deemed appropriate for the purpose of ensuring compliance of the Company with FATCA. Investors will be required to provide evidence of their status under FATCA by means of any relevant tax documents, in particular a "W-8BEN-E" form



of the US Internal Revenue Service that must be renewed on a regular basis according to applicable regulations, and upon request of the Transfer Agent.

### **Automatic Exchange of Information Agreements between Governments**

Certain jurisdictions including the United Kingdom and Luxembourg are considering entering into or may have entered into, Automatic Exchange of Information Agreements ("AEOI") under which relevant tax authorities that collect information on investors under applicable local law, may share information on investors resident in another jurisdiction with the tax authority in that jurisdiction where an AEOI is in place between such jurisdictions.

The scope and application of information reporting and exchange pursuant to such AEOIs may be subject to review by the relevant jurisdictions, and the rules in this respect may also change.

In October 2014 Luxembourg signed a multilateral agreement with 50 other countries on automatic exchange of financial account information. It is intended that from 2017, Luxembourg will commence information sharing on certain cross border investors from those countries, subject to certain processes, safeguards and legal requirements being met. Luxembourg funds and entities will be required to comply with relevant Luxembourg law implementing these agreements.

Investors should contact their own tax advisors regarding the application of information reporting and exchange between governments to their particular circumstances.

### **Common Reporting Standards**

In addition the European Commission made proposals to revise the EU Directive on Administrative Cooperation (DAC) to include the requirement of Member States to adopt and implement legislation to automatic exchange information between EU Member States by incorporating the Common Reporting Standards (CRS) issued by the OECD. The revised DAC was officially adopted by the European Council at an ECOFIN meeting of 9 December 2014. EU Member States will have to begin the automatic exchange of information under the revised DAC no later than end of September 2017. In addition, Austria announced that it will join the other Member States and exchange information by September 2017. EU Member States need to adopt local legislation consistent with the revised DAC no later than 31 December 2015. It is expected due to the introduction of the revised DAC the EUSD will be withdrawn.

## **18. US PERSONS**

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not allowed. "United States of America ("USA") - The Company represents and warrants that its units/shares will not be offered, sold or delivered to US investors.

Participating Shares will not be offered from within the United States or to Investors who are US Persons. A US Person is any person who:

- I. is a United States person within the meaning of Section 7701(a)(30) of the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder;

- II. is a US person within the meaning of Regulation S under the US Securities Act of 1933 (17 CFR § 230.902(k));
- III. is not a Non-United States person within the meaning of Rule 4.7 of the US Commodity Futures Trading Commission Regulations (17 CFR § 4.7(a)(1)(iv));
- IV. is in the United States within the meaning of Rule 202(a)(30)-1 under the US Investment Advisers Act of 1940, as amended; or
- V. any trust, entity or other structure formed for the purpose of allowing US Persons to invest in the Company.

## **19. FINRA RULES 5130 AND 5131**

The Company may either subscribe to classes of shares of target funds likely to participate in offerings of US new issue equity securities ("US IPOs") or directly participate in US IPOs. The Financial Industry Regulatory Authority ("FINRA"), pursuant to FINRA rules 5130 and 5131 (the "Rules"), has established prohibitions concerning the eligibility of certain persons to participate in US IPOs where the beneficial owner(s) of such accounts are financial services industry professionals (including, among other things, an owner or employee of a FINRA member firm or money manager) (a "restricted person"), or an executive officer or director of a U.S. or non-U.S. company potentially doing business with a FINRA member firm (a "covered person").

Accordingly, investors considered as restricted persons or covered persons under the Rules are not eligible to invest in the Company.

In case of doubts regarding its status, the investor should seek the advice of its legal adviser.

## **20. FURTHER INFORMATION**

### **1. Corporate Information**

The Company has been incorporated on 1<sup>st</sup> July, 2003 for an unlimited period of time and is governed by the law of 10 August 1915 on commercial companies, as amended, and by the Law.

As 15th of June 2015 the registered office is established at 5, Allée Scheffer, L-2520 Luxembourg. The Company is recorded at the "Registre de Commerce et des Sociétés" with the District Court of Luxembourg under the number B 94351.

The Articles are published in the "Recueil électronique des sociétés et associations" ("RESA") of 25th July, 2003 and have been filed with the Luxembourg Register of Commerce. The last modifications of the Articles of Incorporation are available at the Registre du Commerce et des Sociétés in Luxembourg and have been published in the "RESA" of 15th May 2009.

Copies of the Articles of Incorporation are available on request at the registered office of the Company.

The minimum capital of the Company is as provided by law in EUR 1'250'000 represented by fully paid-up Shares of no par value. This minimum has to be reached within six months after the date on which the Company has been authorized as a collective investment undertaking under Luxembourg Law. At inception the initial capital was EUR 67'000 represented by 670 shares.

The share capital of the Company shall be, at any time, the total of the net assets of all the Sub-Funds.

Article 10 of the Articles contains provisions enabling the Company to restrict or prevent the ownership of Shares by United States persons.

## **2. Meetings of and reports to shareholders, shareholder information**

Notice of any meeting of shareholders (including those deliberating on amendments to the Articles of Incorporation or on dissolution and liquidation of the Company or of any Sub-Fund) may be sent to each registered shareholder at the shareholder's address in the Register of Shareholders at least eight days before the meeting and will be published in the manner as required by law, in the RESA and in any Luxembourg and other newspaper(s) that the Board of Directors may determine.

To the extent that all the Shares issued and outstanding are in registered form, notices to general meeting of shareholders may be made only by letter to be sent to the shareholders by registered mail.

The shareholders of the class/category or classes/categories issued in respect of any Sub-Fund, upon convocation received from Board of Directors, may hold, at any time, general meeting of shareholders to decide on any matters, which relate exclusively to such class/category or classes/categories issued in respect of any Sub-Fund.

In addition, the shareholders of any class/category of Shares, upon convocation received from Board of Directors, may hold, at any time, general meeting of shareholders for any matters, which are specific to such class/category.

If the Articles are amended, such amendments shall be filed with the Luxembourg Register of Commerce and published in the RESA.

The Company publishes annually a detailed report on its activities and on the management of its assets; such report shall include, inter alia, the consolidated accounts relating to all the Sub-Funds, a detailed description of the assets of each Sub-Fund and the report from the Auditor.

The Company shall further publish semi-annual reports including, inter alia, the investments underlying the portfolio of each Sub-Fund and the number of Shares issued and redeemed since the last publication.

The first Audited annual report was established as of 31st December 2003.

The aforementioned documents may be obtained free of charge by any person at the registered office of the Company within four months for the annual reports and two months for the semi-annual report of the date thereof.

The accounting year of the Company shall commence on the first day of January and shall terminate on the last day of December of each year.

The annual general meeting of shareholders takes place at Luxembourg-City at a place specified in the notice of general meeting of shareholders on the 2<sup>nd</sup> Wednesday of April.

The consolidated financial statements of the Company shall be expressed in EUR being the currency of the share capital (the "Reference Currency"). The financial statements relating to the various Sub-Funds and/or classes/categories shall be expressed in the reference currency of the relevant Sub-Fund and/or classes/categories.

Notices to shareholder will be published in newspapers and in the RESA, only when such way of publication is mandatory required under the provisions of the Luxembourg Law of 1915 and the Law of 17 December 2010 (the "Law") on Undertakings for Collective Investments

All other notices to shareholders, will be mailed, translated in all languages of distribution countries where the Company /its Sub-Funds are authorized for public distribution, by registered mail to the shareholders registered in the Fund`s register and will be published, also in the languages of distribution countries where the Company /its Sub-Funds are authorized for public distribution, on the Management Company`s web site:

**<http://www.pharusmanco.lu/>**

On the Management Company's web site, investors can obtain free of any charges the most up to date version of the Prospectus as well as actual translated country version of the KIIDs of the Sub-Funds where the Sub-Funds /its share classes is/are registered for public distribution.

Investors in the Company are explicitly invited by the Board of the Company to regularly check the Management Company`s web site in order to be kept informed on any changes of the Company, which are not legally required to be published in newspapers or on the RESA.

### **3. Complaints Handling**

Information on the procedures in place for the handling of complaints by prospective investors, and/or Shareholders is available, upon request, from the Management Company free of charge.

### **4. Dissolution and Liquidation of the Company**

The Company may at any time be dissolved by a resolution of the general meeting of shareholders subject to the quorum and majority requirements applicable for amendments to the Articles.

Whenever the share capital falls below two thirds of the minimum capital indicated in Article 5 of the Articles, the question of the dissolution of the Company shall be referred to a general meeting of shareholders by the Board of Directors. The general meeting of shareholders for which no quorum shall be required shall decide by simple majority of the Shares present or represented at the meeting.

The question of the dissolution of the Company shall further be referred to a general meeting of shareholders whenever the share capital falls below one fourth of the minimum capital set by Article 5 of the Articles; in such an event, the general meeting of shareholders shall be held without any quorum requirement and the dissolution may be decided by shareholders holding one fourth of the Shares present or represented at the general meeting of shareholders.

The general meeting of shareholders must be convened so that it is held within a period of forty days as from ascertainment that the net assets have fallen below two thirds or one fourth of the legal minimum, as the case may be.

Liquidation shall be carried out by one or several liquidators, who may be physical persons or legal entities, appointed by the general meeting of shareholders which shall determine their powers and their compensation.

The net proceeds of liquidation corresponding to each Sub-Fund and/or classes/categories shall be distributed by the liquidators to the holders of Shares in the Sub-Fund and/or classes/categories in proportion to their holding of Shares in such Sub-Fund and/or classes/categories.

Should the Company be voluntary or compulsory liquidated, its liquidation will be carried out in accordance with the provisions of the Law on undertakings for collective investment.

Such Law specifies the steps to be taken to enable shareholders to participate in the distribution(s) of the liquidation proceeds and provides for a deposit in escrow at the "Caisse de Consignations" at the time of the close of liquidation.

Amounts not claimed from escrow within thirty years shall be liable to be forfeited in accordance with the provisions of Luxembourg law.

## **5. Dissolution and Merger of Sub-Funds and/or classes/categories**

In the event that for any reason the value of the total net assets in any Sub-Fund or the value of the net assets of any class/category of shares within a Sub-Fund has decreased to, or has not reached, an amount determined by the board of directors to be the minimum level for such Sub-Fund, or such class/category of shares, to be operated in an economically efficient manner or in case of a substantial modification in the political, economic or monetary situation or as a matter of economic rationalisation, the board of directors may decide to redeem all the shares of the relevant class/category or classes/categories at the net asset value per share (taking into account actual realization prices of investments and realization expenses) calculated on the Valuation Day at which such decision shall take effect. The Company shall serve a notice to the holders of the relevant class/category or classes/categories of shares prior to the effective date for the compulsory redemption, which will indicate the reasons and the procedure for the redemption operations: registered holders shall be notified in writing. Unless it is otherwise decided in the interests of, or to keep equal treatment between, the shareholders, the shareholders of the class/category or Sub-Fund concerned may continue to request redemption or conversion of their shares free of charge (but taking into account actual realization prices of investments and realization expenses) prior to the date effective for the compulsory redemption.

Notwithstanding the powers conferred to the board of directors by the preceding paragraph, the general meeting of shareholders of any Sub-Fund or of any one or all classes/categories of shares issued in any Sub-Fund may, upon proposal from the board of directors, redeem all the shares of the relevant Sub-Fund or class/category or classes/categories at the net asset value per share (taking into account actual realisation prices of investments and realisation expenses) calculated on the Valuation Day, at which such decision shall take effect. There shall be no quorum requirements for such general meeting of shareholders, which shall decide by resolution taken by simple majority of those present or represented and voting at such meeting.

Assets which may not be distributed to their beneficiaries upon the implementation of the redemption will be deposited at the Caisse de Consignation on behalf of those entitled within the time period prescribed by Luxembourg laws and regulations and shall be forfeited in accordance with Luxembourg law.

All redeemed shares shall be cancelled.

Under the same circumstances as provided by the first paragraph of this section, the board of directors may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund within the Company or to another undertaking for collective investment organised under the provisions of Part I of the Law or to another sub-fund within such other undertaking for collective investment (the "new Sub-Fund") and to redesignate the shares of the class/category or of another class/category concerned as shares of another class/category (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to shareholders). Such decision will be published in the same manner as described in the first paragraph of this section one month before its effectiveness (and, in addition, the publication will contain information in relation to the new Sub-Fund), in order to enable shareholders to request redemption or conversion of their shares, free of charge, during such period.

Notwithstanding the powers conferred to the board of directors by the preceding paragraph, a contribution of the assets and of the liabilities attributable to any Sub-Fund to another Sub-Fund within the Company may be decided upon by a general meeting of the shareholders of the class/category or classes/categories of shares issued in the Sub-Fund concerned for which there shall be no quorum requirements and which will decide upon such an amalgamation by resolution taken by simple majority of those present or represented and voting at such meeting.

A contribution of the assets and of the liabilities attributable to any Sub-Fund to another undertaking for collective investment referred to in the fifth paragraph of this section or to another sub-fund within such other undertaking for collective investment shall require a resolution of the shareholders of the class/category or classes/categories of shares issued in the Sub-Fund concerned taken with the procedure and the quorum requirement to modify the Articles of Incorporation, except when such an amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type ("fonds commun de placement") or a foreign based undertaking for collective investment, in which case resolutions shall be binding only on such shareholders who have voted in favour of such amalgamation.

## **21. INVESTMENT RESTRICTIONS AND FINANCIAL TECHNIQUES AND INSTRUMENTS**

The Board of Directors shall, based upon the principle of risk diversification, have the power to determine the investment policy for the investments of the Company in respect of each Sub-Fund subject to the following restrictions:

- I. (1) The Company, for each sub-fund, may invest in:
  - a) transferable securities and money market instruments admitted to or dealt in on a regulated market, which operates regularly and is recognised and open to the public, in a Member State of the European Union ("EU") or any other state in Eastern and Western Europe, Asia, North and South America and Oceania (an "Eligible Market");

- b) 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 Eligible Market and such admission is secured within one year of the issue;
  - c) units of UCITS and/or other undertakings for collective investment ("other UCIs"), as defined in directive 2009/65/CE, whether situated in an EU Member State or not, provided that:
    - such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in European Union law, and that cooperation between authorities is sufficiently ensured,
    - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of directive 2009/65/CE,
    - 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;
  - d) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State of the European Union or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
  - e) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Eligible Market and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
    - the underlying consists of instruments covered by this section (I) (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 Company's initiative;
- and/or
- f) money market instruments other than those dealt in on an Eligible 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 EU or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong, or
  - issued by an undertaking any securities of which are dealt in on Eligible Markets, or
  - issued or guaranteed by a credit institution which has its registered office in a country which is an OECD member state and a FATF State, or
  - issued by other bodies belonging to the categories approved by the 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 EUR 10 million and which presents and publishes its annual accounts in accordance with directive 78/660/EEC, 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 Company may invest a maximum of 10% of the net assets of any Sub-Fund in transferable securities and money market instruments other than those referred to under (1) above.
- II. The Company may hold ancillary liquid assets.
- III. a) (i) The Company will invest no more than 10% of the net assets of any Sub-Fund in transferable securities or money market instruments issued by the same issuing body.
- (ii) The Company may not invest more than 20% of the net assets of any Sub-Fund in deposits made with the same body. The risk exposure of a sub-fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. d) above or 5% of its net assets in other cases.
- b) Moreover, where the Company holds on behalf of a Sub-Fund, investments in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.
- This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- Notwithstanding the individual limits laid down in paragraph a), the Company may not combine for each Sub-Fund:
- investments in transferable securities or money market instruments issued by a single body,
  - deposits made with a single body, and/or
  - exposures arising from OTC derivative transactions undertaken with a single body



- in excess of 20% of its net assets.
- c) The limit of 10% laid down in sub-paragraph a) (i) above is increased to a maximum of 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 another state in Eastern and Western Europe, Asia, North and South America and Oceania or by public international bodies of which one or more EU Member States are members.
  - d) The limit of 10% laid down in sub-paragraph a) (i) is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State of the EU and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.  
If a Sub-Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the net assets of the Sub-Fund.
  - e) The transferable securities and money market instruments referred to in paragraphs c) and d) shall not be included in the calculation of the limit of 40% in paragraph b).  
The limits set out in sub-paragraphs a), b), c) and d) may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets.  
Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III).  
The Company may cumulatively invest up to 20% of the net assets of a Sub-Fund in transferable securities and money market instruments within the same group.
  - f) **Notwithstanding the above provisions, the Company is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk diversification, in transferable securities and money market instruments issued or guaranteed by a Member State of the EU, by its local authorities or agencies, or by another member State of the OECD or by public international bodies of which one or more Member States of the EU are members, provided that such Sub-Fund holds securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Sub-Fund.**
- IV. a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. a) to e) are raised to a maximum of 20% for investments in shares and/or bonds issued

by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.

- b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on regulated markets as defined in directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 and any other market which is regulated, operates regularly and is recognised and open to the public ("Regulated Markets") where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

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

- b) The Company may acquire no more than:
  - 10% of the non-voting shares of the same issuer;
  - 10% of the debt securities of the same issuer;
  - 10% of the money market instruments of the same issuer.

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

- c) The provisions of paragraph V. shall not be applicable to transferable securities and money market instruments issued or guaranteed by a Member State of the EU or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more Member States of the EU are members.

The provisions of this paragraph V. are also waived with regard to shares held by the Company in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the non-Member State of the EU complies with the limits laid down in paragraph III. a) to e), V. a) and b) and VI.

- VI. a) The Company may acquire units of the UCITS and/or other UCIs referred to in paragraph I) (1) c), provided that no more than 10% of a Sub-Fund's net assets be invested, in aggregate, in the units of UCITS or other UCI or in the units of any single UCITS or UCI.
- b) The underlying investments held by the UCITS or other UCIs in which the Company invests do not have to be considered for the purpose of the investment restrictions set forth under III. a) to e) above.
- c) When the Company invests in the units of UCITS and/or other UCIs that are managed, directly or by delegation, by the Management Company or Investment Manager or by any other company with which the Company is linked by common management or control, or by a substantial direct or indirect holding superior or equal to 10% of the capital or votes, no subscription or redemption fees may be charged to the Company on account of the Company's investment in the units of such other UCITS and/or UCIs but only a reduced management fee

of maximum 0.25% and no performance fees to the Company's assets.

In respect of a Sub-Fund's investments in UCITS and other UCIs linked to the Company as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to such Sub-Fund and each of the UCITS or other UCIs concerned shall not exceed 3% of the relevant net assets under management. The Company will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and other UCIs in which such Sub-Fund has invested during the relevant period.

- d) The Company may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS or other UCI concerned, all compartments combined.
- VII. The Company shall ensure for each Sub-Fund that the global exposure relating to derivative instruments does not exceed the net assets of the relevant Sub-Fund.

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

If the Company invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III. a) to e). When the Company invests in index-based financial derivative instruments, these investments do not have to be combined with the limits laid down in paragraph III. a) to e).

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 paragraph VII.
- VIII. a) The Company may not borrow for the account of any Sub-Fund amounts in excess of 10% of the net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Company may acquire foreign currencies by means of back to back loans;
- b) The Company may not grant loans to or act as guarantor on behalf of third parties.

This restriction shall not prevent the Company from acquiring transferable securities, money market instruments or other financial instruments referred to in I. (1) c), e) and f) which are not fully paid.
- c) The Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in I. (1) c), e) and f).
- d) The Company may only acquire movable or immovable property which is essential for the direct pursuit of its business.
- e) The Company may not acquire either precious metals or certificates representing them.
- IX. a) The Company needs not comply with the limits laid down in this chapter when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk diversification, recently created Sub-Funds may derogate from paragraphs III. IV. and VI. a), b) and c) for a period of six months following the date of their creation.

- b) If the limits referred to in paragraph a) are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a primary objective for its sales transactions the remedying of that situation, taking due account of the interest of its unitholders.
- c) To the extent that an issuer is a legal entity with multiple compartments where the assets of the compartment are exclusively reserved to the investors in such compartment and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that compartment, each compartment is to be considered as a separate issuer for the purpose of the application of the risk diversification rules set out in paragraphs III. a) to e), IV. and VI.

## **FINANCIAL TECHNIQUES AND INSTRUMENTS**

### **General principle**

The Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio; it must employ a process for accurate and independent assessment of the value of OTC derivative instruments. It must communicate to the CSSF regularly and in accordance with the detailed rules defined by the latter, the types of derivative instruments, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associated with transactions in derivative instruments.

The Company may employ securities financing transactions ("**SFTs**") as described in section "**SFTs** and **TRS**" hereunder and derivative instruments relating to transferable securities and money market instruments amongst others for hedging purposes, efficient portfolio management, duration management or other risk management of the portfolio as described here below.

When these operations concern the use of derivative instruments, these conditions and limits shall conform to the provisions laid down in section "Investment Restrictions".

However, the overall risk exposure related to financial derivative instruments will not exceed the total net asset value of the Company.

This means that the global exposure relating to the use of financial derivative instruments may not exceed 100% of the net asset value of the Company and, therefore, the overall risk exposure of the Company may not exceed 200% of its net asset value on a permanent basis.

Each sub-fund will employ the commitment or VAR approach to calculate their global exposure accordingly to the risk profile of the Sub-Fund.

Under no circumstances shall these operations cause a Sub-Fund to diverge from its investment objectives.

A Sub-Fund may also invest in OTC financial derivative instruments including but not limited to non-deliverable forwards, total return swaps, interest rate swaps, currency swaps, swaptions, credit default swaps, and credit linked note for either investment or for hedging purposes.

In doing so, the Sub-Fund shall comply with applicable restrictions and in particular with ESMA guidelines on exchange traded funds ("**ETFs**") and other UCITS issues as described in CSSF circular 14/592 and with EU Regulation 2015/2365 on transparency of securities financing transactions and of reuse of 25 November 2015 and CSSF Circulars CSSF 08/356, CSSF 11/512 CSSF 14/592. ("**SFTR**").

The risk exposures to a counterparty arising from OTC financial derivative transactions and efficient portfolio management techniques should be combined when calculating the counterparty risk limits of Article 52 of Directive 2009/65/EC.

In no case the use of financial derivatives instruments or other financial techniques and financial instruments may lead the Company to diverge from its investment objectives as expressed in the Prospectus.

When entering into Total Return Swaps ("**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 Company must respect the limits of diversification referred to in Articles 43, 44, 45, 46 and 48 of the 2010 Law.

Likewise, in accordance with Article 42 (3) of the 2010 Law and Article 48 (5) of CSSF Regulation 10-4, the Company 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 2010 Law.

The Management Company 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 specialized 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 2010 Law or 5% of its assets in any other cases.

The rebalancing frequency for an index that is the underlying asset for a financial derivative is determined by the provider of the index in question. The costs for such rebalancing are estimated to a leverage of 4bps.

The TRS and other derivative financial instruments that display the same characteristics shall confer to the Company 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.

Furthermore, the Company may, for efficient portfolio management purposes, exclusively resort to securities lending and borrowing and repurchase agreement transactions, provided that the rules described here-below are complied with.

## **SFTs and TRS**

### **General provisions related to SFTs and TRS**

The Company will make use of the following SFTs:

- **"securities lending" or "securities borrowing"** means a transaction 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 agreement 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 recognized 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;
- **"buy-sell back transaction" or "sell-buy back transaction"** means a transaction by which a counterparty buys or sells securities, commodities, or guaranteed rights relating to title to securities, agreeing, respectively, to sell or to buy back securities, or such guaranteed rights of the same description at a specified price on a future date, that transaction being a buy-sell back transaction for the counterparty buying the securities, or guaranteed rights, and a sell-buy back transaction for the counterparty selling them, such buy-sell back transaction or sell-buy back transaction not being governed by a repurchase agreement or by a reverse-repurchase agreement within the meaning of 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 recognized 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 Company may enter into credit derivatives contracts. Credit derivatives are transactions which are designed to isolate and transfer the credit risk associated with a third party (the reference entity) or a basket/index of reference entities. Such credit default products will typically be divided into two categories, **namely "funded" and "unfunded"**, depending on whether or not the credit protection seller makes an initial principal payment in respect of the reference asset.

**There are many ways in which this can be done, which essentially involve four types of transaction.**

**The first type**, credit default products, consists of transactions under which the parties' obligations depend on whether a "credit event" has occurred in relation to the reference asset. The credit events are specified in the contract and are intended to identify the occurrence of a significant deterioration in the creditworthiness of the reference asset. On settlement, credit default products may be cash settled or involve the physical delivery of an obligation of the reference entity following a default. In entering into these credit default products, the Issuer may be a credit protection buyer or a credit protection seller.

**The second type consists of total return swaps ("TRS")** which means total return swap, i.e., a derivative contract as defined in point (7) of Article 2 of Regulation (EU) No 648/2012 in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty.

When entering into Total Return Swaps ("**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 Company must respect the limits of diversification referred to in Articles 43, 44, 45, 46 and 48 of the 2010 Law.

Likewise, in accordance with Article 42 (3) of the 2010 Law and Article 48 (5) of CSSF Regulation 10-4, the Company 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 2010 Law.

The Management Company 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 specialized 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 2010 Law or 5% of its assets in any other cases.

The rebalancing frequency for an index that is the underlying asset for a financial derivative is determined by the provider of the index in question. The costs for such rebalancing are estimated to an average of 4bps.

The TRS and other derivative financial instruments that display the same characteristics shall confer to the Company 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.

**The third type**, credit spread derivatives, are credit protection transactions under which the payments may be made by either a credit spread or protection buyer or seller depending on the relative credit standings of two or more reference assets, measuring the market value of a particular asset against the market value of another asset, one of which typically being of "benchmark" quality, i.e. of a highly creditworthy obligor, such as a sovereign entity.

**The fourth type**, credit spread options, are credit derivatives designed to hedge against or take advantage of changes in credit spreads under which a reference credit instrument or index is selected and the strike spread, exercise date(s) and maturity date are set. The pay-off is based on whether the actual spot spread of the reference credit instrument or index as at the option exercise date is greater or less than the strike spread. The transaction may be either based on changes in a credit spread of a reference credit instrument or index against a market benchmark (e.g. LIBOR or U.S. Treasuries) or changes in the relative spread between two credit instruments or indices or a combination thereof.

All credit derivative risks are monitored and included at their full underlying value (including the underlying assets in inventory and the associated loan as a liability) for the purpose of maintaining compliance with investment restrictions.

Furthermore, the Company may, for efficient portfolio management purposes,



exclusively resort to securities lending and borrowing and repurchase agreement transactions, provided that the rules described here below are complied with.

The Company and any of its Sub-funds may employ SFTs for reducing risks (hedging), generating additional capital or income or for cost reduction purposes.

Any use of SFTs for investment purposes will be in line with the risk profile and risk diversification rules applicable to the Company and any of its Sub-Funds.

The maximum and expected proportion (i) of assets that may be subject to SFT and TRS and (ii) for each type of assets that are subject to TRS or SFT will be set out for each Sub-fund in the relevant Special Section.

If a Sub-fund intends to make use of SFT and TRS, the relevant Special Section will include the disclosure requirements of the SFTR.

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

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

**The maximum proportion and the expected proportion of assets under management of the Sub-Funds that can be subject to SFTs and TRS is disclosed on the respective Sub Fund`s level.**

The counterparties to the SFTs and TRS will be selected on the basis of very specific criteria taking into account notably their legal status, country of origin, and minimum credit rating.

The minimum rating of the counterparties to the SFTs and TRS used will be BBB+ according to S&P rating or equivalent.

The Fund will therefore only enter into SFTs and TRS with such financial Counterparties defined in Art 3 of the **REGULATION (EU) 2015/2365 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012**. Further such financial counterparties have to be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and approved by the board of directors of the Management Company, and who are based on a regulated market of a European Union Member State or on a stock exchange of a Member State of the OECD.

The Company will collateralize its SFTs and TRS pursuant to the provisions set forth

hereunder in section **"Collateral Management and Policy"**.

The risks linked to the use of SFTs and TRS as well as risks linked to collateral management, such as operational, liquidity, counterparty, custody and legal risks and, where applicable, the risks arising from its reuse are further described hereunder in section **"Risk Factors"**.

**The assets of a Sub-Fund that are subject to SFTs and TRS, and any collateral received, are held by the Depositary.**

Where there is a title transfer, the collateral received must be held by the Depositary. The Depositary may delegate the custody of the collateral to a sub-depositary but it will retain overall responsibility for the custody of the collateral. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

The Depositary will further ensure, in accordance with the requirements of the UCITS Directive that the assets of the Company held in custody by the Depositary shall not be reused by the Depositary or by any third party to whom the custody function has been delegated for their own account.

The Company`s assets may be reused for the account of the Company where:

- a) the reuse of the assets is executed for the account of the Company;
- b) the Depositary is carrying out the instructions of the Management Company;
- c) the reuse is for the benefit of the Company and in the interest of the shareholders; and
- d) the transaction is covered by high quality and liquid collateral received by the Company under a title transfer arrangement with a market value at all times at least equivalent to the market value of the reused assets plus a premium.

#### **Policy on sharing of return generated by SFTs and TRS**

All revenues arising from SFTs will be returned to the Sub-Funds as below determined:

Securities lending	at least 50 % of the income generated by Securities lending are returned back to the Sub-Fund participating in Securities lending.
Securities borrowing	at least 50 % of the income generated by Securities borrowing are returned back to the Sub-Fund participating in Securities borrowing.
Repurchase agreements	at least 50 % of the income generated by Repurchase Agreements are returned back to the Sub-Fund having established repurchase agreements.
Buy-sell back transaction	at least 50 % of the income generated by buy-sell back transactions are returned back to the Sub-Fund participating in buy-sell back transactions.

Sell-buy back transaction     at least 50 % of the income generated by sell-buy back transactions are returned back to the Sub-Fund participating in sell-buy back transactions.

Regarding TRS (including CFDs) all revenues will be returned to the Sub-Fund that will be charged with up to 100% of the costs related to these operations.

Applicable to SFT a maximum of up to 50 % of the income of the SFT may be paid as fees, commissions, costs or expenses may be paid to "SFT Agents" of the Sub-Fund as normal compensation of their services (Hereafter referred to as operational costs).

SFT Agent means any person involved in SFTs and/or TRSs as securities lending agent, broker, collateral agent or service provider and that is paid fees, commissions, costs or expenses out of the Fund's assets or any Sub-fund's assets (which can be the counterparty of a Sub-fund in an SFT and/or a TRS).

SFT Agents are not related parties to the Investment Manager or the Management Company.

The SFT Agents that will charge operational costs and the amount of such costs will be disclosed in the annual report of the Fund.

### **Securities Lending and Borrowing**

The Company in order to achieve a positive return in absolute terms may enter into securities lending transactions and borrowing transaction provided that they comply with the SFTR and the provisions set forth in CSSF's Circular 08/356, CSSF's Circular 14/592 and ESMA Guidelines 2014/937 concerning the rules applicable to undertakings for collective investment when they use certain techniques and instruments relating to transferable securities and money market instruments, as amended from time to time, as follows:

i. The Company may only lend or borrow securities through a standardized system organized by a recognized clearing institution or through a first class financial institution specializing in this type of transaction approved by the board of directors of the Management Company. In all cases, the counterparty to the securities lending or borrowing agreements must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law. In case the aforementioned financial institution acts on its own account, it is to be considered as counterparty in the securities lending agreement. If the Company lends its securities to entities that are linked to the Company by common management or control, specific attention has to be paid to the conflicts of interest which may result therefrom.

ii. As part of lending transactions, the Company must in principle receive an appropriate collateral, the value of which at the conclusion of the contract must be at least equal to the global valuation of the securities lent. At maturity of the securities lending transaction, the appropriate collateral will be remitted simultaneously or subsequently to the restitution of the securities lent.

iii. All assets received by the Company in the context of efficient portfolio management techniques should be considered as collateral. The collateral which must comply with the conditions set forth below under section "**Collateral Management and Policy**"

iv. In case of a standardized securities lending system organized by a recognized clearing institution or in case of a lending system organized by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specialized in this type of transactions, securities lent may be transferred before the receipt of the guarantee if the intermediary in question assures the proper completion of the transaction. Such intermediary may, instead of the borrower, provide to the Company a guarantee which the value at conclusion of the contract must be at least equal to the total value of the securities lent.

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

vi. With respect to securities lending, the Company will generally require the borrower to post collateral representing, at any time during the lifetime of the agreement, at least the total value of the securities lent (interest, dividends and other potential rights included) as further described hereunder in section **"Collateral Management and Policy"**.

vii. Borrowing transactions may not exceed 50% of the global valuation of the securities portfolio of each Sub-Fund. Each Sub-Fund may borrow securities under the following circumstances in connection with the settlement of a sale transaction: (a) during a period the securities have been sent out for re-registration; (b) when the securities have been loaned and not returned in time; (c) to avoid a failed settlement when the Depositary fails to make delivery; and (d) as a technique to meet its obligation to deliver the securities being the object of a repurchase agreement when the counterparty to such agreement exercises its right to repurchase these securities, to the extent such securities have been previously sold by the relevant Sub-Funds.

viii. The Company ensures that it is able at any time to recall any security that has been lent or terminate any securities lending transaction into which it has entered; and

**Pharus Management Lux S.A., as Management Company of the Company, does not act as securities lending agent.** If Pharus Management Lux S.A. takes over this function and activity, the Prospectus will be updated accordingly.

The Company's annual report will provide details on the depositary of the Company, provided they receive direct and indirect operational costs and fees.

### **Repurchase Agreement Transactions**

The Company may on an ancillary basis, in order to achieve a positive return in absolute terms may 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 acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement.

The Company can act either as purchaser or seller in repurchase agreement transactions or a series of continuing repurchase transactions. Its involvement in such transactions is, however, subject to the following rules:

i. The Company may enter into these transactions only if the counterparties to these transactions are subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and approved by the board of directors of the Management Company.

ii. At the maturity of the contract, the Company must ensure that it has sufficient assets to be able to settle the amount agreed with the counterparty for the restitution of the Company. The Company must take care to ensure that the volume of the repurchase agreement transactions is kept at a level such that it is able, at all times, to meet its redemption obligation towards shareholders.

iii. The Company must ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement must be used for the calculation of the Net Asset Value of the relevant Sub-Funds.

iv. The Company must further ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.

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

vi. The securities purchased with a repurchase option or through a reverse repurchase agreement transaction must be in accordance with the Sub-Fund investment policy and must, together with the other securities that it holds in its portfolio, globally comply with its investment restrictions.

Fixed- term repurchase and reverse repurchase agreements that do not exceed seven (7) days are to be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

### **Disclosure to Investors**

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

- the exposure obtained through efficient portfolio management techniques;
- the identity of the counterparty(ies) to these efficient portfolio management techniques;
- the type and amount of collateral received by the UCITS to reduce counterparty exposure;
- the use of TRS and SFTs 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.

### **Collateral Management and Policy**

As security for any SFTs and OTC financial derivatives transactions, the relevant Sub-Fund will obtain collateral, under the form of bonds (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) and cash, covering at least the market value of the financial instruments object of SFTs and OTC financial derivatives transactions.

**Collateral received must at all times meet the following criteria:**

(a) Liquidity: Collateral must be sufficiently liquid in order that it can be sold quickly at a robust price that is close to its pre-sale valuation.

(b) Valuation: Collateral must be capable of being valued on at least a daily basis and must be marked to market daily, it being understood that the Company does not intend to make use of daily variation margins.

(c) Issuer credit quality: The Company will ordinarily only accept very high quality collateral.

(d) Safe-keeping: Collateral must be transferred to the Depositary or its agent.

(e) Enforceable: Collateral must be immediately available to the Company without recourse to the counterparty, in the event of a default by that entity.

(f) Non-Cash collateral

1. cannot be sold, pledged or re-invested;
2. must be issued by an entity independent of the counterparty; and
3. must be diversified to avoid concentration risk in one issue, sector or country.

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

(h) Cash Collateral can only be:

placed on deposit with entities prescribed in Article 41(f) of the Law;

- invested in high-quality government bonds;
- used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds as defined in ESMA's Guidelines on a Common Definition of European Money Market Funds. Each Sub-Fund may reinvest cash which it receives as collateral in connection with the use of techniques and instruments for efficient portfolio management, pursuant to the provisions of the applicable laws and regulations, including CSSF Circular 08/356, as amended by CSSF Circular 11/512 and the ESMA Guidelines.

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

Each Sub-Fund must make sure that it is able to claim its rights on the guarantee in case of the occurrence of an event requiring the execution thereof. Therefore, the guarantee must be available at all times, either directly or through the intermediary of a first class financial institution or a wholly-owned subsidiary of this institution, in such a manner that the Sub-Fund is able to appropriate or realize the

assets given as guarantee, without delay, if the counterparty does not comply with its obligation to return the securities. During the duration of the agreement, the guarantee cannot be sold or given as a security or pledged.

- (i) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Company receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When the Company is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this sub-paragraph, a UCITS may be fully collateralized in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. Such a UCITS should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the UCITS' net asset value.
- (ii) UCITS that intend to be fully collateralized in securities issued or guaranteed by a Member State should disclose this fact in the prospectus of the UCITS. UCITS should also identify the Member States, local authorities, or public international bodies issuing or guaranteeing securities which they are able to accept as collateral for more than 20% of their net asset value.

### **Haircut Policy**

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

When entering into securities lending and borrowing transactions, each Sub-Fund must receive, in principle, a guarantee the value of which is, during the lifetime of the lending agreement, at least equivalent to 105% of the global valuation (interests, dividends and other possible rights included) of the securities lent, depending on the degree of risk that the market value of the assets included in the guarantee may fall:

- Government bonds with maturity up to 1 year: Haircut between 0 and 2%
- Government bonds with maturity of more than 1 year: Haircut between 0% and 5%
- Corporate bonds: Haircut between 6% and 10%
- Cash: 0%

When entering into repurchase or reverse repurchase transactions, each Sub-Fund will obtain the following collateral covering at least the market value of the financial instrument object of the transaction:

- Government bonds with maturity up to 1 year: Haircut between 0 and 5%
- Government bonds with maturity of more than 1 year: Haircut between 0 and 5%

- Corporate bonds: Haircut between 6% and 10%
- Cash: 0%

When entering into OTC transaction each Sub-Fund must receive or pay a guarantee managed by the Credit Support Annex (CSA) to the ISDA in place with each counterparty and it will obtain the following collateral covering at least the market value of the financial instrument object of the OTC transaction:

- Cash: 0%
- Government bonds with maturity up to 1 year: Haircut between 0 and 2%
- Government bonds with maturity of more than 1 year: Haircut between 0 and 5%

Any haircuts applicable to collateral are agreed conservatively with each OTC financial derivative counterparty on case by case basis. They will vary according to the terms of each collateral agreement negotiated and prevailing market practice and conditions. Collateral received or paid by the Company shall predominantly be limited to cash and government bonds according to the CSA.

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 Company 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.

The Company must proceed on a daily basis to the valuation of the guarantee received or paid, using available market prices and taking into account appropriate discounts which will be determined in according to the CSA 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.

### **Currency Hedging**

In order to protect its present and future assets and liabilities against the fluctuation of currencies, the Company may enter into transactions the object of which is the purchase or the sale of forward foreign exchange contracts, the purchase or the sale of call options or put options in respect of currencies, the purchase or the sale of currencies forward or the exchange of currencies on a mutual agreement basis provided that these transactions be made either on exchanges or over-the-counter with first class financial institutions specializing in these types of transactions and being participants of the over-the counter markets.

The objective of the transactions referred to above presupposes the existence of a direct relationship between the contemplated transaction and the assets or liabilities to be hedged and implies that, in principle, transactions in a given currency, including a currency bearing a substantial relation to the value of the reference currency (i.e. currency of denomination) of the relevant Sub-Fund - known as "hedging by proxy"- may not exceed the total valuation of the assets and liabilities held in such currency nor may they, as regards their duration, exceed the



period where such assets are held or anticipated to be acquired or for which such liabilities are incurred or anticipated to be incurred.

In its financial reports, the Company must indicate for the different categories of transactions involved, the total amount of commitments incurred under such outstanding transactions as of the reference date for such financial reports.

## **22. SPECIAL CONSIDERATION ON RISKS**

With regard to each Sub-Fund, future investors are recommended to consult their professional advisors to evaluate the suitability of an investment in a specific Sub-Fund, in view of their personal financial situation.

The number and allocation of portfolio assets in each Sub-Fund should reduce the Sub-Fund's sensitivity to risks associated with a particular investment. Nevertheless, potential investors should be aware of the fact that there can be no assurance that their initial investment will be preserved.

Past performance is not indicative of future results. Each Sub-Fund is subject to the risk of common stock investment. The price of the Units and the income from them may fall as well as rise. There can be no assurance that each Sub-Fund will achieve its objectives. There is no guarantee that investors will recover the total amount initially invested.

In addition, future investors should give careful consideration to the following risks linked to an investment in certain Sub-Funds:

### **Acceptable markets**

Some markets, on which securities are listed, may not qualify as acceptable markets under Article 41(1) of the Law. Investments in securities on these markets will be considered as investments in unlisted transferable securities. Accordingly, the total amount of net assets in a Sub-Fund invested in these securities and in unlisted shares will be limited to 10%.

### **Risk of limited trading volume**

Trading volumes of emerging country stock exchanges can be considerably lower than in leading world exchanges. The resulting lack of liquidity may adversely affect the price at which the securities held by a Sub-Fund can be sold.

### **Accounting and statutory standards**

It may occur in some countries, where a Sub-Fund may potentially invest, that standards of accountancy, auditing and reporting are less strict than the standards applicable in more developed countries and that investment decisions have to be taken based on information less complete and accurate than that available in more developed countries.

### **Currency risks**

Certain Sub-Funds investing in securities denominated in currencies other than their reference currency may be subject to fluctuations in exchange rates resulting in a reduction in the Sub-Fund's net asset value. Changes in the exchange rate between the base currency of the Sub-Fund and the currency of its underlying assets may lead to a depreciation of the value of the Sub-Fund's assets as expressed in the Sub-Fund's base currency. The Sub-Fund may attempt to mitigate this loss by the use of hedging but only on the terms approved of in the Prospectus.

## **Investment in small and medium-size companies**

Investment in small and medium-size companies can involve more risks than those normally associated with investment in larger and better established companies. Smaller companies, in particular, often have limits as regards product range, markets or financial resources, and there may be only one or two key managers.

## **Investing in Equity Securities**

Investing in equity securities may offer a higher rate of return than those in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value. Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. Historically, equity securities have provided greater long-term returns and have entailed greater short-term risks than other investment choices.

## **Investments in Debt Securities**

Among the principal risks of investing in debt securities are the following:

- interest rate risk (the risk that the value of the relevant Sub-Fund's investments will fall if interest rates rise);
- credit risk (the risk that companies in which the relevant Sub-Fund invests, or with which it does business, will fail financially, and be unwilling or unable to meet their obligations to the Sub-Fund);

Interest rate risk generally is greater for Sub-Funds that invest in fixed income securities with relatively long maturities than for Sub-Funds that invest in fixed income securities with shorter maturities.

## **Foreign Investment Risks**

Government regulations and restrictions in certain countries, including countries in Asia and the Pacific region, Africa, Eastern Europe and Latin America, may limit the amount and types of securities that may be purchased by a Sub-Fund or the sale of such securities once purchased. Such restrictions may also affect the market price, liquidity and rights of securities that may be purchased by a Sub-Fund, and may increase Sub-Funds' expenses. In addition, the repatriation of both investment income and capital is often subject to restrictions such as the need for certain governmental consents, and even where there is no outright restriction, the mechanics of repatriation may affect certain aspects of the operation of a Sub-Fund. In particular, a Sub-Fund's ability to invest in the securities markets of several of the Asian countries and other emerging countries is restricted or controlled to varying degrees by laws restricting foreign investment and these restrictions may, in certain circumstances, prohibit a Sub-Fund from making direct investments.

## **Warrants**

Investors should be aware of, and prepared to accept, the greater volatility in the prices of warrants which may result in greater volatility in the price of Shares. Thus, the nature of the warrants will involve shareholders in a greater degree of risk than is the case with conventional securities.

## **Investment in derivative instruments**

The use of futures, options and forward contracts exposes the Fund to additional investment risks.

Financial futures prices are highly volatile and influenced by a variety of factors including, inter alia, changing supply and demand relationships, government, fiscal, monetary and exchange control programs and policies, national and international political and economic events and government intervention in certain markets, particularly in the currency and interest rate markets. Transactions in futures thus carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the Investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Futures are also subject to illiquid situations when market activity decreases or when a daily price fluctuation limit has been reached.

Transactions in options also carry a high degree of risk as the trading of options, including options on futures contracts and OTC options, is speculative and highly leveraged. Specific market movements of futures contracts or securities underlying an option cannot be accurately predicted. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced. Options traded OTC are not regulated.

In respect of such trading, the Fund is subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Fund.

## **Execution and Counterparty Risk**

The Fund may be subject to the risk of the inability of the counterparty, or any other entities, in or with which an investment or transaction is made, to perform in respect of undertaken transactions, whether due to insolvency, bankruptcy or other causes.

In some markets there may be no secure method of delivery against payment which would minimise the exposure to counterparty risk. It may be necessary to make payment on a purchase or delivery on a sale before receipt of the securities or, as the case may be, sale proceeds.

## Value Investing

Investing in "value" stocks presents the risk that value stocks may fall out of favour with investors and underperform growth stocks during given periods.

## Investments in Specific Sectors

Certain Sub-Funds will concentrate their investments in companies of certain sectors of the economy and therefore will be subject to the risks associated with concentrating investments in such sectors. More specifically, investments in specific sectors of the economy such as health care, consumer staples and services or telecommunications etc... may lead to adverse consequences when such sectors become less valued.

## Contingent Convertible Instruments

Such types of financial instruments, also known as "CoCo bonds", "CoCos" or "Contingent Convertible Notes", are slightly different to regular convertible bonds in that the likelihood of the bonds converting to equity is "contingent" on a specified event (the "**trigger**"), such as the stock price of the company exceeding a particular level for a certain period of time. They carry a distinct accounting advantage since, unlike other kinds of convertible bonds, they do not have to be included in a company's diluted earnings per share until the bonds are eligible for conversion.

CoCos are also a form of capital that regulators hope could help buttress a bank's finances in times of stress. CoCos are different to existing hybrids because they are designed to convert into shares if the pre-set trigger is breached in order to provide a shock boost to capital levels and reassure investors more generally. Hybrids, including CoCos, contain features of both debt and equity. They are intended to act as a cushion between senior bondholders and shareholders, who will suffer first if capital is lost. The bonds usually allow a bank to either hold on to the capital past the first repayment date, or to skip paying interest coupons on the notes.

Shareholders should fully understand and consider the risks of CoCos and correctly factor those "**risks into their valuation**". One inherent risk is related to the trigger levels ("**trigger level risk**"). Such levels determine the exposure to "**the conversion risk**", depending on the distance to the trigger level. The trigger could be activated either through a material loss in capital as represented in the numerator or an increase in risk weighted assets as measured in the denominator. As a result, the bond can be converted into equity at an unfavorable moment.

Furthermore, there is the "**risk of coupon cancellation**". While all CoCos are subject to conversion or "**write down**" (i.e. the risk to lose part or all of the original investment, the "**write-down risk**") when the issuing bank reaches the trigger level, for some CoCos there is an additional source of risk for the Shareholder in the form of coupon cancellation in a going concern situation. Coupon payments on such type of instruments are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The cancellation of coupon payments on such CoCos does not amount to an event of default. Cancelled payments do not accumulate and are instead written off. This significantly increases uncertainty in the valuation ( the "**valuation risk**") of such instruments and may lead to mispricing of risk. Such CoCo holders may see their coupons cancelled while the issuer continues to pay dividends on its common equity and variable compensation to its workforce.

Further the “**Capital structure inversion risk**” should be taken into account: Contrary to classic capital hierarchy, investors in CoCos may also suffer a loss of capital when equity holders do not. In certain scenarios, holders of CoCos will suffer losses ahead of equity holders, e.g., when a high trigger principal write-down CoCo is activated. This cuts against the normal order of capital structure hierarchy, where equity holders are expected to suffer the first loss. This is less likely with a low trigger CoCo, when equity holders will already have suffered loss. Moreover, high trigger CoCos may suffer losses not at the point of gone concern, but conceivably in advance of lower trigger CoCos and equity.

Some CoCos are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority (**the “call extension risk”**). It cannot be assumed that the perpetual CoCos will be called on call date. Such CoCos are a form of permanent capital. In these cases, the Shareholder may not receive return of principal if expected on call date or indeed at any date. Moreover, Shareholders might only resell CoCos on a secondary market, this potentially leading to the related “**liquidity and market risks**”.

In addition, there might arise risks due to “unknown factors” (**the “unknown risk”**). 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, it is unclear whether the market will 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.

Shareholders are also advised to consider the further risks associated with the investment in CoCos, in particular the “**industry concentration risk**” (which can result from the uneven distribution of exposures to financials due to the CoCos feature and structure, being CoCos requested to be part of the capital structure of financial institutions) and the “**liquidity risk**” (due to the fact that CoCos entail a liquidity risk in stressed market conditions, as a result of their general lower market volume compared to plain-vanilla bonds and of their specific investors). 26

Finally, Shareholders have been drawn to the instrument as a result of the CoCos’ often attractive yield which may be viewed as a complexity premium. Yield has been a primary reason this asset class has attracted strong demand, yet it remains unclear whether Shareholders have fully considered the underlying risks. Relative to more highly rated debt issues of the same issuer or similarly rated debt issues of other issuers, CoCos tend to compare favorably from a yield standpoint. The concern is whether Shareholders have fully considered the “**risk of conversion or coupon cancellation**”.

**For further information, please refer to the statement from the European Securities and Markets Authority (ESMA/2014/944) dated July 31, 2014, regarding potential risks associated with investing in contingent convertible instruments.**

### **Special risks applicable to Sub-Fund investing in ABS/ MBS**

ABS are securities collateralized by assets other than mortgages.

The most common types of ABS are collateralized by credit card receivables, home equity loans, manufactured homes and automobile loans and are typically

structured as pass through or as structures with multiple bond classes, like a collateralized mortgage obligations (CMO).

Credit enhancement can take the form of over collateralization, a letter of credit, a third party guaranty, or a senior/subordinated structure.

MBS are securities whose source of repayment is a mortgage or pool of mortgages, or whose repayments are collateralized by a mortgage or pool of mortgages.

MBS include, but are not limited to, agency and non-agency pass through and collateralized mortgage obligations (CMOs and RMBS).

A majority of the MBS sector is comprised of Agency pass through (issued by FNMA, GNMA or FHLMC) – pass through are AAA rated, extremely liquid and is among the largest sectors of the US bond market.

MBS include mortgage pass-through securities, collateralized mortgage obligations (CMOs are debt obligations of a legal entity that are collateralised by mortgages.

They are typically rated by a rating agency and registered with the SEC and are structured into multiple classes, often referred to as “tranches”, with each class bearing a different stated maturity and entitled to a different schedule for payments of principal and interest, including pre-payments), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals (which are mortgage securities issued by agencies or instrumentalities of the US Government or by private originators or of, or investors in, mortgage loans, including savings and loan associations, homebuilders, mortgage banks, commercial banks, investment banks, partnerships, trusts and special purpose entities of the foregoing), stripped mortgage-backed securities (“SMBSs”) and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property.

Investments in ABS /MBS carry the risk of default of the underlying collateral. Moreover the scheduled amortization plan is subject to a certain degree of uncertainty due to the uncertainty in the timing of the cash flows of the underlying collateral.

Liquidity may be limited during times of market stress.

Furthermore, the Sub-Fund may be subject to other risks. Indeed, rising interest rates tend to extend the duration of mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, a Sub-Fund that holds mortgage-related securities may exhibit additional volatility. This is known as extension risk.

In addition, mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of a Sub-Fund because the Sub-Fund will have to reinvest that money at the lower prevailing interest rates.

The value of some mortgage- or asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may expose a Sub-Fund to a lower rate of return upon re-investment of principal. When interest rates rise, the value of a mortgage-related security generally will decline; however, when interest rates are declining,

the value of mortgage-related securities with prepayment features may not increase as much as other fixed Income Securities.

The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security, and may shorten or extend the effective maturity of the security beyond what was anticipated at the time of purchase. If unanticipated rates of prepayment on underlying mortgages increase the effective maturity of a mortgage-related security, the volatility of the security can be expected to increase. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers.

Additionally, although mortgages and mortgage-related securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.

### **Risk Considerations applicable to the use of derivatives**

While the prudent use of derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. Investment in derivatives may add volatility to the performance of the Sub-Funds and involve peculiar financial risks.

The following is a summary of the risk factors and issues concerning the use of derivatives instruments (FDI) that investors should understand before investing in the Company.

#### **Market Risk**

This is a general risk that applies to all investments meaning that the value of a particular derivative may change in a way which may be detrimental to the Company's interests.

#### **Control and Monitoring**

Derivative products are highly specialized instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities.

The use of derivative techniques requires an understanding not only of the underlying assets of the derivative but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Company and the ability to forecast the relative price, interest rate or currency rate movements correctly.

#### **Legal risk**

There may be a risk of loss due to the unexpected application of a law or regulation, or because contracts are not legally enforceable or documented correctly.

There may be a risk from uncertainty due to legal actions or uncertainty in the applicability or interpretation of contracts, laws or regulations.

The use of Over the Counter (OTC) derivatives, such as forward contracts, swap agreements and contracts for difference, will expose the Sub-Funds to the risk that the legal documentation of the contract may not accurately reflect the intention of the parties.

The terms of Over the Counter Financial Derivative Instrument (OTC FDI) are generally established through negotiation between the parties thereto.

While therefore more flexible, OTC FDI may involve greater legal risk than exchange-traded instruments, which are standardized as to the underlying instrument, expiration date, contract size and strike price, as there may be a risk of loss if the OTC FDI are deemed not to be legally enforceable or are not documented correctly. There may also be a legal or documentation risk that the parties to the OTC FDI may disagree as to the proper interpretation of its terms. If such a dispute occurs, the cost and unpredictability of the legal proceedings required for a Fund to enforce its contractual rights may lead the Company to decide not to pursue its claims under the OTC FDI. A Fund thus assumes the risk that it may be unable to obtain payments owed to it under OTC arrangements, and that those payments may be delayed or made only after the Company has incurred the costs of litigation. Further, legal, tax and regulatory changes could occur which may adversely affect the Company. The regulatory and tax environment for FDI is evolving, and changes in the regulation or taxation of FDI may adversely affect the value of such instruments held by the Company and the Company's ability to pursue its trading strategies.

**Risk linked to the reuse of collateral or any guarantee granted under any leveraging arrangement**

Investors should take explicitly into account the risk of reuse of collateral or and any guarantee granted under any leveraging arrangement.

**Liquidity Risk**

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

**Counterparty Risk**

The Company may enter into transactions in OTC markets, and the Sub-Funds may incur losses through their commitments vis-à-vis a counterparty on the techniques described above, in particular its swaps, TRS ("TRS"), forwards, in the event of the counterparty's default or its inability to fulfil its contractual obligations. This will expose the Company to the credit of its counterparties and their ability to satisfy the terms of such contracts. In the event of a bankruptcy or insolvency of a counterparty, the Company could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its



rights, inability to realize any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated.

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

The principal risk when engaging in securities lending, repurchase or reverse repurchase transactions is the risk of default by a counterparty who has become insolvent or is otherwise unable or **refuses to honor** its obligations to return securities or cash to the Sub-Fund as required by the terms of the transaction. Counterparty risk is mitigated by the transfer or pledge of collateral in favor of the Sub-Fund.

However, securities lending, repurchase or reverse repurchase transactions may not be fully collateralized.

Fees and returns due to the Sub-Fund under securities lending, repurchase or reverse repurchase transactions may not be collateralized. In addition, the value of collateral may decline between collateral rebalancing dates or may be incorrectly determined or monitored. In such a case, if a counterparty defaults, the Sub-Fund may need to sell non-cash collateral received at prevailing market prices, thereby resulting in a loss to the respective Sub-Fund. 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.

Securities lending, repurchase or reverse repurchase transactions also entail operational risks such as the non-settlement or delay in settlement of instructions and legal risks related to the documentation used in respect of such transactions.

The Company may enter into securities lending, repurchase or reverse repurchase transactions with other companies. Affiliated counterparties, if any, will perform their obligations under any securities lending, repurchase or reverse repurchase transactions concluded with the Company in a commercially reasonable manner. In addition, the Investment Manager will select counterparties and enter into transactions in accordance with best execution and at all times in the best interests of the respective Sub-Fund and its Shareholders. However, Shareholders should be aware that the Investment Manager may face conflicts between its role and its own interests or that of affiliated counterparties.

### **Operational & Custody Risk:**

Operational risk is the risk of contract on financial markets, the risk of

back office operations, custody of securities, as well as administrative problems that could cause a loss to the Sub-Funds. This risk could also result from omissions and inefficient securities processing procedures, computer systems or human errors.

### **Risk of relating to the use of Total Return Swaps**

Because it does not involve physically holding the securities, synthetic replication through total return (or unfunded swaps) and fully-funded swaps can provide a means to obtain exposure to difficult-to-implement strategies that would otherwise be very costly and difficult to have access to with physical replication. Synthetic replication therefore involves lower costs than physical replication.

Synthetic replication however involves counterparty risk. If the Sub-Fund engages in OTC Derivatives, there is the risk – beyond the general counterparty risk – that the counterparty may default or not be able to meet its obligations in full.

Where the Company and any of its Sub-Funds enters into TRSs on a net basis, the two payment streams are netted out, with the Company or each Sub-Fund receiving or paying, as the case may be, only the net amount of the two payments. Total return swaps entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to TRSs is limited to the net amount of the difference between the total rate of return of a reference investment, index or basket of investments and the fixed or floating payments. If the other party to a TRS defaults, in normal circumstances the Company's or relevant Sub-fund's risk of loss consists of the net amount of total return payments that the Fund or Sub-Fund is contractually entitled to receive.

## **23. MARKET TIMING**

Subscriptions, redemptions and conversions of Shares should be made for investment purposes only. The Company does not permit market-timing or other excessive trading practices. Excessive, short-term (market-timing) trading practices may disrupt portfolio management strategies and harm fund performance. To minimize harm to the Company and the shareholders, the Board of Directors or the Administrative Agent on its behalf have the right to reject any subscription or conversion order, or levy a fee of up to 2% of the value of the order for the benefit of the Company from any investor who is engaging in excessive trading or has a history of excessive trading or if an investor's trading, in the opinion of the Board of Directors, has been or may be disruptive to the Company or any of the Sub-Funds. In making this judgment, the Board of Directors may consider trading done in multiple accounts under common ownership or control. The Board of Directors also has the power to redeem all Shares held by a shareholder who is or has been engaged in excessive trading. Neither the Board of Directors nor the Company will be held liable for any loss resulting from rejected orders or mandatory redemptions.

## 24. DESCRIPTION OF THE SUB-FUNDS

Under the initial Offering Period, Shares relating to these Sub-Funds are available at the following prices, payable in full:

	Class	Category	Price	Initial minimum investment
<b>TIMEO NEUTRAL Sicav – BZ Equity Value Fund</b>	R-EUR	C	EUR 100	EUR 3'000
	R-CHF*	C	CHF 100	CHF 3'000
	R-USD*	C	USD 100	USD 3'000
	I-EUR*	C	EUR 100	EUR 25'000
	I-CHF*	C	CHF 100	CHF 25'000
	I-USD	C	USD 100	USD 25'000
<b>TIMEO NEUTRAL Sicav – BZ Inflation-Linked Bonds Fund</b>	R-EUR	C	EUR 100	EUR 3'000
	R-CHF	C	CHF 100	CHF 3'000
	R-USD	C	USD 100	USD 3'000
	I-EUR	C	EUR 100	EUR 25'000
	I-CHF*	C	CHF 100	CHF 25'000
	I-USD	C	USD 100	USD 25'000
<b>TIMEO NEUTRAL Sicav – BZ Conservative Wolf Fund</b>	R-EUR	C	EUR 100	EUR 3'000
	R-CHF	C	CHF 100	CHF 3'000
	I-EUR	C	EUR 100	EUR 25'000
	I-CHF*	C	CHF 100	CHF 25'000
	I-USD	C	USD 100	USD 25'000
<b>TIMEO NEUTRAL Sicav – BZ ACTIVE INCOME FUND</b>	R-EUR	C	EUR 100	EUR 3'000
	R-CHF*	C	CHF 100	CHF 3'000
	R-USD*	C	USD 100	USD 3'000
	I-EUR	C	EUR 100	EUR 25'000
	I-CHF*	C	CHF 100	CHF 25'000
	I-USD	C	USD 100	USD 25'000
<b>TIMEO NEUTRAL Sicav – BZ Diversified Fund</b>	R-USD*	C	USD 100	USD 3'000
	R-CHF	C	CHF 100	CHF 3'000
	R-EUR*	C	EUR 100	EUR 3'000
	I-USD	C	USD 100	USD 25'000
	I-CHF*	C	CHF 100	CHF 25'000
	I-EUR	C	EUR 100	EUR 25'000
<b>TIMEO NEUTRAL Sicav – CFO EUROPA 38</b>	R-EUR	C	EUR 100	EUR 3'000
	I-EUR	C	EUR 100	EUR 25'000
<b>TIMEO NEUTRAL Sicav – CFO AMERICA 38</b>	R-EUR	C	EUR 100	EUR 3'000
	I-EUR	C	EUR 100	EUR 25'000

<b>TIMEO NEUTRAL SICAV- European Absolute Return Fund</b>	"A" Retail Unhedged Units	C	EUR 100	N/A
	"A" Retail Unhedged Units Series 2	C	EUR 100	N/A
	"A" No Load Units	C	EUR 100	N/A
	"A" Institutional Units	C	EUR 100	EUR 1'000'000
	"A" Listed Units**	C	initial dealing price	One Unit
<b>TIMEO NEUTRAL Sicav –BZ BEST GLOBAL MANAGERS FLEXIBLE EQUITY</b>	R-EUR	C	EUR 100	EUR 1'000
	I-EUR	C	EUR 100	EUR 1'000
	A-EUR Listed Units **	C	initial dealing price.	
<b>TIMEO NEUTRAL SICAV – BZ SYNTAGMA ABSOLUTE RETURN</b>	R-USD	C	USD 100	EUR 10'000
	R- Prime	C	USD 100	USD 10'000
	R-Prime EUR hedged	C	EUR 100	EUR 10'000
	R-CHF	C	CHF 100	CHF 10'000
	R-EUR	C	EUR 100	EUR 10'000
	I USD	C	USD 100	USD 25'000
	I CHF	C	CHF 100	CHF 25'000
	I EUR	C	EUR 100	EUR 25'000

\* These classes are not activated as at the date of issue of this Prospectus.

\*\* Investors should note that these Unit Classes are or will be listed and traded on the Borsa Italiana and may not be switched for other Unit Classes.

The Global Fee for Sub-Funds, which is specified in the table hereunder, is expressed per annum and based on the average net assets of each Sub-Fund over the relevant period:

Sub-Fund:	Share Class	Global Fee:
TIMEO NEUTRAL Sicav – BZ Equity Value Fund	R-EUR	2,00%
	R-CHF*	2,00%
	R-USD*	2,00%
	I-EUR*	0,80%
	I-CHF*	0,80%
	I-USD	0,80%
TIMEO NEUTRAL Sicav – BZ Inflation-Linked Bonds Fund	R-EUR	0,85%
	R-CHF	0,85%
	R-USD	0,85%
	I-EUR	0,60%
	I-CHF*	0,60%
	I-USD	0,60%
TIMEO NEUTRAL Sicav – BZ Conservative Wolf Fund	R-EUR	1,00%
	R-CHF	1,00%
	I-EUR	0,75%
	I-CHF*	0,75%
	I-USD	0,75%
TIMEO NEUTRAL Sicav – BZ ACTIVE INCOME FUND	R-EUR	1,50%
	R-CHF*	1,50%
	R-USD*	1,50%
	I-EUR	1,00%
	I-CHF*	1,00%
	I-USD	1,00%
TIMEO NEUTRAL Sicav – BZ Diversified Fund	R-USD*	1,50%
	R-CHF	1,50%
	R-EUR*	1,50%
	I-USD	0,75%
	I-CHF*	0,75%
	I-EUR	0,75%
TIMEO NEUTRAL Sicav – CFO EUROPA 38	R-EUR	1,30%
	I-EUR	0,90%
TIMEO NEUTRAL Sicav – CFO AMERICA 38	R-EUR	1,30%
	I-EUR	0,90%
TIMEO NEUTRAL Sicav - European Absolute Return Fund	"A" Retail Unhedged Units	1,70%
	"A" Retail Unhedged Units Series 2	1,95%
	"A" No Load Units	2,25%
	"A" Institutional Units	1,10%
	"A" Listed Units	1,5%
TIMEO NEUTRAL Sicav – BZ BEST GLOBAL MANAGERS FLEXIBLE EQUITY	R-EUR	2,00%
	I-EUR	1,00%
	A-EUR	1,50%
TIMEO NEUTRAL SICAV – BZ SYNTAGMA ABSOLUTE RETURN	R-USD	1.5 %
	R- Prime	0.70%

	R-Prime EUR hedged	0.70%
	R-CHF	1.5%
	R-EUR	1.5%
	I USD	1%
	I CHF	1%
	I EUR	1%

\* These classes are not activated as at the date of issue of this Prospectus.

\*\* Disclosed rates represent maximum rates.

TIMEO NEUTRAL Sicav - European Absolute Return Fund is subject to a shareholder servicing fee which is paid directly to the Initiator of the Sub-Fund.

## TIMEO NEUTRAL SICAV – BZ EQUITY VALUE FUND

Investment objective and policy	<p>The Sub-Fund seeks to achieve capital appreciation by investing mainly in stocks traded on European and United-States regulated Markets which are estimated undervalued. Therefore the investment approach is value-driven, based on a fundamental analysis of a company's value.</p> <p>The Sub-Fund shall not invest more than 40% of its net assets in non-EU securities.</p> <p>The Sub-Fund shall not invest more than 10% of its net assets in non-OECD securities.</p> <p>The Sub-Fund may invest in government bonds, money market instruments with remaining maturity of more than twelve months within the limits of Chapter 20 and may, on ancillary basis, hold cash.</p> <p>Currency risk: the Sub-Fund will have a maximum allowed uncovered exposure in currencies other than the denomination one of 30% of its net assets.</p> <p>Within the limits set forth and as described under Chapter 20, the Sub-Fund is authorized to use financial techniques and instruments. Most of the time, the Investment Manager intends to use futures, options, forward exchange contracts. When using total return swaps and CDS, this is only on an opportunistic, ancillary basis and not as part of the core strategy.</p> <p>The total exposure resulting from futures contracts and stock index options used for hedging purpose must not exceed 40% of the aggregate estimated market value of the securities held by the Company.</p>																								
SFTR regulation applicable to this Sub-Fund	<p>The maximum proportion of assets under management of the Sub-Funds that can be subject to SFTs and TRS is as follows:</p> <table data-bbox="555 1480 1158 1675"> <tr><td>Securities lending</td><td>0%</td></tr> <tr><td>Securities borrowing</td><td>0%</td></tr> <tr><td>Repurchase agreements</td><td>0%</td></tr> <tr><td>Buy-sell back transaction</td><td>0%</td></tr> <tr><td>Sell-buy back transaction</td><td>0%</td></tr> <tr><td>TRS</td><td>0%</td></tr> </table> <p>The current expected proportion of assets that will be subject to SFTs and TRS under this Sub-Fund is as follows:</p> <table data-bbox="555 1805 1158 2000"> <tr><td>Securities lending</td><td>0%</td></tr> <tr><td>Securities borrowing</td><td>0%</td></tr> <tr><td>Repurchase agreements</td><td>0%</td></tr> <tr><td>Buy-sell back transaction</td><td>0%</td></tr> <tr><td>Sell-buy back transaction</td><td>0%</td></tr> <tr><td>TRS</td><td>0%</td></tr> </table>	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	0%	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	0%
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Risk profile:	The risks associated with investments in equity securities may be higher, because the investment performance of equity securities depends upon factors which are difficult to predict as described under Chapter 20. The risks associated with investments in debt securities are mainly interest rate risk and credit risk as described under Chapter 20 of the prospectus.
Global Risk Exposure	The Sub-Fund's global risk exposure is monitored by using the Commitment approach. This approach measures the global exposure related to positions on financial derivative instruments ("FDIs") which may not exceed the Sub-Fund's net asset value.
Disclaimer	The performance of the Sub-Fund will be disclosed in the corresponding Key Investor Information Document. In this connection, investors should note that past performance is not an indicator of present or future performance. The price of Shares and the income from them may fall as well as rise. Accordingly there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the Sub-Fund will achieve its objectives.
Profile of the Typical Investor:	<ul style="list-style-type: none"> <li>- Equity sub-fund oriented towards investors interested in taking the opportunities embedded in a diversified portfolio of equities considered to be undervalued, coping with a volatility typical of the value management style.</li> <li>- Investors who plan to maintain their investment over the long term.</li> </ul>
Performance fee	<p>The Investment Manager will receive a performance fee, accrued on each valuation date, paid quarterly, based on the net asset value (NAV), equivalent to 15 % of the performance of the NAV per share exceeding the high water mark (as defined hereafter).</p> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the out performance of the NAV per share multiplied by the number of shares in circulation during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the high water mark for the calculation period in question.</p> <p>The high water mark is defined as the greater of the following two figures:</p> <ul style="list-style-type: none"> <li>• The last highest Net Asset Value per Share on which a performance fee has been paid and;</li> <li>• The initial NAV per share.</li> </ul> <p>The High Water Mark will be decreased by the dividends paid to shareholders.</p> <p>Provision will be made for this performance fee on each Valuation Point. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will</p>



	<p>be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.</p> <p>If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, 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 even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV per share against the High Water Mark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the High Water Mark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> <p>Calculation period shall correspond to each calendar quarterly.</p> <p>The formula for the calculation of the performance fee is as follows:</p> $F = \begin{cases} 0 & \text{If } (B / E - 1) \leq 0 \\ (B / E - 1) * E * C * A & \text{If } (B / E - 1) > 0 \end{cases}$ <p>The new high water mark = if <math>F &gt; 0</math>; D If <math>F = 0</math>; E</p> <p>Number of shares = A outstanding</p> <p>NAV per share before = B performance</p> <p>Performance fee rate (15%) = C</p> <p>NAV per share after = D performance</p> <p>High water mark = E</p>
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	Performance fees = F
<b>Fees borne by the investors:</b>	
Subscription fees	Maximum 3% of the amount subscribed
Redemptions fees	0
Conversion fees	0
Calculation of NAV	Daily, every bank business day in Luxembourg
Share classes	<p>Retail Classes:</p> <ul style="list-style-type: none"> <li>- R-EUR class, denominated in EUR</li> <li>- R-CHF class, denominated in CHF and hedged back to the EUR*</li> <li>- R-USD class, denominated in USD and hedged back to the EUR*</li> </ul> <p>Institutional Classes</p> <ul style="list-style-type: none"> <li>- I-EUR class, denominated in EUR*</li> <li>- I-CHF class, denominated in CHF and hedged back to the EUR*</li> <li>- I-USD class, denominated in USD and hedged back to the EUR</li> </ul> <p>*(not launched as at the date of issue of this Prospectus)</p>
Share category	Category C Shares (capitalization) only
Reference currency	<b>EUR</b>

## TIMEO NEUTRAL SICAV – BZ INFLATION-LINKED BONDS FUND

Investment objective and policy	<p>The Sub-Fund seeks to achieve capital appreciation by investing mainly in inflation-linked bonds, in order to hedge the inflation risk.</p> <p>Not less than 75% of the Sub-Fund's net assets may be invested in bonds rated equal or higher than Standard and Poor's and Fitch's <b>A</b> or Moody's <b>A2</b>.</p> <p>In case of different rating level from different agencies the lowest is to be considered.</p> <p>The Sub-Fund may invest in money market instruments within the limits of Chapter 20 and hold, on ancillary basis, cash.</p> <p>Currency risk: the Sub-Fund will have a maximum allowed uncovered exposure in currencies other than the denomination one of <b>50%</b> of its net assets.</p> <p>Within the limits set forth and as described under Chapter 20, the Sub-Fund is authorized to use financial techniques and instruments.</p> <p>Most of the time, the Investment Manager intends to use futures, options, forward exchange contracts. When using total return swaps and CDS, this is only on an opportunistic, ancillary basis and not as part of the core strategy.</p> <p>The Sub-Fund may also invest in structured products, such as but not limited to notes, certificates or any other transferable securities whose returns are correlated with changes in inflation indexes selected in accordance with the article 9 of the grand-ducal regulation dated 8 February 2008 (including indices on volatility, commodities, precious metals, etc composed in compliance with Art 44 of the 2010 law), currencies, exchange rates, transferable securities or a basket of transferable securities or an undertaking for collective investment, at all times in compliance with the grand-ducal regulation.</p> <p>The underlying of the embedded derivatives contained in such a structured product can only consist in instruments being eligible under the 2010 Law.</p>																				
SFTR regulation applicable to this Sub-Fund	<p>The maximum proportion of assets under management of the Sub-Funds that can be subject to SFTs and TRS is as follows:</p> <table data-bbox="555 1568 1157 1769"> <tr><td>Securities lending</td><td>0%</td></tr> <tr><td>Securities borrowing</td><td>0%</td></tr> <tr><td>Repurchase agreements</td><td>0%</td></tr> <tr><td>Buy-sell back transaction</td><td>0%</td></tr> <tr><td>Sell-buy back transaction</td><td>0%</td></tr> <tr><td>TRS</td><td>0%</td></tr> </table> <p>The current expected proportion of assets that will be subject to SFTs and TRS under this Sub-Fund is as follows:</p> <table data-bbox="555 1892 1157 2020"> <tr><td>Securities lending</td><td>0%</td></tr> <tr><td>Securities borrowing</td><td>0%</td></tr> <tr><td>Repurchase agreements</td><td>0%</td></tr> <tr><td>Buy-sell back transaction</td><td>0%</td></tr> </table>	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	0%	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%
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	<p>Sell-buy back transaction 0%</p> <p>TRS 0%</p>
Risk profile:	<p>The risks pertaining to an investment in the Sub-Fund are those related to interest rates and to credits. The Sub-fund may have these additional risks: foreign investment risks, currency risks, as described under Chapter 20.</p>
Global Risk Exposure	<p>The Sub-Fund's global risk exposure is monitored by using the Commitment approach. This approach measures the global exposure related to positions on financial derivative instruments ("FDIs") which may not exceed the Sub-Fund's net asset value.</p>
Disclaimer	<p>The performance of the Sub-Fund will be disclosed in the corresponding Key Investor Information Document. In this connection, investors should note that past performance is not an indicator of present or future performance. The performance data do not include commissions and fees received on the issue or redemption of shares.</p> <p>The Sub-Fund is subject to the risk of common stock investment. The price of the Shares and the income from them may fall as well as rise. Accordingly there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the Sub-Fund will achieve its objectives.</p>
Profile of the Typical Investor:	<ul style="list-style-type: none"> <li>- Sub-fund oriented towards investors interested in investing in a diversified inflation linked bonds portfolio, correlated with the performance of interest rates and with implicit protection against inflation.</li> <li>- Investors who plan to maintain their investment over the medium or long term.</li> </ul>
Performance fee	<p>The Investment Manager will receive a performance fee, accrued on each valuation date, paid quarterly, based on the net asset value (NAV), equivalent to 10 % of the performance of the NAV per share exceeding the high water mark (as defined hereafter).</p> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the out performance of the NAV per share multiplied by the number of shares in circulation during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the high water mark for the calculation period in question.</p> <p>The high water mark is defined as the greater of the following two figures:</p> <ul style="list-style-type: none"> <li>• The last highest Net Asset Value per Share on which a performance fee has been paid and;</li> <li>• The initial NAV per share.</li> </ul>

	<p>The High Water Mark will be decreased by the dividends paid to shareholders.</p> <p>Provision will be made for this performance fee on each Valuation Point. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.</p> <p>If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, 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 even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV per share against the High Water Mark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the High Water Mark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> <p>Calculation period shall correspond to each calendar quarterly.</p> <p>The formula for the calculation of the performance fee is as follows:</p> $F = \begin{cases} 0 & \text{If } (B / E - 1) \leq 0 \\ (B / E - 1) * E * C & \text{If } (B / E - 1) > 0 \end{cases}$ <p>The new high water mark = if <math>F &gt; 0</math>; D</p> <p style="text-align: right;">If <math>F = 0</math>; E</p> <p>Number of shares outstanding = A</p> <p>NAV per share before performance = B</p> <p>Performance fee rate (10%) = C</p>
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	NAV per share after = D performance  High water mark = E  Performance fees = F
<b>Fees borne by the investors:</b>	
Subscription fees	Maximum 1.5% of the amount subscribed
Redemption fees	0
Conversion fees	0
Calculation of NAV	Daily, every bank business day in Luxembourg
Share classes	<p>Retail Classes:</p> <ul style="list-style-type: none"> <li>- R-EUR class, denominated in EUR</li> <li>- R-CHF class, denominated in CHF and hedged back to the EUR</li> <li>- R-USD class, denominated in USD and hedged back to the EUR</li> </ul> <p>Institutional Classes:</p> <ul style="list-style-type: none"> <li>- I-EUR class, denominated in EUR</li> <li>- I-CHF class, denominated in CHF and hedged back to the EUR*</li> <li>- I-USD class, denominated in USD and hedged back to the EUR</li> </ul> <p>*(not launched as at the date of issue of this Prospectus)</p>
Shares category	Category C Shares (capitalization) only
Reference currency	<b>EUR</b>

## TIMEO NEUTRAL SICAV – BZ CONSERVATIVE WOLF FUND

<p>Investment objective and policy:</p>	<p>The Sub-Fund seeks to achieve capital appreciation by investing mainly in equities, equity related securities and debt securities of any type, issued by issuers (corporate or sovereign) domiciled, headquartered or exercising the predominant part of their economic activity in OECD countries. The Investment Manager may further elect to invest in inflation-linked securities, in order to hedge the inflation risk.</p> <p>The investment strategy is based primarily in fixed income investments and secondarily in equity investments. The mix of investments is used to enhance the risk/return and not to maximize the return. On the fixed income side, the majority of investments are made in low risk securities and most of the duration risk can be hedged to decrease the correlation with interest rates. Equity investments will be opportunistic and a low exposure to directional equity risk will be used.</p> <p>Notwithstanding the foregoing, the following rules will apply:</p> <ul style="list-style-type: none"> <li>- convertible bonds will not represent more than 40% of the Sub-Fund's net assets.</li> <li>- Investments in equities and equity related securities will normally not exceed 40% of the Sub-Fund's net assets.</li> <li>- The Sub-Fund shall not invest more than 10% of its net assets in other undertakings for collective investment.</li> </ul> <p>Except the geographical exposure, the choice of investments will neither be limited by an economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a few OECD countries and/or in a single currency and/or in a single economic sector.</p> <p>The Sub-Fund may invest up to 20 % of its assets in contingent convertible bonds.</p> <p>The remaining assets may be invested in any other eligible assets and financial instruments.</p> <p>The Sub-Fund may also invest in structured products, such as but not limited to notes, certificates or any other transferable securities whose returns are correlated with changes in, among others, an index selected in accordance with the article 9 of the grand-ducal regulation dated 8 February 2008 (including indices on volatility, commodities, precious metals, etc composed in compliance with Art 44 of the 2010 law), currencies, exchange rates, transferable securities or a basket of transferable securities or an undertaking for collective investment, at all times in compliance with the grand-ducal regulation.</p> <p>The underlying of the embedded derivatives contained in such a structured product can only consist in instruments being eligible under the 2010 Law.</p>
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	<p>In compliance with the grand-ducal regulation, the Sub-Fund may also invest in structured products without embedded derivatives, correlated with changes in commodities (including precious metals) with cash settlement.</p> <p>Those investments may not be used to elude the investment policy of the Sub-Fund.</p> <p>For hedging and for any other purposes, the Sub-Fund can use financial derivative instruments which will be, most of the time, listed options, listed futures, contracts for difference, having as underlying an instrument that reflects the asset classes exposure described in the first paragraph above, forward exchange contracts.</p> <p>When using total return swaps and CDS, this is only on an opportunistic, ancillary basis and not as part of the core strategy.</p> <p>If the Investment Manager considers this to be in the best interest of the shareholders, the Sub-Fund may also, hold, up to 100% of its net assets, liquidities such as cash deposits, money market funds and money market instruments.</p>																								
SFTR regulation applicable to this Sub-Fund	<p>The maximum proportion of assets under management of the Sub-Funds that can be subject to SFTs and TRS is as follows:</p> <table> <tr> <td>Securities lending</td><td>0%</td></tr> <tr> <td>Securities borrowing</td><td>0%</td></tr> <tr> <td>Repurchase agreements</td><td>0%</td></tr> <tr> <td>Buy-sell back transaction</td><td>0%</td></tr> <tr> <td>Sell-buy back transaction</td><td>0%</td></tr> <tr> <td>TRS</td><td>60%</td></tr> </table> <p>The current expected proportion of assets that will be subject to SFTs and TRS under this Sub-Fund is as follows:</p> <table> <tr> <td>Securities lending</td><td>0%</td></tr> <tr> <td>Securities borrowing</td><td>0%</td></tr> <tr> <td>Repurchase agreements</td><td>0%</td></tr> <tr> <td>Buy-sell back transaction</td><td>0%</td></tr> <tr> <td>Sell-buy back transaction</td><td>0%</td></tr> <tr> <td>TRS</td><td>30%</td></tr> </table>	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	60%	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	30%
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TRS	30%																								



Risk monitoring:	<p>The Sub-Fund's global risk exposure is monitored by using the <b>Value-at-Risk ("VaR")</b> approach which aims to estimate the maximum potential loss that the Sub-Fund could suffer within a certain time horizon (one month) and with a certain confidence level (99% confidence interval), in normal market conditions.</p> <p>More specifically, the Sub-Fund uses the <b>absolute VaR</b> option, whereby the Sub-Fund's VaR is limited to <b>20%</b>.</p> <p>Furthermore, the leverage of the Sub-Fund shall be calculated using the "Sum of notionals" method, in compliance with relevant Luxembourg laws and regulation and European Securities and Market Authorities (ESMA) guidelines.</p> <p>The Maximum expected leverage is set at 230%.</p>
Risk profile:	<p>The Sub-Fund is subject to the specific risks linked to investments in equity securities and collective investment schemes as well as to interest rates risks linked to investment in debt securities and market volatility linked to the investment in derivative instruments and warrants.</p> <p>Investors are advised to refer to Chapter 20 of the prospectus for further details in this connection.</p>
Disclaimer:	<p>The performance of the Sub-Fund will be disclosed in the corresponding Key Investor Information Document. In this connection, investors should note that past performance is not an indicator of present or future performance. The performance data do not include commissions and fees received on the issue or redemption of shares.</p> <p>The Sub-Fund is subject to the risk of common stock investment. The price of the Shares and the income from them may fall as well as rise. Accordingly there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the Sub-Fund will achieve its objectives.</p>
Profile of the Typical Investor:	<ul style="list-style-type: none"> <li>▪ Medium risk vehicle aiming at achieving capital appreciation.</li> <li>▪ Investors who are seeking prudent balanced diversification, combining mainly the relative stability of the debts markets over the long term and the growth potential of a core equity strategy.</li> </ul>
Performance fee:	<p>The Investment Manager will receive a performance fee, accrued on each valuation date, paid quarterly, based on the net asset value (NAV), equivalent to 12.5 % of the performance of the NAV per share exceeding the high water mark (as defined hereafter).</p> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees</p>

	<p>(but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the out performance of the NAV per share multiplied by the number of shares in circulation during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the high water mark for the calculation period in question.</p> <p>The high water mark is defined as the greater of the following two figures:</p> <ul style="list-style-type: none"> <li>• The last highest Net Asset Value per Share on which a performance fee has been paid and;</li> <li>• The initial NAV per share.</li> </ul> <p>The High Water Mark will be decreased by the dividends paid to shareholders.</p> <p>Provision will be made for this performance fee on each Valuation Point. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.</p> <p>If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, 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 even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV per share against the High Water Mark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the High Water Mark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> <p>Calculation period shall correspond to each calendar quarterly.</p> <p>The formula for the calculation of the performance fee is as follows:</p> $F = 0 \quad \text{If } (B / E - 1) \leq 0$ $F = (B / E - 1) * E * C * A \quad \text{If } (B / E - 1) > 0$
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	<p>The new high water mark =if F&gt;0; D If F=0 ; E</p> <p>Number of shares outstanding = A</p> <p>NAV per share before performance = B</p> <p>Performance fee rate (12.5%) = C</p> <p>NAV per share after performance = D</p> <p>High water mark = E</p> <p>Performance fees = F</p>
<b>Fees borne by the investors:</b>	
Subscription fees	Maximum 1.5% of the amount subscribed
Redemption fees	<b>0</b>
Conversion Fees	<b>0</b>
Valuation Day	Daily, every bank business day in Luxembourg
Share classes	<p>Retail Classes:</p> <ul style="list-style-type: none"> <li>- R-EUR class, denominated in EUR</li> <li>- R-CHF class, denominated in CHF and hedged back to the EUR</li> <li>- R-USD class, denominated in USD and hedged back to the EUR</li> </ul> <p>Institutional Classes:</p> <ul style="list-style-type: none"> <li>- I-EUR class, denominated in EUR</li> <li>- I-CHF* class, denominated in CHF and hedged back to the EUR</li> <li>- I-USD class, denominated in USD and hedged back to the EUR</li> </ul> <p>*(not launched as at the date of issue of this Prospectus)</p>
Shares category	Category C Shares (capitalization) only
Reference Currency	<b>EUR</b>

## **TIMEO NEUTRAL SICAV – BZ ACTIVE INCOME FUND**

Investment objective and policy:	<p>Using a dynamic asset allocation strategy among multiple fixed income sectors, the fund seeks high current income and capital appreciation as a secondary objective. The fund can use several hedging tools to reduce the volatility.</p> <p>In order to achieve the investment objective, the portfolio of the Sub- Fund will be invested:</p> <ol style="list-style-type: none"> <li>1) Mainly in bonds and money market instrument (e.g. senior and junior bonds, subordinated, convertible bonds, alternative Tier 1, CoCos, cum warrant bonds etc...) of any type of corporate and government issuers world-wide located and in other similar debt securities, including treasury bills and treasury bonds;</li> <li>2) Investments in CoCos are limited to max 20% of the Sub-Fund's assets.</li> <li>3) The securities in the Sub- Fund will have a minimum average rating of "B-" (excluding not rated) by Standard &amp; Poor's or similarly rated by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Manager of the Sub-Fund. The Sub-Fund will limit the investment in debt securities issued by rated issuers with a Standard &amp; Poor's rating, or equivalent rating agency, lower than B- to 10% of the Sub-Fund's net assets.</li> <li>4) Investments in distressed or defaulted securities rated by a recognized rating agency below C are not foreseen under this Sub-Fund.</li> <li>5) The Sub-Fund will limit the investment in unrated debt securities to 20% of the Sub-Fund's net asset.</li> <li>6) Should the downgrade of one or more securities affect one of the three rating limits mentioned above (minimum average rating – pt 3, distressed securities – pt 4, unrated securities -pt 5), the Investment Manager will have up to 6 months to rebalance the Sub-Fund</li> <li>7) In general terms, the Investment Manager shall not seek any direct investment into equity securities, but, by way of exception, and with reference to subordinated bonds and convertible bonds, there is the possibility that such debt instruments under some conditions (e.g. will of supervisory authority and/or the reduction of credit rating of the issue/s) could be converted directly in equities; in such a case the Investment Manager may decide to stay</li> </ol>
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	<p>invested in such equities instruments, up to 10% of its assets.</p> <p>8) Using macro-economic analysis, the Sub-Fund will switch from High Yields to Investment grade or Government securities, to adapt the risk profile to the current economic phase. So, for the avoidance of doubt, the Sub-Fund can have an exposure up to 100% in High Yields securities or investment grade securities.</p> <p>9) Investments will be diversified both geographically and in terms of economic sector, and they may be done in global as well as local currency, including emerging markets.</p> <p>10) The maximum total investments in convertible bonds will be 20% of its net assets.</p> <p>11) In accordance with the provisions of item VI. a) in the Chapter 20 or the prospectus, the Sub-Fund shall not invest more than 10% of its net assets in other undertakings for collective investments.</p> <p>The Sub-Fund may also enter into derivative contracts both for hedging purposes (typically forward agreements to hedge currency risks) as well as for investment purposes.</p> <p>The derivatives used will include but will not be limited to:</p> <ul style="list-style-type: none"> <li>• forwards</li> <li>• futures</li> <li>• plain-vanilla options</li> <li>• <u>listed options on High Yields ETFs (in detail the HYG US Equity)</u></li> <li>• listed options and futures on equity indices composed in compliance with Art 44 of the 2010 law</li> <li>• Credit Default Swap (CDS)</li> </ul> <p>The Sub-Fund may invest in total return swaps and credit default swaps on single name, basket of names and credit indices (such as the ITRAXX and CDX indices) composed in compliance with Art 44 of the 2010 law</p> <p>.</p> <p>Cash Borrowing of up to 10 % of the Sub-Fund's net assets can be undertaken in a secured or unsecured basis provided that such borrowings are made only on a temporarily basis.</p>												
SFTR regulation applicable to this Sub-Fund	<p>The maximum proportion of assets under management of the Sub-Funds that can be subject to SFTs and TRS is as follows:</p> <table> <tr> <td>Securities lending</td><td>0%</td></tr> <tr> <td>Securities borrowing</td><td>0%</td></tr> <tr> <td>Repurchase agreements</td><td>0%</td></tr> <tr> <td>Buy-sell back transaction</td><td>0%</td></tr> <tr> <td>Sell-buy back transaction</td><td>0%</td></tr> <tr> <td>TRS</td><td>30%</td></tr> </table>	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	30%
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Risk monitoring:	<p>The global risk exposure (calculated through the "Commitment Approach") to markets linked and deriving from these derivative contracts may not exceed the Net Asset Value of the Sub-Fund.</p> <p>The Sub-Fund may also use techniques and instruments in accordance with the rules set out in CSSF Circular 08/356 as amended from time to time and in accordance with the paragraph 3.4.2 "Other Special Investment Techniques and Instruments".</p>												
Risk profile:	<p>The Sub-Fund is subject to the specific risks linked to investment in debt securities, Contingent Convertible Instruments and Currency Risks</p> <p>Since the assets of the Sub-Fund are risk exposed to one, several or all of the above asset types, the risk will be varying from low to high.</p> <p>Investors are advised to refer to Chapter 20 of the prospectus for further details in this connection.</p>												
Disclaimer:	<p>The performance of the Sub-Fund will be disclosed in the corresponding Key Investor Information Document. In this connection, investors should note that past performance is not an indicator of present or future performance. The performance data do not include commissions and fees received on the issue or redemption of shares.</p> <p>The Sub-Fund is subject to the risk of common stock investment. The price of the Shares and the income from them may fall as well as rise. Accordingly there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the Sub-Fund will achieve its objectives.</p>												
Profile of the Typical Investor:	<p>The Sub-Fund has been designed for investors who are seeking income from a global and well diversified fixed income fund and who are comfortable with a certain amount of volatility.</p> <p>Due to specific nature or the fixed income market in term of rating, duration, capital structure and currency risk, the Sub-Fund is suitable for investor who can afford to set aside the capital for at least a 5 years' investment horizon.</p>												
Performance fee:	<p>The Investment Manager will receive a performance fee, accrued on each valuation date, paid quarterly, based on the net asset value (NAV), equivalent to 15 % of the performance</p>												

	<p>of the NAV per share exceeding the high water mark (as defined hereafter).</p> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the out performance of the NAV per share multiplied by the number of shares in circulation during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the high water mark for the calculation period in question.</p> <p>The high water mark is defined as the greater of the following two figures:</p> <ul style="list-style-type: none"> <li>• The last highest Net Asset Value per Share on which a performance fee has been paid and;</li> <li>• The initial NAV per share.</li> </ul> <p>The High Water Mark will be decreased by the dividends paid to shareholders.</p> <p>Provision will be made for this performance fee on each Valuation Point. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.</p> <p>If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, 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 even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV per share against the High Water Mark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the High Water Mark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> <p>Calculation period shall correspond to each calendar quarterly.</p> <p>The formula for the calculation of the performance fee is as follows:</p> $F = 0$ $\text{If } (B / E - 1) \leq 0$
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	$F = (B / E - 1) * E * C * A$ <p>If <math>(B / E - 1) &gt; 0</math></p> <p>The new high water mark = if <math>F &gt; 0</math>; D If <math>F = 0</math>; E</p> <p>Number of shares outstanding = A</p> <p>NAV per share before performance = B</p> <p>Performance fee rate (15%) = C</p> <p>NAV per share after performance = D</p> <p>High water mark = E</p> <p>Performance fees = F</p>
<b>Fees borne by the investors:</b>	
Subscription fees	Maximum 3% of the amount subscribed
Redemption fees	<b>0</b>
Conversion Fees	<b>0</b>
Valuation Day	Daily, every bank business day in Luxembourg
Share classes	<p>Retail Classes:</p> <ul style="list-style-type: none"> <li>- R-EUR class, denominated in EUR</li> <li>- R-CHF class, denominated in CHF and hedged back to the EUR*</li> <li>- R-USD class, denominated in USD and hedged back to the EUR*</li> </ul> <p>Institutional Classes:</p> <ul style="list-style-type: none"> <li>- I-EUR class, denominated in EUR</li> <li>- I-CHF class, denominated in CHF and hedged back to the EUR*</li> <li>- I-USD class, denominated in USD and hedged back to the EUR</li> </ul> <p>*(not launched as at the date of issue of this Prospectus)</p>
Shares category	Category C Shares (capitalization) only
Reference Currency	<b>EUR</b>



## TIMEO NEUTRAL SICAV - BZ DIVERSIFIED FUND

Investment objective and policy:	<p>The Sub-Fund seeks to achieve capital appreciation by having an exposure to equities, equity related securities and debt securities of any type (corporate or sovereign), issued by issuers domiciled, headquartered or exercising the predominant part of their economic activity in OECD countries.</p> <p>Equity securities may include, but are not limited to, equity and/or equity related Transferable Securities such as common stock, preferred stock, ADR, GDR and other rights to acquire stock.... Fixed income securities may include, but are not limited to, government bonds, government agency bonds, supranational bonds, corporate bonds, money market instruments, high yield bonds, convertible bonds.</p> <p>In order to achieve its objective, the Sub-Fund will mainly invest:</p> <ul style="list-style-type: none"> <li>- directly in the securities/asset classes mentioned in the previous paragraph; and/or</li> <li>- in undertakings for collective investment having as main objective to invest or grant an exposure to the above-mentioned asset classes (within the 10% limit); and/or</li> <li>- in any transferable securities (such as structured products, as described below) linked (or offering an exposure) to the performance of the above-mentioned asset classes; and/or</li> <li>- in financial derivative instruments having as underlying or offering an exposure to the above-mentioned asset classes.</li> </ul> <p>In pursuit of its investment policy and in relation to the use of financial derivative instruments set out here above, the Sub-Fund can invest up to 100% of its net assets in cash deposits, money market funds and money market instruments.</p> <p>The Sub-Fund may invest up to 20 % of its assets in convertible bonds or contingent convertible bonds.</p> <p>The investment strategy is based on both fixed income and equity investments by adopting a discretionary approach.</p> <p>In order to enhance the risk/return profile, the Sub-Fund will hedge the overall risk of the portfolio by offsetting active risk factors (i.e. beta of the market exposure, credit spreads, duration).</p> <p>The remaining assets may be invested in any other eligible assets and financial instruments.</p>
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	<p>Investments in asset-backed securities and mortgage-backed securities can be made up to 10% of the net assets of the Sub-Fund.</p> <p>Aside from the geographical exposure to OECD, the Sub-Fund may also invest in emerging countries. The choice of investments will neither be limited by an economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a few OECD countries, in emerging countries and/or in a single currency and/or in a single economic sector.</p> <p>The Sub-Fund may also invest in structured products, such as but not limited to notes, certificates or any other transferable securities whose returns are correlated with changes in, among others, an index selected in accordance with the article 9 of the grand-ducal regulation dated 8 February 2008 (including indices on volatility, commodities, precious metals, etc composed in compliance with Art 44 of the 2010 law), currencies, exchange rates, transferable securities or a basket of transferable securities or an undertaking for collective investment, at all times in compliance with the grand-ducal regulation.</p> <p>The underlying of the embedded derivatives contained in such a structured product can only consist in instruments being eligible under the 2010 Law.</p> <p>In compliance with the grand-ducal regulation, the Sub-Fund may also invest in structured products without embedded derivatives, correlated with changes in commodities (including precious metals) with cash settlement.</p> <p>Those investments may not be used to elude the investment policy of the Sub-Fund.</p> <p>7</p> <p>For hedging and for any other purposes, within the limits set out in the Chapter "Investment Restrictions" of the prospectus, the Fund may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions.</p> <p>In particular, the Sub-Fund may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying in line with the Law of 17 December 2010 as well as the investment policy of the Sub-Fund, including but not limited to, currencies (including non delivery forwards), interest rates, transferable securities, basket of transferable securities, indices composed in compliance with Art 44 of the 2010 law (including but not limited to commodities, precious metals or volatility indices), undertakings for collective investment.</p>
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	<p>Most of the time, the Investment Manager intends to use futures, options, forward exchange contracts, CFDs, total return swaps. When using total return swaps and CDS, this is only on an opportunistic, ancillary basis and not as part of the core strategy.</p> <p>Notwithstanding the foregoing, the Sub-Fund shall not invest more than 10% of its net assets in other undertakings for collective investment.</p> <p>If the Investment Manager considers this to be in the best interest of the shareholders, the Sub-Fund may also, hold, up to 100% of its net assets, liquidities such as, <i>inter alia</i>, cash deposits, money market funds and money market instruments.</p>																								
SFTR regulation applicable to this Sub-Fund	<p>The maximum proportion of assets under management of the Sub-Funds that can be subject to SFTs and TRS is as follows:</p> <table> <tr> <td>Securities lending</td><td>0%</td></tr> <tr> <td>Securities borrowing</td><td>0%</td></tr> <tr> <td>Repurchase agreements</td><td>0%</td></tr> <tr> <td>Buy-sell back transaction</td><td>0%</td></tr> <tr> <td>Sell-buy back transaction</td><td>0%</td></tr> <tr> <td>TRS</td><td>100%</td></tr> </table> <p>The current expected proportion of assets that will be subject to SFTs and TRS under this Sub-Fund is as follows:</p> <table> <tr> <td>Securities lending</td><td>0%</td></tr> <tr> <td>Securities borrowing</td><td>0%</td></tr> <tr> <td>Repurchase agreements</td><td>0%</td></tr> <tr> <td>Buy-sell back transaction</td><td>0%</td></tr> <tr> <td>Sell-buy back transaction</td><td>0%</td></tr> <tr> <td>TRS</td><td>40%</td></tr> </table>	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	100%	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	40%
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Risk monitoring:	<p>The Sub-Fund's global risk exposure is monitored by using <b>the Value-at-Risk ("VaR")</b> approach which aims to estimate the maximum potential loss that the Sub-Fund could suffer within a certain time horizon (one month) and with a certain confidence level (99% confidence interval), in normal market conditions.</p> <p>More specifically, the Sub-Fund uses the <b>absolute VaR option</b>, whereby the Sub-Fund's VaR is limited to <b>20%</b>.</p> <p>Furthermore, the leverage of the Sub-Fund shall be calculated using the "Sum of notionals" method, in compliance with relevant Luxembourg laws and regulation and European Securities and Market Authorities (ESMA) guidelines.</p> <p>The Maximum expected leverage is set at 290%.</p>																								

Risk profile:	<p>The Sub-Fund is subject to the specific risks linked to investments in equity securities and collective investment schemes as well as to interest rates risks linked to investment in debt securities and market volatility linked to the investment in derivative instruments and warrants.</p> <p>Investors are advised to refer to Chapter 20 of the prospectus for further details in this connection.</p>
Disclaimer:	<p>The performance of the Sub-Fund will be disclosed in the corresponding Key Investor Information Document. In this connection, investors should note that past performance is not an indicator of present or future performance. The performance data do not include commissions and fees received on the issue or redemption of shares.</p> <p>The Sub-Fund is subject to the specific risks linked to investments in equity securities and collective investment schemes as well as to interest rates risks linked to investment in debt securities and market volatility linked to the investment in derivative instruments and warrants.</p> <p>The price of the Shares and the income from them may fall as well as rise. Accordingly there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the Sub-Fund will achieve its objectives.</p> <p>The Sub-fund may have these additional risks: foreign investment risks, currency risks, as described under Chapter 20.</p>
Profile of the Typical Investor:	<p><input type="checkbox"/><input type="checkbox"/>Medium risk vehicle aiming at achieving capital appreciation.</p> <p><input type="checkbox"/><input type="checkbox"/>Investors who are seeking balanced diversification, combining mainly the relative stability of the debts markets over the long term and the growth potential of a core equity strategy.</p>
Performance fee:	<p>The Investment Manager will receive a performance fee, accrued on each valuation date, paid quarterly, based on the net asset value (NAV), equivalent to 15 % of the performance of the NAV per share exceeding the high water mark (as defined hereafter).</p> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the out performance of the NAV per share multiplied by the number of shares in circulation during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the high water mark for the calculation period in question.</p>

	<p>The high water mark is defined as the greater of the following two figures:</p> <ul style="list-style-type: none"> <li>• The last highest Net Asset Value per Share on which a performance fee has been paid and;</li> <li>• The initial NAV per share.</li> </ul> <p>The High Water Mark will be decreased by the dividends paid to shareholders.</p> <p>Accruals will be made for this performance fee on each Valuation Point. If the NAV per share decreases during the calculation period, the accruals made in respect of the performance fee will be reduced accordingly. If these accruals fall to zero, no performance fee will be payable.</p> <p>If shares are redeemed on a date other than that on which a performance fee is paid while accruals have been made for performance fees, the performance fees for which accruals been made and which are attributable to the shares redeemed will be paid at the end of the period even if accruals for performance fees are no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV per share against the High Water Mark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the High Water Mark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period. Calculation period shall correspond to each quarter.</p> <p>The formula for the calculation of the performance fee is as follows:</p> $F = 0 \quad \text{If } (B / E - 1) \leq 0$ $F = (B / E - 1) * E * C * A \quad \text{If } (B / E - 1) > 0$ <p>The new high water mark = if <math>F &gt; 0</math>; D If <math>F = 0</math>; E</p> <p>Number of shares outstanding = A</p> <p>NAV per share before performance = B</p>
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	Performance fee rate (15%) = C NAV per share after performance = D High water mark = E Performance fees = F
<b>Fees borne by the investors:</b>	
Subscription fees	Maximum 1.5% of the amount subscribed
Redemption fees	<b>0</b>
Conversion Fees	<b>0</b>
Valuation Day	Daily, every bank business day in Luxembourg
Shares class	Retail Classes (category C): <ul style="list-style-type: none"> <li>- R-EUR class, denominated in EUR*</li> <li>- R-CHF class, denominated in CHF and hedged back to the EUR</li> </ul> <p>The initial subscription period for the R-CHF hedged share class of the Sub Fund should last from the 14th of September 2015 until the 30th of September 2015 and should have the first Net Asset Value fixed for the 1st of October 2015.</p> <ul style="list-style-type: none"> <li>- R-USD class, denominated in USD and hedged back to the EUR*</li> </ul> Institutional Classes (category C): <ul style="list-style-type: none"> <li>- I-EUR class, denominated in EUR</li> <li>- I-CHF class, denominated in CHF and hedged back to the EUR*</li> <li>- I-USD class, denominated in USD and hedged back to the EUR</li> </ul> <p>*(not launched as at the date of issue of this Prospectus)</p>
Shares category	Category C Shares (capitalization)
Reference Currency	<b>EUR</b>

## TIMEO NEUTRAL SICAV - CFO EUROPA 38

Investment objective and policy:	<p>The Sub-Fund's objective is to provide investors an absolute positive return with a volatility lower than equity markets in which the Sub-Fund invests in.</p> <p>The Sub-Fund's assets consist of direct investments in up to 38 different company stock pickings of issuers composing the Stoxx Europe 600 index. Notwithstanding this the investment manager will use its discretion with regards to the possibility to overshoot or undershoot the investment of 38 different company stocks.</p> <p>In addition the Sub-Fund is authorized to invest in debt securities of any kind including corporates and governments bonds and/or in money market instruments without any geographical restriction and/or indirectly through UCITS and/or UCIs including ETFs qualified as UCITS and/or UCIs, investing primarily in the same asset classes as described above.</p> <p>The Sub-Fund may invest no more than 10% of its net assets in UCITS and/or other UCIs, including ETFs qualifying as UCITS and/or UCIs.</p> <p>Investments in ETFs will be limited to European ETFs.</p> <p>The Sub-Fund may incur into the use of financial derivative instruments such as but not limited to futures, forwards and options on but not limited to indexes and foreign exchanges.</p> <p>Investment decisions are mainly conceived by internal research and proprietary quantitative screening instruments, complemented by a direct knowledge of the company and sell-side available researches as well as quality evaluation elements.</p> <p>The goal of the Sub-Fund is to select within each sector the most attractive companies from a fundamental and technical point of view according to the ICB super-sector classification.</p> <p>In market</p> <p>adverse conditions, the Sub-Fund may not have gross exposure (i.e. it may be 100% liquid assets).</p> <p>The Sub-Fund may use derivative techniques and instruments for hedging, speculative and efficient portfolio management, within the limits specified in the investment restrictions.</p>														
SFTR regulation applicable to this Sub-Fund	<p>The maximum proportion of assets under management of the Sub-Funds that can be subject to SFTs and TRS is as follows:</p> <table data-bbox="603 1664 1501 1861"> <tbody> <tr> <td>Securities lending</td><td>0%</td></tr> <tr> <td>Securities borrowing</td><td>0%</td></tr> <tr> <td>Repurchase agreements</td><td>0%</td></tr> <tr> <td>Buy-sell back transaction</td><td>0%</td></tr> <tr> <td>Sell-buy back transaction</td><td>0%</td></tr> <tr> <td>TRS</td><td>0%</td></tr> </tbody> </table> <p>The current expected proportion of assets that will be subject to SFTs and TRS under this Sub-Fund is as follows:</p> <table data-bbox="603 1989 1501 2024"> <tbody> <tr> <td>Securities lending</td><td>0%</td></tr> </tbody> </table>	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	0%	Securities lending	0%
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Risk monitoring:	<p>The Management Company will use the commitment approach, according to CSSF Circular 11/512 and article 47 of the CSSF Regulation 10/04, for determining the global exposure risk of the Sub-Fund.</p> <p>Sub-Fund's total commitment to financial derivative instruments is limited to 100% of the Sub-Fund's total net assets, which is quantified as the sum, as an absolute value, of the individual commitments, after consideration of the possible effects of netting and coverage. The Sub-Fund will make use of financial derivatives instruments in a manner not to materially alter its risk profile over what would be the case if financial derivatives instruments were not used.</p> <p>The Management Company will ensure that the overall risk linked to derivatives does not exceed the total net value of the portfolio of the Sub-Fund.</p> <p>A total leverage of up to 100% over the Net Asset Value of the Sub-Fund is admissible. This percentage does not represent an additional investment restriction and may vary from time to time.</p>
Risk profile:	<p>The Sub-Fund which is subject to a medium level of risk being linked to typical risks of equity markets, such as the macro-economic trends at global level.</p> <p>Investors are advised to refer to Chapter 20 of the prospectus for further details in this connection.</p>
Disclaimer:	<p>Past performance is not indicative of future results. The Sub-Fund is subject to the risk of common stock investment. The price of the shares and the income from them may fall as well as rise.</p> <p>Accordingly, there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the sub-fund will achieve its objectives.</p>
Profile of the Typical Investor:	<p>The Sub-fund is intended to institutional and private investors with investment horizon of a calendar year who seek a medium risk investment.</p>
Performance fee:	<p>In addition, the Sub-Investment Manager is entitled to receive an annual performance fee. The annual performance fee equal to 15% of the positive performance of the Sub-Fund during the calendar year.</p> <p>The positive performance is the positive difference between the Net Asset Value per Share at the accounting year end less the Net Asset Value per Share at the end of the previous accounting year end (for the first period the initial subscription price per Share pro-rata temporis) multiplied by the average number of Shares outstanding during the accounting year (period).</p>



	<p>The amount of the performance fee as calculated on each Valuation Day will be accrued in view of the payment at the end of each accounting year of such performance fee. The accruals of the performance fee are aggregated in order to determine a positive or negative end-result. If the end-result at the end of each accounting year is negative, no performance fee will be paid. A negative end-result will however not be brought forward from one accounting year to another. In case of redemption, the performance fee accrued (if any) attributable to shares redeemed within the calendar year, will be crystallized and paid to the Investment Manager.</p>
Fees borne by the investors:	
Subscription fees:	Max 3% of the amount subscribed.
Redemption fees:	0
Conversion Fees:	0
Valuation Day:	Daily, every bank business day in Luxembourg
Shares class:	<p>Retail Classes (category C):</p> <ul style="list-style-type: none"> <li>- R-EUR class, denominated in EUR</li> </ul> <p>Institutional Classes (category C):</p> <ul style="list-style-type: none"> <li>- I-EUR class, denominated in EUR</li> </ul>
Shares category:	Category C Shares (capitalization)
Reference Currency:	EUR
Initial issue price:	<p>R-EUR class: EUR 100</p> <p>I-EUR class : EUR 100</p>
Initial subscription period:	<p>Applicable to Class R-EUR the Initial Subscription period is as follows:</p> <p>From the 1<sup>st</sup> of September 2015 until the 18<sup>th</sup> of September 2015</p> <p>The 1<sup>st</sup> Net Asset Value of the R-EUR share class will be the one of the 21<sup>st</sup> of September 2015 calculated the 22<sup>nd</sup> of September 2015.</p> <p>Applicable to Class I-EUR the Initial Subscription period is as follows:</p> <p>From 15<sup>th</sup> of June 2015 until the 3<sup>rd</sup> of July 2015.</p>

## TIMEO NEUTRAL SICAV - CFO AMERICA 38

Investment objective and policy:	<p>The Sub-Fund's objective is to provide investors an absolute positive return with a volatility lower than equity markets in which the Sub-Fund invests in.</p> <p>The Sub-Fund's assets consist of direct investments in up to 38 different company stock pickings of issuers, composing the S&amp;P500 index. Notwithstanding this the investment manager will use its discretion with regards to the possibility to overshoot or undershoot the investment of 38 different company stocks.</p> <p>In addition the Sub-Fund is authorized to invest in debt securities of any kind, corporates, governments and/or in money market instruments without any geographical restriction and/or indirectly through UCITS and/or UCIs including ETFs qualified as UCITS and/or UCIs, investing primarily in the same asset classes as described above.</p> <p>The Sub-Fund may invest no more than 10% of its net assets in UCITS and/or other UCIs, including ETFs qualifying as UCITS and/or UCIs.</p> <p>Investments in ETFs will be limited to European ETFs.</p> <p>The Sub-Fund may incur into the use of financial derivative instruments such as but not limited to futures, forwards and options on but not limited to indexes and foreign exchanges.</p> <p>Ideas are mainly conceived by internal research and proprietary quantitative screening instruments, complemented by a direct knowledge of the company and sell-side available researches as well as quality evaluation elements.</p> <p>The goal of the Sub-Fund is to select within each sector the most attractive companies from fundamental and technical point of view according to the ICB super-sector classification.</p> <p>In market adverse conditions, the Sub-Fund may not have gross exposure (i.e. it may be 100% liquid assets).</p> <p>The Sub-Fund may use derivative techniques and instruments for hedging, speculative and efficient portfolio management, within the limits specified in the investment restrictions.</p>														
SFTR regulation applicable to this Sub-Fund	<p>The maximum proportion of assets under management of the Sub-Funds that can be subject to SFTs and TRS is as follows:</p> <table data-bbox="603 1630 1209 1832"> <tbody> <tr> <td>Securities lending</td><td>0%</td></tr> <tr> <td>Securities borrowing</td><td>0%</td></tr> <tr> <td>Repurchase agreements</td><td>0%</td></tr> <tr> <td>Buy-sell back transaction</td><td>0%</td></tr> <tr> <td>Sell-buy back transaction</td><td>0%</td></tr> <tr> <td>TRS</td><td>0%</td></tr> </tbody> </table> <p>The current expected proportion of assets that will be subject to SFTs and TRS under this Sub-Fund is as follows:</p> <table data-bbox="603 1955 1209 1986"> <tbody> <tr> <td>Securities lending</td><td>0%</td></tr> </tbody> </table>	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	0%	Securities lending	0%
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Risk monitoring:	<p>The Management Company will use the commitment approach, according to CSSF Circular 11/512 and article 47 of the CSSF Regulation 10/04, for determining the global exposure risk of the Sub-Fund.</p> <p>Sub-Fund's total commitment to financial derivative instruments is limited to 100% of the Sub-Fund's total net assets, which is quantified as the sum, as an absolute value, of the individual commitments, after consideration of the possible effects of netting and coverage. The Sub-Fund will make use of financial derivatives instruments in a manner not to materially alter its risk profile over what would be the case if financial derivatives instruments were not used.</p> <p>The Management Company will ensure that the overall risk linked to derivatives does not exceed the total net value of the portfolio of the Sub-Fund.</p> <p>A total leverage of up to 100% over the Net Asset Value of the Sub-Fund is admissible. This percentage does not represent an additional investment restriction and may vary from time to time.</p>
Risk profile:	<p>The Sub-Fund which is subject to a medium level of risk being linked to typical risks of equity markets, such as the macro-economic trends at global level.</p> <p>Investors are advised to refer to Chapter 20 of the prospectus for further details in this connection.</p>
Disclaimer:	<p>Past performance is not indicative of future results. The Sub-Fund is subject to the risk of common stock investment. The price of the shares and the income from them may fall as well as rise.</p> <p>Accordingly, there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the sub-fund will achieve its objectives.</p>
Profile of the Typical Investor:	<p>The Sub-fund is intended to institutional and private investors with investment horizon of a calendar year who seek a medium risk investment.</p>
Performance fee:	<p>In addition, the Sub- Investment Manager is entitled to receive an annual performance fee. The annual performance fee equal to 15% of the positive performance of the Sub-Fund during the calendar year.</p> <p>The positive performance is the positive difference between the Net Asset Value per Share at the accounting year end less the Net Asset Value per Share at the end of the previous accounting year end (for the first period the initial subscription price per Share pro-</p>

	<p>rata temporis) multiplied by the average number of Shares outstanding during the accounting year (period).</p> <p>The amount of the performance fee as calculated on each Valuation Day will be accrued in view of the payment at the end of each accounting year of such performance fee. The accruals of the performance fee are aggregated in order to determine a positive or negative end-result. If the end-result at the end of each accounting year is negative, no performance fee will be paid. A negative end-result will however not be brought forward from one accounting year to another. In case of redemption, the performance fee accrued (if any) attributable to shares redeemed within the calendar year, will be crystallized and paid to the Investment Manager.</p>
Fees borne by the investors:	
Subscription fees:	Max 3% of the amount subscribed.
Redemption fees:	0
Conversion Fees:	0
Valuation Day:	Daily, every bank business day in Luxembourg.
Shares class:	<p>Retail Classes (category C):</p> <ul style="list-style-type: none"> <li>- R-EUR class, denominated in EUR</li> </ul> <p>Institutional Classes (category C):</p> <ul style="list-style-type: none"> <li>- I-EUR class, denominated in EUR</li> </ul>
Shares category:	Category C Shares (capitalization)
Reference Currency:	EUR
Initial issue price:	<p>R-EUR class: EUR 100</p> <p>I-EUR class: EUR 100</p>
Initial subscription period:	<p>Applicable to Class R-EUR the Initial Subscription period is as follows:</p> <p>From the 1<sup>st</sup> of September 2015 until the 18th of September 2015.</p> <p>The 1st Net Asset Value of the R-EUR share class will be the one of the 21<sup>st</sup> of September 2015 calculated the 22<sup>nd</sup> of September 2015. Applicable to Class I-EUR the Initial Subscription period is as follows:</p> <p>From 15th of June 2015 until the 3rd of July 2015</p>

## TIMEO NEUTRAL SICAV - EUROPEAN ABSOLUTE RETURN FUND

<p>Investment objective and policy:</p>	<p>The investment objective of the Sub- Fund is to produce positive absolute returns with controlled volatility compared to fixed income and equity markets, although an absolute return performance is not guaranteed and it may experience periods of negative return and consequently the Sub-Fund may not achieve this objective.</p> <p>The Sub-Fund aims to achieve this objective by investment primarily in a diversified portfolio of equity and equity related securities (including convertible bonds (usually unrated), convertible preference shares and warrants) issued by or convertibles into equities of companies located in, or deriving a preponderant part of their income from European Union countries and other developed European countries and listed or traded on one or more regulated markets.</p> <p>If the Investment Manager considers this to be in the best interest of the shareholders of the Sub-Fund, the Sub-Fund may also, hold on a temporary basis and for defensive purposes, up to 100% of its net assets, liquidities such as cash deposits, money market UCIs, money market instruments, treasury bills, other short-term sovereign securities and short term duration fixed income products.</p> <p>Even in circumstances where the Sub-Fund invests substantially in liquid assets the Sub-Fund will not be completely protected from market movements and as such the capital value of the Sub-Fund` shares may fluctuate.</p> <p>Although the primary geographic focus of the Sub-Fund`s investments is on European Union countries and other developed European countries, up to 30% of the Sub-Fund`s gross exposure may be invested in developed markets outside Europe when such investments are otherwise in line with the investment objective of the Sub-Fund.</p> <p>The Sub-Fund may invest in collective investment schemes which have a similar investment policy to that of the Sub-Fund provided that the Sub-Fund may not invest more than 10% of net assets in aggregate in collective investment schemes.</p> <p>Use of Derivatives under the Sub-Fund</p> <p>Where considered appropriate, the Sub-Fund may utilize financial derivative techniques and instruments for investment purposes and/or efficient portfolio management and/or hedging of credit exposure and/or to protect against foreign exchange risks as further set out below. These techniques and instruments include, but are not limited to futures, options, repurchase/reverse repurchase agreements, forward currency contracts, swaps and contracts for difference. These instruments may be exchange traded or over-the-counter.</p>
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SFTR regulation applicable to this Sub-Fund	<p>The maximum proportion of assets under management of the Sub-Funds that can be subject to SFTs and TRS is as follows:</p> <table> <tr><td>Securities lending</td><td>0%</td></tr> <tr><td>Securities borrowing</td><td>0%</td></tr> <tr><td>Repurchase agreements</td><td>0%</td></tr> <tr><td>Buy-sell back transaction</td><td>0%</td></tr> <tr><td>Sell-buy back transaction</td><td>0%</td></tr> <tr><td>TRS</td><td>100%</td></tr> </table> <p>The current expected proportion of assets that will be subject to SFTs and TRS under this Sub-Fund is as follows:</p> <table> <tr><td>Securities lending</td><td>0%</td></tr> <tr><td>Securities borrowing</td><td>0%</td></tr> <tr><td>Repurchase agreements</td><td>0%</td></tr> <tr><td>Buy-sell back transaction</td><td>0%</td></tr> <tr><td>Sell-buy back transaction</td><td>0%</td></tr> <tr><td>TRS</td><td>100%</td></tr> </table>	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	100%	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	100%
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Risk monitoring:	<p>The Sub-Fund's global risk exposure is monitored by using the <b>Value-at-Risk ("VaR")</b> approach which aims to estimate the maximum potential loss that the Sub-Fund could suffer within a certain time horizon (one month) and with a certain confidence level (99% confidence interval), in normal market conditions.</p> <p>More specifically, the Sub-Fund uses the <b>absolute VaR option</b>, whereby the Sub-Fund's VaR is limited to <b>20%</b>.</p> <p>In addition, stress tests are carried out in order to manage additional risks related to possible abnormal market movements at a specific point of time.</p> <p>Furthermore, the leverage of the Sub-Fund shall be calculated using the "Sum of notionals" method, in compliance with relevant Luxembourg laws and regulation and European Securities and Market Authorities (ESMA) guidelines.</p> <p>The Maximum expected leverage is set at 100%.</p>																								
Risk profile:	<p>The Sub-Fund which is subject to a medium level of risk being linked to typical risks of equity markets, such as the macro-economic trends at global level.</p> <p>Investors are advised to refer to Chapter 20 of the prospectus for further details in this connection.</p>																								
Disclaimer:	<p>Past performance is not indicative of future results. The Sub-Fund is subject to the risk of common stock investment. The price of the shares and the income from them may fall as well as rise.</p> <p>Accordingly, there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the Sub-Fund will achieve its objectives.</p>																								

Profile of the Typical Investor:	The Sub-Fund is suitable for investors seeking long-term capital appreciation, who are prepared to accept moderate volatility. Therefore, investors should expect to hold their investment in the Sub-Fund for approximately 3 – 5 years.
Performance fee:	<p>A performance fee is paid to the Investment Manager. Such Performance fee is accrued on each valuation date, paid monthly, based on the net asset value (NAV), equivalent to 18 % of the performance of the NAV per share exceeding the high water mark (as defined hereafter).</p> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the out performance of the NAV per share multiplied by the number of shares in circulation during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the high water mark for the calculation period in question.</p> <p>The high water mark is defined as the greater of the following two figures:</p> <ul style="list-style-type: none"> <li>• The last highest Net Asset Value per Share on which a performance fee has been paid and;</li> <li>• The initial NAV per share.</li> </ul> <p>The High Water Mark will be decreased by the dividends paid to shareholders.</p> <p>Accruals will be made for this performance fee on each Valuation Point. If the NAV per share decreases during the calculation period, the accruals made in respect of the performance fee will be reduced accordingly. If these accruals fall to zero, no performance fee will be payable.</p> <p>If shares are redeemed on a date other than that on which a performance fee is paid while accruals have been made for performance fees, the performance fees for which accruals been made and which are attributable to the shares redeemed will be paid at the end of the period even if accruals for performance fees are no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV per share against the High Water Mark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the High Water Mark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> <p>Calculation period shall correspond to each day.</p>

	<div>The formula for the calculation of the performance fee is as follows:</div> <div><div>F</div><div>= 0</div></div> <div><div>If ( B / E - 1) &lt;= 0</div><div>F</div><div>= ( B / E - 1)* E * C * A</div></div> <div><div>If ( B / E - 1) &gt; 0</div><div>The new high water mark</div><div>= if F&gt;0; D</div></div> <div><div>If F=0 ; E</div><div>Number of shares outstanding</div><div>= A</div></div> <div><div>NAV per share before performance</div><div>= B</div></div> <div><div>Performance fee rate (18%)</div><div>= C</div></div> <div><div>NAV per share after performance</div><div>= D</div></div> <div><div>High water mark</div><div>= E</div></div> <div><div>Performance fees</div><div>= F</div></div>
Fees borne by the investors:	
Subscription fees	<div>Max 3 % of the amount subscribed applicable to the below share classes:</div> <div><div>"A" Retail Unhedged Units</div><div>"A" Retail Unhedged Units Series 2</div></div>
Redemption fees	0
Conversion Fees	0
Valuation Day	Daily, every bank business day in Luxembourg
Cut off time	<div>Cut-off: 4:00 PM on each Valuation day.</div> <div>For any subscriptions, redemptions and conversions requests received by the Central Administration after 4:00 PM on a bank business day the net asset value for the following Valuation Day will be applicable.</div> <div>Settlement for Subscriptions must be performed three days after the Valuation Day calculated in accordance with the then-prevailing net asset value.</div> <div>Settlement for Redemption must be performed three days after the Valuation Day calculated in accordance with the then-prevailing net asset value.</div>
Shares classes	<div>"A" Retail Unhedged Units</div> <div>"A" Retail Unhedged Units Series 2</div>



	"A" No Load Units	
	"A" Institutional Units	
	"A" Listed Units	
Shares category	Accumulation	
Reference Currency	EUR	
Initial issue price	"A" Retail Unhedged Units Eur 8.64 "A" Retail Unhedged Units Series 2 Eur 7 "A" No Load Units Eur 6.31 "A" Institutional Units Eur 7.15 "A" Listed Units Eur 11.98	
Initial subscription period:	NA	

## **TIMEO NEUTRAL SICAV – BZ BEST GLOBAL MANAGERS FLEXIBLE EQUITY**

Investment objective and policy:	<p>The Sub-Fund shall be managed with the objective to obtain long-term capital growth by investing in UCITS and/or other UCIs, whose main purpose is to invest in a broad range of asset classes such as equities, including close ended Real Estate Investment Trusts (REITS) without embedded derivatives within the meaning of Article 41. (1), a) , b), c) and d) and in compliance with the Grand-Ducal Regulation of February 8, 2008, debt securities of any kind, government bonds, investment grade bonds, high yield bonds, convertible bonds, CoCos Bonds, floating rate notes, financial derivatives, contract for difference (CFD) credit default swap, total return swap, cash and cash equivalents, money market instruments and UCITS and/or other UCIs which may invest on real estate indices, UCITS and/or other UCIs which may invest on commodity certificates, UCITS and/or other UCIs which may invest on commodities indices, UCITS and/or other UCIs which may have an indirect exposure to commodities and to real estate, without any geographical restriction, eligible in compliance with the amended and updated Law of 2010 and with the Grand-Ducal Regulation of February 8, 2008.</p> <p>The total maximum exposure of the Sub-Fund to CoCos Bonds will be up to 20% of its net asset value.</p> <p>Investments in UCITS and/or other UCIs that invest in equities of Emerging Markets will not exceed 40% of the Sub-Fund's net asset value.</p> <p>The Sub-Fund shall not be charged for subscription or redemption fees on account of its investments in such UCITS and other UCIs, for which PHARUS MANAGEMENT LUX S.A. acts as management company nor is linked to such UCITS/UCIs management company within the meaning of article 46(3) of the 2010 Law.</p> <p>The Sub-Fund shall only invest in Target UCITS/UCIs that apply entry and management fees (each of these fees) not exceeding 3% (three percent).</p> <p>To reach this objective, the Sub-Fund could also be invested in equities and/or bonds certificates, equities and/or bonds, including Convertible Bonds and CoCos Bonds up to 20% of net assets in accordance with the Law of 2010.</p> <p>Investments in not rated bonds will not exceed 15% of the Sub-Fund's net assets.</p> <p>Rated securities must be issued by rated issuers with a Standard &amp; Poor's rating of at least B- or an equivalent rating issued by another rating agency.</p>
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	<p>Should the downgrade of one or more securities affect the rating limit mentioned above, the Investment Manager will have up to 6 months to rebalance the Sub-Fund.</p> <p>Direct or indirect High Yield Bond Investments in the Sub-Fund will be at a maximum of 20% of the Sub-Fund`s net assets. Investments in distressed or defaulted securities are not foreseen under this Sub-Fund.</p> <p>Up to 15% of the Sub-Funds assets. may be invest directly and indirectly in Asset Backed Securities (ABS), Mortgage Backed Securities (MBS) and Collateralized Debt Obligations (CDOs) The underlying UCITS and other UCIs may be denominated in other currencies than the Reference Currency.</p> <p>The Sub-Fund may, in accordance with the investment restrictions of the Fund, purchase or sell put and call options, financial futures and forward contracts, on financial indices, foreign currencies and transferable securities for hedging and/or speculative purposes.</p>																								
SFTR regulation applicable to this Sub-Fund	<p>The maximum proportion of assets under management of the Sub-Funds that can be subject to SFTs and TRS is as follows:</p> <table> <tr> <td>Securities lending</td><td>0%</td></tr> <tr> <td>Securities borrowing</td><td>0%</td></tr> <tr> <td>Repurchase agreements</td><td>0%</td></tr> <tr> <td>Buy-sell back transaction</td><td>0%</td></tr> <tr> <td>Sell-buy back transaction</td><td>0%</td></tr> <tr> <td>TRS</td><td>0%</td></tr> </table> <p>The current expected proportion of assets that will be subject to SFTs and TRS under this Sub-Fund is as follows:</p> <table> <tr> <td>Securities lending</td><td>0%</td></tr> <tr> <td>Securities borrowing</td><td>0%</td></tr> <tr> <td>Repurchase agreements</td><td>0%</td></tr> <tr> <td>Buy-sell back transaction</td><td>0%</td></tr> <tr> <td>Sell-buy back transaction</td><td>0%</td></tr> <tr> <td>TRS</td><td>0%</td></tr> </table>	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	0%	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	0%
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Risk monitoring:	<p>The Management Company will use the commitment approach, according to CSSF Circular 11/512 and article 47 of the CSSF Regulation 10/04, for determining the global exposure risk of the Sub-Fund.</p> <p>Sub-Fund's total commitment to financial derivative instruments is limited to 100% of the Sub-Fund's total net assets, which is quantified as the sum, as an absolute value, of the individual commitments, after consideration of the possible effects of netting and coverage. The Sub-Fund will make use of financial derivatives instruments in a manner not to materially alter its risk profile over what would be the case if financial derivatives instruments were not used.</p>																								

	<p>The Management Company will ensure that the overall risk linked to derivatives does not exceed the total net value of the portfolio of the Sub-Fund.</p> <p>A total leverage of up to 100% over the Net Asset Value of the Sub-Fund is admissible. This percentage does not represent an additional investment restriction and may vary from time to time</p>
Risk profile:	<p>It is also suitable for investors who are comfortable with and understand the risks of investing in the equity market. The investors must be able to accept significant temporary losses. The Sub-Fund is suitable for investors who can afford to set aside the capital for at least 5 years.</p> <p>Investors are advised to refer to Chapter 20 of the prospectus for further details in this connection.</p>
Disclaimer:	<p>Past performance is not indicative of future results. The Sub-Fund is subject to the risk of common stock investment. The price of the shares and the income from them may fall as well as rise.</p> <p>Accordingly, there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the sub-fund will achieve its objectives.</p>
Profile of the Typical Investor:	<p>The Sub-fund is intended to institutional and private investors with investment horizon of five calendar years.</p>
Performance fee:	<p>The Investment Manager will receive a performance fee, accrued on each valuation date, paid yearly, based on the net asset value (NAV), equivalent to 10 % of the performance of the NAV per share exceeding the high water mark (as defined hereafter).</p> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the out performance of the NAV per share multiplied by the number of shares in circulation during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the high water mark for the calculation period in question.</p> <p>The high water mark is defined as the greater of the following two figures:</p> <ul style="list-style-type: none"> <li>• The last highest Net Asset Value per Share on which a performance fee has been paid and;</li> <li>• The initial NAV per share.</li> </ul> <p>The High Water Mark will be decreased by the dividends paid to shareholders.</p> <p>Provision will be made for this performance fee on each Valuation Point. If the NAV per share decreases during the calculation period, the provisions made in respect of the</p>

	<p>performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.</p> <p>If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, 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 even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV per share against the High Water Mark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the High Water Mark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> <p>Calculation period shall correspond to each calendar yearly.</p> <p>The formula for the calculation of the performance fee is as follows:</p> $F = 0 \quad \text{If } (B / E - 1) \leq 0$ $F = (B / E - 1) * E * C * A \quad \text{If } (B / E - 1) > 0$ <p>The new high water mark = if <math>F &gt; 0</math>; D If <math>F = 0</math>; E</p> <p>Number of shares outstanding = A</p> <p>NAV per share before performance = B</p> <p>Performance fee rate (10%) = C</p> <p>NAV per share after performance = D</p> <p>High water mark = E</p> <p>Performance fees = F</p>
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Fees borne by the investors:	
Subscription fees:	Maximum 3% of the amount subscribed
Redemption fees:	Maximum 2% of the amount redeemed for Classes R and I.
Conversion Fees:	Maximum 0,5 % of the amount converted
Valuation Day:	Daily, every Bank Business day in Luxembourg
Cut off time	<p>Cut-off: 4:00 PM on each Valuation day.</p> <p>For any subscriptions, redemptions and conversions requests received by the Central Administration after 4:00 PM on a bank business day the net asset value for the following Valuation Day will be applicable.</p> <p>Settlement for Subscriptions must be performed three days after the Valuation Day calculated in accordance with the then-prevailing net asset value.</p> <p>Settlement for Redemption must be performed three days after the Valuation Day calculated in accordance with the then-prevailing net asset value.</p>
Shares class:	<p>Retail Classes (category C):</p> <ul style="list-style-type: none"> <li>- R- EUR class, denominated in EUR</li> </ul> <p>Institutional Classes (category C):</p> <ul style="list-style-type: none"> <li>- I-EUR class, denominated in EUR</li> </ul> <p>Unit Class which will be listed and traded on the Borsa Italiana and may not be switched for other Unit Classes:</p> <ul style="list-style-type: none"> <li>- A-EUR Listed Units(category C):</li> </ul>
Shares category:	Category C Shares (capitalization)
Reference Currency:	EUR
Initial issue price:	<p>R class: Exchange ratio at merger date</p> <p>I-class: Exchange ratio at merger date</p> <p>A-class: TBD</p>
Initial subscription period:	N/A as the Share classes are merged from Pharus SICAV BEST GLOBAL MANAGERS FLEXIBLE EQUITY into corresponding share classes.

## TIMEO NEUTRAL SICAV – BZ SYNTAGMA ABSOLUTE RETURN

Investment objective and policy:	<p>The Sub-Fund seeks to achieve capital appreciation regardless of equity and bonds direction, with a controlled volatility target in the medium term. The absolute return performance is not guaranteed and it may experience periods of negative return and consequently the Sub-Fund may not achieve its long-term objective.</p> <p>The Sub-Fund employs a multi-strategy approach which will respond to the flexibility of the market trends and opportunities, following systematic and quantitative strategies to provide a broad diversification for investors. The strategies used to achieve the long-term performance of the Sub-Fund can mainly be classified as Volatility Arbitrage, Volatility Directional Trading, Factor Investing and Long-Short Equity Derivative opportunities. To achieve its goal, the Sub-Fund may reduce or increase the exposure towards the strategies exploited.</p> <p>The investment strategy will generally involve an intensive use of derivative financial instruments mainly Options and Futures, along with the use of underlying assets (Stocks and Bonds) for the purpose of risk hedging, efficient management, investment purpose.</p> <p>In detail, the Sub-Fund may take exposure on the following assets:</p> <ul style="list-style-type: none"> <li>- Worldwide Equity securities such as Common Stocks and ADR without embedded derivatives and/or</li> <li>- Worldwide Investment Grade Fixed Income Securities, such as Government Bonds, corporate bonds and money market instruments; and/or</li> <li>- in any transferable securities (such as structured products, as described below) linked (or offering an exposure) to the performance of the above-mentioned asset classes; and/or</li> <li>- in financial derivative instruments having as underlying or offering an exposure to the above-mentioned asset classes.</li> </ul> <p>In order to achieve its objective, the Sub-Fund will invest in financial derivative instruments on volatility and equities financial indices composed in compliance with Art 44 of the 2010 law and to be set up in compliance with Art 9 of the Grand Ducal Regulation of 2008.</p> <p>The Sub-Fund may also use all types of financial derivative instruments traded over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions.</p> <p>In particular, the Sub-Fund may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, forward exchange contracts, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying</p>
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	<p>in line with the Law of 17 December 2010 as well as the investment policy of the Sub-Fund, including but not limited to, currencies (including non-delivery forwards), interest rates, transferable securities, basket of transferable securities, indices composed in compliance with Art 44 of the 2010 law (including but not limited to commodities, precious metals or volatility indices), undertakings for collective investment.</p> <p>The Sub-Fund's cash will be invested mostly in short term bonds, included but not limited to government bonds, corporate bonds and commercial paper, with a maturity up to two year, in order to limit both the effect of the interest rates and credit spreads.</p> <p>The choice of investments will neither be limited by geographical area, economic sector nor in terms of currencies in which investments will be denominated.</p> <p>The remaining assets may be invested, to the full extent and within the limits permitted by the Law, in all eligible assets as defined in Chapter 20.</p> <p>In accordance with the provisions of item VI. a) in the Chapter 20 of the prospectus, the Sub-Fund shall not invest more than 10% of its net assets in other undertakings for collective investment.</p> <p>If the Investment Manager considers this to be in the best interest of the shareholders, the Sub-Fund may also, hold, up to 100% of its net assets, liquidities as among other cash deposits, money market funds and money market instruments.</p>																								
SFTR regulation applicable to this Sub-Fund	<p>The maximum proportion of assets under management of the Sub-Funds that can be subject to SFTs and TRS is as follows:</p> <table> <tr> <td>Securities lending</td><td>0%</td></tr> <tr> <td>Securities borrowing</td><td>0%</td></tr> <tr> <td>Repurchase agreements</td><td>0%</td></tr> <tr> <td>Buy-sell back transaction</td><td>0%</td></tr> <tr> <td>Sell-buy back transaction</td><td>0%</td></tr> <tr> <td>TRS</td><td>50%</td></tr> </table> <p>The current expected proportion of assets that will be subject to SFTs and TRS under this Sub-Fund is as follows:</p> <table> <tr> <td>Securities lending</td><td>0%</td></tr> <tr> <td>Securities borrowing</td><td>0%</td></tr> <tr> <td>Repurchase agreements</td><td>0%</td></tr> <tr> <td>Buy-sell back transaction</td><td>0%</td></tr> <tr> <td>Sell-buy back transaction</td><td>0%</td></tr> <tr> <td>TRS</td><td>0%</td></tr> </table>	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	50%	Securities lending	0%	Securities borrowing	0%	Repurchase agreements	0%	Buy-sell back transaction	0%	Sell-buy back transaction	0%	TRS	0%
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TRS	0%																								
Risk monitoring:	<p>The Sub-Fund's global risk exposure is monitored by using the <b>Value-at-Risk ("VaR")</b> approach which aims to estimate the maximum potential loss that the Sub-Fund could suffer within a certain time horizon (one month) and with a certain confidence level (99% confidence interval), in normal market conditions.</p> <p>More specifically, the Sub-Fund uses the <b>absolute VaR</b> option, whereby the Sub-Fund's VaR is limited to <b>20%</b>.</p> <p>Furthermore, the leverage of the Sub-Fund shall be calculated using the "Sum of notional" method, in compliance with relevant</p>																								



	<p>Luxembourg laws and regulation and European Securities and Market Authorities (ESMA) guidelines.</p> <p>The Sub-Fund will regularly monitor its leverage and the average level of leverage is expected to be approximately 600% with a maximum expected level of leverage of 800%. The leverage figure is calculated as the sum of the notionals of the derivatives used as required by the Regulations.</p> <p>The methodology used to calculate the leverage is the sum of the absolute value of the notionals. this approach does not take into consideration netting and hedging strategy that are used by the sub-fund to mitigate the risk . Part of the total leverage is due to long short positions on derivatives with the same underlying.</p> <p>The level of leverage could be affected during times of high market volatility and/or volatility switching regime during which the Investment Manager adapts its derivative strategy and dynamic asset allocation in order to achieve its investment objective on a risk-based approach. i.e, in case of high volatility in the market, the Investment Manager may shift its strategy towards money market and fixed income derivative products.</p>
Risk profile:	<p>The risks associated with investments in volatility related securities may be high because the investment performance of volatility related securities depends upon factors related to equity and bond markets that are difficult to predict as described under Chapter 20 of the prospectus.</p> <p>The risks associated with investments in debt securities are mainly interest rate risk and credit risk as described under Chapter 20 of the prospectus.</p> <p>The attention of the Shareholders is drawn also on the relatively high risk of contracting derivatives on transferable Securities.</p> <p>The Sub-Fund adopts several strategies in order to maintain the overall performance of the NAV similar to that of the Libor+3%. However, the maximum risk of the Sub-Fund shall be lower than equity risk.</p>
Disclaimer:	<p>The performance of the Sub-Fund will be disclosed in the corresponding Key Investor Information Document. In this connection, investors should note that past performance is not an indicator of present or future performance. The performance data do not include commissions and fees received on the issue or redemption of shares.</p> <p>The Sub-Fund is subject to the risk of common stock investment. The price of the Shares and the income from them may fall as well as rise. Accordingly there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the Sub-Fund will achieve its objectives.</p> <p>The Sub-Fund may have these additional risks: foreign investment risks, currency risks, as described under Chapter 20.</p>

Profile of the Typical Investor:	<p>The Sub-fund is intended to</p> <ul style="list-style-type: none"> <li>• Investors who want to diversify their portfolio using a multi-strategy approach.</li> <li>• Investors who are aware of the risks and opportunities of investing in financial derivative instruments.</li> <li>• Investors who are seeking a positive income independent from the equities market trends and seek contemporarily a protection from equities downsides.</li> <li>• Investors who plan to maintain their investment over the medium to long term.</li> </ul>
Performance fee:	<p>The Investment Manager will receive a performance fee, accrued on each valuation date, paid yearly , based on the net asset value (NAV), equivalent to 10% for the R Prime USD Class, R Prime EUR Hedged and 15% for the others share classes of the performance of the NAV per share exceeding the high water mark (as defined hereafter).</p> <p>The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.</p> <p>The performance fee is equal to the out performance of the NAV per share multiplied by the number of shares in circulation during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the high water mark for the calculation period in question.</p> <p>The high water mark is defined as the greater of the following two figures:</p> <ul style="list-style-type: none"> <li>• The last highest Net Asset Value per Share on which a performance fee has been paid and;</li> <li>• The initial NAV per share.</li> </ul> <p>The High Water Mark will be decreased by the dividends paid to shareholders.</p> <p>Provision will be made for this performance fee on each Valuation Point. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.</p> <p>If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, 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 even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.</p> <p>In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV per share against the High Water Mark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of</p>

	<p>subscribed shares by the positive difference between the subscription price and the High Water Mark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.</p> <p>Calculation period shall correspond to each calendar yearly.</p> <p>The formula for the calculation of the performance fee is as follows:</p> $F = 0 \quad \text{If } (B / E - 1) \leq 0$ $F = (B / E - 1) * E * C * A \quad \text{If } (B / E - 1) > 0$ <p>The new high water mark = if <math>F &gt; 0</math>; D If <math>F = 0</math>; E</p> <p>Number of shares outstanding = A</p> <p>NAV per share before performance = B</p> <p>Performance fee rate (15%) = C</p> <p>NAV per share after performance = D</p> <p>High water mark = E</p> <p>Performance fees = F</p>
Fees borne by the investors:	
Subscription fees:	0%
Redemption fees:	N/A
Conversion Fees:	N/A
Valuation Day:	Daily, every bank business day in Luxembourg.
Shares class:	<p>Retail Classes (category C):</p> <ul style="list-style-type: none"> <li>- R-USD class, denominated in USD</li> <li>- R-CHF class, denominated in CHF and hedged back to the USD</li> </ul>

	<ul style="list-style-type: none"> <li>- R-EUR class, denominated in EUR and hedged back to the USD</li> </ul> <p>Prime Retail Class (category C):</p> <ul style="list-style-type: none"> <li>- R-Prime USD class, denominated in USD</li> <li>- R-Prime EUR Hedged, denominated in EUR</li> </ul> <p>The Prime Retail class will be eligible for subscription of seed money investors and is able to be subscribed during the first two months after launch of the Sub Fund (hereafter referenced as the seeding period). After the seeding period further investors might be able to subscribe this shareclass whenever the Board of the Company will authorize such investments due to its discretion.</p> <p>Institutional Classes (category C):</p> <ul style="list-style-type: none"> <li>- I-USD class, denominated in USD</li> <li>- I-CHF class, denominated in CHF and hedged back to the USD*</li> <li>- I-EUR class, denominated in EUR and hedged back to the USD</li> </ul>
Fractions under this Sub-Fund	Fractions of registered Shares may be issued under this Sub-Fund up to two decimals.
Shares category:	Category C Shares (capitalization)
Reference Currency:	USD
Initial issue price:	<p>Retail Classes (category C):TBD</p> <ul style="list-style-type: none"> <li>- R-USD class: TBD</li> <li>- R-CHF class: TBD</li> <li>- R-EUR class: TBD</li> </ul> <p>Prime Retail Class (category C):</p> <ul style="list-style-type: none"> <li>- R-USD class: 100</li> <li>- R-EUR hedged class: 100</li> </ul> <p>Institutional Classes (category C):</p> <ul style="list-style-type: none"> <li>- I-USD class: 100</li> <li>- I-CHF class, TBD</li> <li>- I-EUR class: 100</li> </ul>

Initial subscription period:	<p>The initial subscription period is from 18<sup>th</sup> July 2018 until 3<sup>rd</sup> August 2018. The 1st NAV will be calculated the 7<sup>th</sup> of August 2018 as of 6<sup>th</sup> August 2018.</p> <p>The Initial Price per share is 100 EUR.</p>
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