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L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité

Luxembourg, le 2021-03-10

Commission de Surveillance du Secteur Financier

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## **ICBC Credit Suisse UCITS ETF SICAV**

Investment company with variable capital with multiple sub-funds

**PROSPECTUS**

**March 2021**

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## IMPORTANT INFORMATION

THE INFORMATION IN THIS PROSPECTUS IS BASED ON THE DIRECTORS' UNDERSTANDING OF CURRENT LAW AND PRACTICE (INCLUDING AS TO TAXATION) AT THE DATE HEREOF. BOTH LAW AND PRACTICE MAY BE SUBJECT TO CHANGE. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.

### **General**

It should be remembered that the price of shares of the Company and income from them can go down as well as up and that investors may not receive back the amount they originally invested.

Shares are available for issue on the basis of the information and representations contained in this Prospectus and the relevant Key Investor Information Documents (as defined hereafter). Any further information given or representations made by any person with respect to any shares must be regarded as unauthorised.

The Directors have 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 would make misleading any statement herein whether of fact or opinion. All the Directors accept responsibility accordingly.

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer is unlawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

### **Listing on a Stock Exchange**

Unless otherwise specified in the relevant Sub-Fund Particular (as defined below), the purpose of the Company is for each of its Sub-Funds through having its shares listed on one or more stock exchanges to qualify as an exchange traded fund ("ETF"). As part of those listings there is an obligation on one or more members of the relevant stock exchanges to act as market makers offering prices at which the Shares can be purchased or sold by investors. The spread between those purchase and sale prices may be monitored and regulated by the relevant stock exchange authority.

It is contemplated that application will be made to list certain Classes of shares on (i) the Luxembourg Stock Exchange and/or (ii) the London Stock Exchange and/or (iii) any other stock exchange.

The approval of any listing particulars pursuant to the listing requirements of the relevant stock exchange does not constitute a warranty or representation by such stock exchange as to the competence of the service providers or as to the adequacy of information contained in the listing particulars or the suitability of the shares for investment or for any other purpose.

## **Selling and transfer restrictions**

The shares have not been and will not be registered under the Securities Act of 1933 of the United States (as amended) (the "1933 Act") or the securities laws of any of the States of the United States. The shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "US Person" as defined in Regulation S under the 1933 Act except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable State laws.

The shares are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act. Each applicant for shares will be required to certify whether it is a US Person.

The Company will not be registered under the United States Investment Company Act of 1940 (the "1940 Act"). Based on interpretations of the 1940 Act by the United States Securities and Exchange Commission, if the Company has more than 100 beneficial owners of its shares who are US Persons, it may become subject to certain requirements under the 1940 Act. To ensure that the number of holders of shares who are US Persons does not exceed this limit, the Directors may require the compulsory redemption of shares beneficially owned by US Persons.

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

On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("IGA") with the United States of America and a memorandum of understanding in respect thereof. The Company would hence have to comply with such Luxembourg IGA, as implemented into Luxembourg law by Law of 24 July 2015 relating to FATCA as rectified (the "FATCA Law") in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Company may be required to collect information aiming to identify its direct and indirect shareholders or their controlling persons that are Specified US Persons for FATCA purposes ("*reportable accounts*"). Any such information on reportable accounts provided to the Company will be shared with the Luxembourg tax authorities (*Administration des Contributions directes*) which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996.

The Company intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Company.

The Company will continually assess the extent of the requirements that FATCA and notably the FATCA Law places upon it.

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

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

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

The distribution of this Prospectus and the offering of the shares may be restricted in certain jurisdictions. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. Prospective applicants for shares should inform themselves as to legal requirements so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The key investor information documents of each Class of each Sub-Fund (the "Key Investor Information Documents"), the latest annual and semi-annual reports of the Company (if any), are available at the registered office of the Company and will be sent to investors upon request. Such reports shall be deemed to form part of this Prospectus.

Before subscribing to any Class and to the extent required by local laws and regulations each investor shall consult the relevant Key Investor Information Document(s). The Key Investor Information Documents provide information in particular on historical performance, the synthetic risk and reward

indicator and charges. Investors may obtain the Key Investor Information Documents in paper form or on any other durable medium agreed between the Company or the intermediary and the investor.

### **Data Protection Notice**

The Company (the "Controller") processes information relating to several categories of identified or identifiable natural persons (including, in particular but not only, prospective or existing investors, their beneficial owners and other natural persons related to prospective or existing investors) who are hereby referred to as the "Data Subjects". This information has been, is and/or will be provided to, obtained by, or collected by or on behalf of, the Controller directly from the Data Subjects or from other sources (including prospective or existing investors, intermediaries such as distributors, wealth managers and financial advisers, as well as public sources) and is hereby referred to as the "Data".

Detailed and updated information regarding this processing of Data by the Controller is contained in a privacy notice (the "Privacy Notice"). All persons contacting, or otherwise dealing directly or indirectly with the Controller or its service providers in relation to the Company are invited to obtain and take the time to carefully consider and read the Privacy Notice.

Any question, enquiry or solicitation regarding the Privacy Notice and the processing of Data by the Controller in general may be addressed to [etf@icbccs.com.hk](mailto:etf@icbccs.com.hk).

### **Obtaining and accessing the Privacy Notice**

The Privacy Notice is available and can be accessed or obtained upon request by calling +852 3975 3688, or addressed to [etf@icbccs.com.hk](mailto:etf@icbccs.com.hk). The Privacy Notice is available in both paper and e-format.

The Privacy Notice notably sets out and describes in more detail:

- the legal basis for processing; and where applicable the categories of Data processed, from which source the Data originate, and the existence of automated decision-making, including profiling;
- that Data will be disclosed to several categories of recipients; that certain of these recipients (the "Processors") are processing the Data on behalf of the Controller; that the Processors include the majority of the service providers of the Controller; and that Processors shall act as processors on behalf of the Controller and may also process Data as controllers for their own purposes;
- that Data will be processed by the Controller and the Processors for several purposes (the "Purposes") and that these Purposes include (i) the general holding, maintenance, management and administration of prospective and existing investment and interest in the Company, (ii) enabling the Processors to perform their services for the Company, and (iii) complying with legal, regulatory and/or tax (including FATCA/CRS) obligations;
- that Data may, and where appropriate will, be transferred outside of the European Economic Area, including to countries whose legislation does not ensure an adequate level of protection as regards the processing of personal data;
- that any communication (including telephone conversations) (i) may be recorded by the Controller and the Processors and (ii) will be retained for a period of 10 years from the date of the recording;

- that failure to provide certain Data may result in the inability to deal with, invest or maintain an investment or interest in, the Company;
- that Data will not be retained for longer than necessary with regard to the Purposes, in accordance with applicable laws and regulations, subject always to applicable legal minimum retention periods;
- that Data Subjects have certain rights in relation to the Data relating to them, including the right to request access to such Data, or have such Data rectified or deleted, the right to ask for the processing of such Data to be restricted or to object thereto, the right to portability, the right to lodge a complaint with the relevant data protection supervisory authority, or the right to withdraw any consent after it was given.

All persons contacting, or otherwise dealing directly or indirectly with the Controller or its service providers in relation to the Company, will likely be requested to formally acknowledge, agree, accept, represent, warrant and/or undertake (where applicable) that they have obtained and/or have been able to access the Privacy Notice; that the Privacy Notice may be amended at the sole discretion of the Controller; that they may be notified of any change to or update of the Privacy Notice by any means that the Controller deems appropriate, including by public announcement; that they have authority to provide, or to cause or allow the provision, to the Controller any Data relating to third-party natural persons that they provide, or cause or allow the provision, to the Controller; that, if necessary and appropriate, they are required to obtain the (explicit) consent of the relevant third-party natural persons to such processing; that these third-party natural persons have been informed of the processing by the Controller of the Data as described herein and their related rights; that these third-party natural persons have been informed of, and provided with, easy access to the Privacy Notice; that when notified of a change or update of the Privacy Notice they will continue this change or update to these third-party natural persons; that they and each of these third-party natural persons shall abide by any limitation of liability provision contained in the Privacy Notice; and that they shall indemnify and hold the Controller harmless for and against adverse consequences arising from any breach of the foregoing.

The Board of Directors draws the investors' attention to the fact that any investor will only be able to fully exercise its investor rights directly against the Company, notably the right to participate in general meetings of shareholders if the investor is registered himself and in its own name in the Company's register of shareholders maintained by the Registrar and Transfer Agent. In cases where an investor invests in the Company through an intermediary investing into the Company in its 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 should seek advice from their salesman or intermediary on their rights in the Company.

## DIRECTORY

### **Registered Office of the Company**

49, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### **Board of Directors of the Company**

- Luan Ma, Deputy CEO, ICBC Credit Suisse Asset Management (International) Co., Ltd.
- Yang Wang, Deputy CEO, ICBC Credit Suisse Asset Management (International) Co., Ltd.
- John Christian Alldis, Independent Director, Carne Financial Services Luxembourg S.à r.l.

### **Management Company**

Carne Global Fund Managers (Luxembourg) S.A.  
3, rue Jean Piret  
L-2350 Luxembourg  
Grand Duchy of Luxembourg

### **Depository**

State Street Bank International GmbH, Luxembourg Branch  
49, Avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### **Domiciliary and Administration Agent, Registrar and Transfer Agent, Paying Agent**

State Street Bank International GmbH, Luxembourg Branch  
49, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

Paying Agent Outside Luxembourg:

Citibank, N.A., London Branch  
Citibank Citigroup Centre,  
Canada Square,  
Canary Wharf,  
London E14 5LB

### **Auditors**

Ernst & Young, *société anonyme*  
35E, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Legal Advisers as to matters of Luxembourg law**

Elvinger Hoss Prussen

*société anonyme*

2, Place Winston Churchill

L-2014 Luxembourg

Grand Duchy of Luxembourg

**Investment Manager and Global Distributor**

ICBC Credit Suisse Asset Management (International) Co., Ltd.

Suite 801, ICBC Tower

3 Garden Road, Central

Hong Kong

## GLOSSARY

<b>1915 Law</b>	Luxembourg Law of 10 August 1915 relating to commercial companies, as amended.
<b>2010 Law</b>	Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended, implementing Directive 2009/65/EC into Luxembourg law.
<b>Administration Agent</b>	State Street Bank International GmbH, Luxembourg Branch, acting in its capacity as administration agent of the Company.
<b>Application Form</b>	The application form or authorised participant agreement available at the registered office of the Company and from distributors (if any).
<b>Articles of Incorporation</b>	The articles of incorporation of the Company, as may be amended from time to time.
<b>Auditors</b>	Ernst & Young, <i>société anonyme</i> .
<b>Authorised Participant</b>	Means an institutional investor, market maker or broker entity authorised by the Company for the purposes of directly subscribing and/or redeeming shares in a Sub-Fund with the Company.
<b>Base Currency</b>	The base currency of a Sub-Fund, as disclosed in the relevant Sub-Fund Particular.
<b>Benchmark Regulation</b>	Regulation (EU) 2016/1011 of the European Parliament and of the Council.
<b>Board of Directors</b>	The board of directors of the Company.
<b>Business Day</b>	Any full day on which the banks are open for normal business banking in Luxembourg and other relevant jurisdictions as further detailed in the relevant Sub-Fund Particular.
<b>Central Securities Depository</b>	Means such Recognised Clearing Systems used by the Company issuing its shares through the Central Securities Depositories settlement system, which is a national settlement system. For the purposes of the Company, the Central Securities Depositories will be Participants in the International Central Securities Depository.

<b>China or PRC</b>	The People's Republic of China (excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan) and the term "Chinese" shall be construed accordingly.
<b>Class(es)</b>	Pursuant to the Articles of Incorporation, the Board of Directors may decide to issue, within each Sub-Fund, separate classes of shares (hereinafter referred to as a "Class") whose assets will be commonly invested but where a specific initial or redemption charge structure, fee structure, minimum subscription amount, currency, dividend policy or other feature may be applied. If different Classes are issued within a Sub-Fund, the details of each Class are described in the relevant Sub-Fund Particular.
<b>Common Depositary</b>	The entity appointed as a depositary for the International Central Securities Depositories, currently Citibank Europe plc.
<b>Common Depositary's Nominee</b>	The entity appointed as nominee for any Common Depositary and as such acts as the registered legal holder of the shares in the Company, currently Citivic Nominees Limited.
<b>Company</b>	ICBC Credit Suisse UCITS ETF SICAV.
<b>CSRC</b>	The China Securities Regulatory Commission.
<b>CSSF</b>	<i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority.
<b>Dealing Day</b>	Any Business Day on which Shares are issued or redeemed as detailed for each Sub-Fund in the relevant Sub-Fund Particular.
<b>Depositary Bank</b>	State Street Bank International GmbH, Luxembourg Branch, acting in its capacity as depositary bank of the Company.
<b>Directors</b>	The members of the Board of Directors.
<b>EEA</b>	European Economic Area.
<b>Eligible State</b>	Any Member State of the European Union ("EU") or any other state in Eastern and Western Europe, Asia, Africa, Australia, North and South America and Oceania.
<b>Emerging Markets</b>	Emerging markets are those markets in countries that are not amongst the following groups of industrialised countries: United States and Canada, Switzerland and Members of the European Economic Area, Japan, Australia and New Zealand, and may include those countries in the preceding groups that do not have fully developed financial markets.

<b>ESMA</b>	The European Securities and Markets Authority.
<b>ETF</b>	Means exchange traded fund(s).
<b>EU</b>	European Union.
<b>EUR</b>	The legal currency of the European Union (the "Euro").
<b>Global Share Certificate</b>	The certificate evidencing entitlement to the shares issued pursuant to the Articles of Incorporation and the Prospectus as described in further detail under section 6. "Global Clearing and Settlement, International Central Securities Depository and Common Depository".
<b>Grand-Ducal Regulation of 2008</b>	The Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the law of 20 December 2002 on undertakings for collective investments.
<b>Group of Twenty (G20)</b>	The informal group of twenty finance ministers and central bank governors from twenty major economies: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, USA and the European Union.
<b>Index Provider</b>	S&P Dow Jones Indices.
<b>Institutional Investor(s)</b>	Institutional investor(s) within the meaning of article 174 of the 2010 Law.
<b>International Central Securities Depositories</b>	Means the International Central Securities Depository settlement system through which shares of the Company may be settled, which is an international settlement system connected to multiple national markets. The International Central Securities Depository for the Company currently is Euroclear Bank S.A./N.V. and Clearstream Banking, Société Anonyme, Luxembourg.
<b>Investment Manager</b>	ICBC Credit Suisse Asset Management (International) Co., Ltd.
<b>Key Investor Information Documents</b>	Shall mean the key investor information documents to be furnished to investors such as described by article 159 of the 2010 Law.
<b>Luxembourg</b>	The Grand Duchy of Luxembourg.
<b>Management Company</b>	Carne Global Fund Managers (Luxembourg) S.A.
<b>Money Market Instruments</b>	Shall mean instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time.

<b>Net Asset Value per share</b>	The net asset value of any Class within any Sub-Fund determined in accordance with the relevant provisions detailed in section 12 "Net Asset Value and dealing prices".
<b>OECD</b>	Organisation for Economic Co-operation and Development.
<b>PRC Custodian</b>	HSBC Bank (China) Company Limited.
<b>PRC Stock Exchanges</b>	The Shanghai Stock Exchange, the Shenzhen Stock Exchange and any other stock exchange that may open in the PRC in the future.
<b>Prospectus</b>	The Prospectus of the Company.
<b>Register</b>	The register of shareholders of the Company.
<b>Registrar and Transfer Agent</b>	State Street Bank International GmbH, Luxembourg Branch, acting as registrar and transfer agent of the Company.
<b>Reference Currency</b>	The Reference Currency of a Class as disclosed in the relevant Sub-Fund Particular.
<b>Reference Index</b>	Means the index of securities or other assets whose performance a Sub-Fund will aim to reflect, pursuant to its investment objective and in accordance with its investment policies, as specified in the relevant Sub-Fund Particular. The "Reference Index" could comprise several indices, and references to "Reference Index" shall be read accordingly.
<b>Regulated Market</b>	A regulated market as defined in the Directive 2014/65/EU of 15 May 2014 on markets in financial instruments (Directive 2014/65/EU), namely a market which appears on the list of the regulated markets drawn up by each Member State, which functions regularly, is characterized by the fact that regulations issued or approved by the competent authorities define the conditions for the operation of the market, the conditions for access to the market and the conditions that must be satisfied by a financial instrument before it can effectively be dealt in on the market, requiring compliance with all the reporting and transparency requirements laid down by the Directive 2014/65/EU and any other market which is regulated, operates regularly and is recognised and open to the public in an Eligible State.
<b>RMB</b>	Renminbi, the official currency of the People's Republic of China, is used to denote the Chinese currency traded in the onshore and the offshore markets (primarily in Hong Kong SAR) - to be read as a reference to onshore Renminbi (CNY) and/or offshore Renminbi (CNH) as the context requires. For clarification purposes, all references to RMB in the name of a share Class or in

the Reference Currency and/or Base Currency must be understood as a reference to offshore RMB (CNH).

<b>RQFII</b>	A Renminbi qualified foreign institutional investor under the RQFII Regulations.
<b>RQFII Eligible Securities</b>	Securities and investments permitted to be held or made by a RQFII under the RQFII Regulations.
<b>RQFII Regulations</b>	The laws and regulations governing the establishment and operation of the Renminbi qualified foreign institutional investors regime in the PRC, as may be promulgated and/or amended from time to time.
<b>RESA</b>	<i>Recueil Electronique des Sociétés et Associations.</i>
<b>SAFE</b>	The PRC State Administration of Foreign Exchange.
<b>China A Shares</b>	Renminbi denominated "A" shares in China based companies that trade on PRC Stock Exchanges such as the Shanghai Stock Exchange and the Shenzhen Stock Exchange.
<b>Stock Connect</b>	A securities trading and clearing linked program to achieve mutual stock market access between the PRC Stock Exchanges and Hong Kong Securities Clearing Company Limited and enables the Company to trade eligible China A Shares listed on the relevant PRC Stock Exchanges.
<b>Sub-Fund</b>	A specific portfolio of assets and liabilities within the Company having, among others, its own investment objective, investment restriction and Net Asset Value and represented by one or more Classes.
<b>Sub-Fund Particulars</b>	Part of the Prospectus containing information relating to each Sub-Fund.
<b>Transferable Securities</b>	Shall mean: (a) shares and other securities equivalent to shares, (b) bonds and other debt instruments, (c) any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, excluding techniques and instruments relating to transferable securities and Money Market Instruments.
<b>UCITS</b>	An Undertaking for collective investment in Transferable Securities and other eligible assets authorised pursuant to Directive 2009/65/EC, as amended.

<b>UCITS Directive</b>	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.
<b>UCI</b>	An Undertaking for collective investment.
<b>US Person</b>	A citizen or resident of the United States of America, a partnership organised or existing under the laws of any state, territory or possession of the United States of America, or a corporation organised under the laws of the United States of America or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which from sources outside the United States of America is not includable in gross income for the purpose of computing United States income tax payable by it.
<b>USD</b>	The official currency of the United States of America (United States Dollar).
<b>Valuation Day</b>	Any Business Day on which the Net Asset Value is calculated as detailed for each Sub-Fund, in the relevant Sub-Fund Particular.

## GENERAL PART

### 1. STRUCTURE OF THE COMPANY

The Company is an umbrella investment company with variable capital (*société d'investissement à capital variable*) incorporated under the form of a *société anonyme* in the Grand Duchy of Luxembourg. It qualifies as an undertaking for collective investment in transferable securities ("UCITS") under Part I of the 2010 Law. As an umbrella structure, the Company may operate separate Sub-Funds, each being distinguished among others by their specific investment policy or any other specific feature as further detailed in the relevant Sub-Fund Particular. Within each Sub-Fund, different Classes with characteristics detailed in the relevant Sub-Fund Particular may be issued.

The Company constitutes a single legal entity, but the assets of each Sub-Fund are segregated from those of the other Sub-Fund(s) in accordance with the provisions of article 181 of the 2010 Law. This means that the assets of each Sub-Fund shall be invested for the shareholders of the corresponding Sub-Fund and that the assets of a specific Sub-Fund are solely accountable for the liabilities, commitments and obligations of that Sub-Fund.

The Board of Directors may at any time resolve to set up new Sub-Fund(s) and/or create within each Sub-Fund one or more Classes. The Board of Directors may also at any time resolve to close a Sub-Fund, or one or more Classes within a Sub-Fund, to further subscriptions.

The Company was incorporated for an unlimited period in Luxembourg on 21 June 2016. The capital of the Company shall be equal at all times to its net assets. The minimum capital of the Company shall be the minimum prescribed by the 2010 Law, which at the date of this Prospectus is the equivalent of EUR 1,250,000.

The Company was incorporated with an initial capital of RMB 240,000, divided into 2,400 fully paid up shares.

The Company is registered with the *Registre de Commerce et des Sociétés, Luxembourg* (Luxembourg register of commerce and companies) under number B.207135. The Articles of Incorporation are deposited with the *Registre de Commerce et des Sociétés, Luxembourg* and thereafter published in the RESA on 30 June 2016.

The reference currency of the Company is CNH and all the financial statements of the Company will be prepared in accordance with Luxembourg generally accepted accounting principles ("Luxembourg GAAP") and presented in CNH.

### 2. INVESTMENT OBJECTIVES AND POLICIES OF THE COMPANY AND THE SUB-FUNDS

The Company seeks to provide a range of Sub-Fund(s) with the purpose of spreading investment risk and satisfying the requirements of investors seeking to gain capital growth as detailed for each Sub-Fund in the relevant Sub-Fund Particular.

The investment objective of a Sub-Fund is to provide the investors, via various investment techniques, with a return as determined in the relevant Sub-Fund Particular linked to the Reference Index.

The value of the Sub-Fund's shares is linked to the Reference Index, the performance of which may rise or fall. Hence, investors should note that the value of their investment could fall as well as rise and they should accept that there is no guarantee that they will recover their initial investment.

In pursuing the investment objectives of the Sub-Funds, the Directors at all times seek to maintain an appropriate level of liquidity in the assets of the relevant Sub-Fund so that redemptions of shares under normal circumstances may be made without undue delay upon request by the shareholders.

Whilst using their best endeavours to attain the investment objectives, the Directors cannot guarantee the extent to which these objectives will be achieved. The value of the shares and the income from them can fall as well as rise and investors may not realise the value of their initial investment. Changes in the rates of exchange between currencies may also cause the value of the shares to diminish or to increase.

### ***Tracking error***

The Sub-Funds are subject to tracking error risks which may result in the value and performance of the shares not tracking exactly the value and performance of the corresponding Reference Index.

The tracking error is defined as the volatility (as measured by the standard deviation) of the difference between the return of the Sub-Fund and the return of its Reference Index, over a given period of time (the "Tracking Error"). It should be differentiated from the tracking difference, which is simply the difference between the return of the Sub-Fund and the return of its Reference Index, over a given period of time (the "Tracking Difference").

The Tracking Difference indicates the extent to which a Sub-Fund has outperformed or underperformed its Reference Index. In contrast, the Tracking Error measures how consistently the Sub-Fund return matches its Reference Index.

Hence, while the Tracking Difference shows how a Sub-Fund's performance compares with that of its Reference Index over a given period of time, the Tracking Error indicates the consistency of the difference of return during this same period of time.

The anticipated level of Tracking Error, in normal market conditions, will be disclosed for each Sub-Fund in the Sub-Fund Particular. Investors' attention is drawn to the fact that these figures are only estimates of the Tracking Error level in normal market conditions and should not be understood as strict limits.

### **3. RISK MANAGEMENT PROCESS**

The Management Company, on behalf of the Company will 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 each Sub-Fund. The Management Company, on behalf of the Company will

employment, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

Upon request of an investor, the Management Company will provide supplementary information relating to the quantitative limits that apply in the risk management of each Sub-Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments.

#### **4. RISK CONSIDERATIONS**

**Investment in any Sub-Fund carries with it a degree of risk, including, but not limited to, those referred to below. Potential investors should read the Prospectus in its entirety, read the relevant Key Investor Information Document and consult with their legal, tax and financial advisors prior to making a decision to invest.**

**There can be no assurance that the Sub-Fund(s) of the Company will achieve their investment objectives and past performance should not be seen as a guide to future returns. An investment may also be affected by any changes in exchange control regulation, tax laws, withholding taxes and economic or monetary policies.**

##### ***Market risk***

The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company. In particular, the value of investments in securities may be affected by uncertainties such as international, political and economic and general financial market developments or changes in government policies, especially in countries where the investments are based.

##### ***Foreign exchange risk***

Because a Sub-Fund's assets and liabilities may be denominated in currencies different to the Base Currency or to the reference currency of the relevant Class, the Sub-Fund / relevant Class may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the Base Currency (or reference currency of the relevant Class) and other currencies. Changes in currency exchange rates may influence the value of a Sub-Fund's / Class' shares, the dividends or interest earned and the gains and losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

If the currency in which a security is denominated appreciates against the Base Currency (or the reference currency of the relevant Class) the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

A Sub-Fund / Class may engage in foreign currency transactions in order to hedge against currency exchange risk however there is no guarantee that hedging or protection will be achieved. This strategy

may also limit the Sub-Fund / Class from benefiting from the performance of a Sub-Fund's / Class' securities if the currency in which the securities held by the Sub-Fund / Class are denominated rises against the Base Currency (or reference currency of the relevant Class). In case of a hedged Class (denominated in a currency different from the Base Currency), this risk applies systematically.

### ***Liquidity risk***

A Sub-Fund is exposed to the risk that a particular investment position or collateral cannot be easily unwound or offset due to insufficient market depth or market disruption. A Sub-Fund's investment in securities that become illiquid as a result of market movements may reduce the returns of the Sub-Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Investments in foreign securities, derivatives or securities with substantial market and/or credit risk (such as but not limited to high yield and high risk bonds) tend to have the greatest exposure to liquidity risk. Illiquid securities may be highly volatile and difficult to value.

The Management Company operates a risk management process effective on a daily basis in identifying, measuring, monitoring and controlling the liquidity risk for all assets classes including, but not limited to financial derivative instruments.

### ***Interest rate risk***

A Sub-Fund that has exposure to bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

### ***Credit risk***

A Sub-Fund which has exposure to bonds and other fixed income securities is subject to the risk that issuers may not make payments on such securities. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Sub-Fund(s) investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

### ***Downgrading Risk***

Investment Grade bonds may be subject to the risk of being downgraded to non-Investment Grade bonds. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, the Sub-Fund's investment value in such security may be adversely affected. The Management Company or the relevant Investment Manager may or may not dispose of the securities, subject to the investment objective of the Sub-Fund. If downgrading occurs, the non-Investment Grade debt risk outlined in the paragraph below will apply.

### ***Volatility of financial derivative instruments***

The price of a financial derivative instrument can be very volatile. This is because a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price of the financial derivative instrument. Investment in financial derivative instruments may result in losses in excess of the amount invested.

### ***Futures and options***

Under certain conditions, the Company may use options and futures on securities, indices and interest rates for different purposes (i.e. hedging and efficient portfolio management). Also, where appropriate, the Company may hedge market and currency risks using futures, options or forward foreign exchange contracts.

Transactions in futures 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.

Transactions in options also carry a high degree of risk. 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.

### ***OTC financial derivative transactions***

In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies are generally traded) than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with OTC financial derivative transactions. Therefore, a Sub-Fund entering into OTC financial derivative transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Sub-Fund will sustain losses. The Company will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of the measures the Company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that a Sub-Fund will not sustain losses as a result.

From time to time, the counterparties with which the Company effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Company might be unable to enter into a desired transaction in currencies, credit default swaps or total return swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange traded instruments, forward, spot and option contracts on currencies do not provide the Management Company or the relevant Investment Manager with the possibility to offset the Company's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Company may be required, and must be able, to perform its obligations under the contracts.

EU Regulation 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation or EMIR) requires certain eligible OTC derivatives to be submitted for clearing to regulated central clearing counterparties ("CCPs") and the reporting of certain details to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational, credit and counterparty risk to increase transparency in the OTC derivatives markets. Ultimately, these requirements are likely to include the exchange and segregation of collateral by the parties, including by the Company.

While some of the obligations under EMIR have come into force, a number of the requirements are under amendment and certain key issues have not been finalised by the date of this Prospectus. It is as yet unclear how the OTC derivatives market will adapt to the new regulatory regime and whether, when and in what form such amendments would take effect. Accordingly, it is difficult to predict the full impact of EMIR on the Company, which may include an increase in the overall costs of entering into and maintaining OTC derivatives.

Investors should be aware that the regulatory changes arising from EMIR and other applicable laws requiring central clearing of OTC derivatives may in due course adversely affect the ability of Sub-Fund to adhere to its investment policies and achieve its investment objective. At the time of drafting this Prospectus, there is no legal obligation for the Company to mandatorily have its OTC derivatives cleared through a central clearing counterparty and the Investment Manager intends to mitigate counterparty risk through a rigorous selection and monitoring of counterparties, and the application of stringent haircuts on any collaterals received. Counterparty risk and collateral percentages will be monitored by the Management Company in accordance with applicable laws and regulations.

### ***Risk of Swap Transactions***

In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realised on particular pre-determined investments or instruments.

Swaps contracts can be individually traded and structured to include exposure to different types of investments or market factors. Depending on their structure, these swap operations can increase or decrease the exposure of a Sub-Fund to strategies, shares, short- or long-term interest rates, foreign currency values, borrowing rates or other factors. Swaps can be of different forms, and are known under different names; they can increase or decrease the overall volatility of a Sub-Fund, depending on how they are used. The main factor that determines the performance of a swap contract is the movement in

the price of the underlying investment, specific interest rates, currencies and other factors used to calculate the payment due by and to the counterparty. If a swap contract requires payment by a Sub-Fund, the latter must at all times be able to honour said payment. Moreover, if the counterparty loses its creditworthiness, the value of the swap contract entered into with this counterparty can be expected to fall, entailing potential losses for a Sub-Fund.

Swap transactions are subject to the risk that the swap counterparty may default on its obligations. If such a default were to occur the Sub-Funds would, however, have contractual remedies pursuant to the relevant OTC swap transaction. Investors should be aware that such remedies may be subject to bankruptcy and insolvency laws which could affect a Sub-Fund's rights as a creditor and as a result a Sub-Fund may for example not receive the net amount of payments that it contractually is entitled to receive on termination of the OTC swap transaction where the swap counterparty is insolvent or otherwise unable to pay the amount due. The net counterparty risk exposure each Sub-Fund may have with respect to a single swap counterparty, expressed as a percentage (the "Percentage Exposure") (i) is calculated by reference to this Sub-Fund's Net Asset Value, (ii) may take into account certain mitigating techniques (such as remittance of collateral) and (iii) cannot exceed 5 % or 10 % depending on the status of the swap counterparty, in accordance with and pursuant to the applicable regulations (please refer to Appendix 1 for more details on the maximum Percentage Exposure. Investors should nevertheless be aware that the actual loss suffered as a result of the swap counterparty's default may exceed the amount equal to the product of the Percentage Exposure multiplied by the Net Asset Value, even where arrangements have been taken to reduce the Percentage Exposure to nil. As a matter of illustration, there is a risk that the realised value of collateral received by a Sub-Fund may prove less than the value of the same collateral which was taken into account as an element to calculate the Percentage Exposure, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral or the illiquidity of the market in which the collateral is traded. Any potential investor should therefore understand and evaluate the swap counterparty credit risk prior to making any investment.

### ***Securities lending and repurchase transactions***

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

In relation to securities lending transactions, investors must notably be aware that (A) if the borrower of securities lent by a Sub-Fund fail to return these there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market

in which the collateral is traded; that (B) in case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of a Sub-Fund, or (iii) yield a sum less than the amount of collateral to be returned; and that (C) delays in the return of securities on loans may restrict the ability of a Sub-Fund to meet delivery obligations under security sales.

When a Sub-Fund reinvests cash collateral it receives, the assets in which the cash collateral is reinvested are subject to the same risks (market risks, interest rates risks etc...) as if they were directly held in the portfolio. As a consequence, there is a risk that the value on return of the reinvested cash collateral may not be sufficient to cover the amount required to be repaid to the counterparty. In this circumstance the Sub-Fund would be required to cover the shortfall.

### ***Counterparty risk***

The Company on behalf of a Sub-Fund may enter into transactions in over-the-counter markets, which will expose the Sub-Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts.

For example, the Company on behalf of the Sub-Fund may enter into repurchase agreements, forward contracts, options and swap arrangements or other derivative techniques, each of which expose the Sub-Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Fund 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 realise 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. In such circumstances, investors may be unable to cover any losses incurred. Derivative contracts such as swap contracts entered into by the Company on behalf of a Sub-Fund involve credit risk that could result in a loss of the Sub-Fund's entire investment as the Sub-Fund may be fully exposed to the credit worthiness of a single approved counterparty where such an exposure will be collateralised.

Certain markets in which the Sub-Funds may effect their transactions are over-the-counter or interdealer markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. To the extent a Sub-Fund invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, such Sub-Fund may take credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections. This exposes the Sub-Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether

or not bona fide) or because of a credit or liquidity problem, thus causing the Sub-Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Company has concentrated its transactions with a single or small group of counterparties. In addition, in the case of a default, the respective Sub-Fund could become subject to adverse market movements while replacement transactions are executed. The Sub-Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, the Sub-Funds have no internal credit function which evaluates the creditworthiness of their counterparties. The ability of the Sub-Funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a Regulated Market to facilitate settlement may increase the potential for losses by the Sub-Funds.

### ***Depository Risk***

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

### ***Operational Risk***

The Company's operations (including investment management, distribution and collateral management) are carried out by several service providers. The Company and/or the Management Company follow a due diligence process in selecting service providers; nevertheless operational risk can occur and have a negative effect on the Company's operations, and it can manifest itself in various ways, including business interruption, poor performance, information systems malfunctions or failures, regulatory or contractual breaches, human error, negligent execution, employee misconduct, fraud or other criminal acts. In the event of a bankruptcy or insolvency of a service provider, investors could experience delays (for example, delays in the processing of subscriptions, conversions and redemption of shares) or other disruptions.

### ***Effect of substantial withdrawals***

Substantial withdrawals by shareholders within a short period of time could require the liquidation of positions more rapidly than would otherwise be desirable, which could adversely affect the value of the assets of the Company. The resulting reduction in the assets of the Company could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base.

### ***Political risks***

The value of the Company's assets may be affected by uncertainties such as political developments, changes in government policies, taxation, currency repatriation restrictions and restrictions on foreign investment in some of the countries in which the Company may invest.

### ***General economic conditions***

The success of any investment activity is influenced by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the markets for both equity and interest rate sensitive securities. Unexpected volatility or illiquidity in the markets in which the Company directly or indirectly holds positions could impair the ability of the Company to carry out its business and could cause it to incur losses.

### ***Small Cap Risk***

Securities of small cap companies tend to be traded less frequently and in smaller volumes than those of large cap companies. As a result, the prices of shares of small cap companies tend to be less stable than those of large cap companies. Their value may rise and fall more sharply than other securities, and they may be more difficult to buy and sell.

### ***Specialization Risk***

Some Sub-Funds specialize by investing in a particular sector of the economy or part of the world or by using a specific investment style or approach. Specialization allows a Sub-Fund to focus on a specific investment approach, which can boost returns if the particular sector, country or investment style is in favour. However, if the particular sector, country or investment style is out of favour, the value of the Sub-Fund may underperform relative to less specialized investments. Sub-Funds that specialize tend to be less diversified, but may add diversification benefits to portfolios that do not otherwise have exposure to this specialization.

### ***Large Shareholder Risk***

Shares may be purchased or redeemed by investors holding a large portion of the issued and outstanding Shares of a Sub-Fund ("large shareholders"). If a large shareholder redeems all or a portion of its investment in the Sub-Fund, the Sub-Fund may have to incur transaction costs in the process of making the redemption. Conversely, if a large shareholder makes a significant purchase in the Sub-Fund, the Sub-Fund may have to hold a relatively large position in cash for a period of time while the Investment Manager finds suitable investments. This may negatively impact the performance of the Sub-Fund.

### ***Natural disasters and pandemic risks***

Natural or environmental disasters (such as earthquakes, fires, floods, hurricanes, tsunamis, and other severe weather-related phenomena generally) and widespread disease (including pandemics and epidemics) have been and can be highly disruptive to economies and markets. They can adversely

impact individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of a Sub-Fund's investments. Given the increasing interdependence among global economies and markets, conditions in one country, market, or region are increasingly likely to adversely affect markets, issuers, and/or foreign exchange rates in other countries. These disruptions could prevent the Sub-Funds from executing advantageous investment decisions in a timely manner and could negatively impact the Sub-Funds' ability to achieve their respective investment objectives. Any such event(s) could have a significant adverse impact on the value and risk profile of the relevant Sub-Fund.

## **5. SHARES**

The Board of Directors may, within each Sub-Fund, decide to create different Classes of shares whose assets will be commonly invested pursuant to the specific investment policy of the relevant Sub-Fund, but where a specific fee structure, hedging strategy, reference currency, distribution policy or other specific features may apply to each Class. A separate Net Asset Value per share, which may differ as a consequence of these variable factors, will be calculated for each Class. The offering details of each Sub-Fund, including the name and characteristics of the different Classes created in each Sub-Fund are disclosed in the relevant Sub-Fund Particular. The Board of Directors may at any time decide to issue further Classes of shares in each Sub-Fund, in which case the relevant Sub-Fund Particular will be amended accordingly.

For each Sub-Fund, separate currency hedged Classes may be issued as detailed in the relevant Sub-Fund Particular. Any fees relating to the hedging strategy (including any fees of the Administration Agent relating to the execution of the hedging policy) will be borne by the relevant Class. Any gains or losses from the currency hedging shall accrue to the relevant hedged Class.

Fractions of shares will not be issued.

All shares must be fully paid-up; they are of no nominal value and carry no preferential or pre-emptive rights. Each share of the Company, irrespective of its Sub-Fund, is entitled to one vote at any general meeting of shareholders, in compliance with Luxembourg law and the Articles of Incorporation. The Company will recognise only one holder in respect of each share. In the event of joint ownership, the Company may suspend the exercise of any voting right deriving from the relevant share(s) until one person shall have been designated to represent the joint owners *vis-à-vis* the Company.

Shares will in principle be freely transferable to investors complying with the eligibility criteria of the relevant Class and provided that shares are neither acquired nor held by or on behalf of any person in breach of the law or requirements of any country or governmental or regulatory authority, or which might have adverse taxation or other pecuniary consequences for the Company, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority. The Directors may in this connection require a shareholder to provide such information as they may consider necessary to establish whether he is the beneficial owner of the shares which he holds.

## **6. GLOBAL CLEARING AND SETTLEMENT, INTERNATIONAL CENTRAL SECURITIES DEPOSITARY AND COMMON DEPOSITARY**

### ***International Central Securities Depositary***

The Company will apply for admission for clearing and settlement of certain shares through the applicable International Central Securities Depositary. The International Central Securities Depositary for the Company currently is Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, Société Anonyme, Luxembourg ("Clearstream").

A Global Share Certificate representing the shares concerned will be deposited with the Common Depositary and registered in the name of the Common Depositary's Nominee (being the registered legal holder of the shares concerned) of the Company, as nominated by the Common Depositary on behalf of Euroclear and Clearstream and accepted for clearing through Euroclear and Clearstream.

Interests in the shares represented by the Global Share Certificate will be transferable in accordance with applicable laws and any rules and procedures issued by the International Central Securities Depositary.

Legal title to the shares concerned of the Company will be held by the Common Depositary's Nominee. A purchaser of interests in the shares concerned will not be a registered shareholder in the Company, but will hold an indirect beneficial interest in such shares and the rights of such investors, where Participants, shall be governed by their agreement with their International Central Securities Depositary and otherwise by the arrangement with their nominee, broker or Central Securities Depositary, as appropriate. All references herein to actions by holders of the Global Share Certificate will refer to actions taken by the Common Depositary's Nominee as registered shareholder following instructions from the applicable International Central Securities Depositary upon receipt of instructions from its Participants.

All references herein to distributions, notices, reports, and statements to such shareholder, shall be distributed to the Participants in accordance with such applicable International Central Securities Depositary's procedures.

Each Participant must look solely to its International Central Securities Depositary for documentary evidence as to the amount of its interests in any shares. Any certificate or other document issued by the relevant International Central Securities Depositary, as to the amount of interests in such shares standing to the account of any person shall be conclusive and binding as accurately representing such records.

Each Participant must look solely to its International Central Securities Depositary for such Participant's share of each payment or distribution made by the Company to or on the instructions of the Common Depositary's Nominee and in relation to all other rights arising under the Global Share Certificate. The extent to which, and the manner in which, Participants may exercise any rights arising under the Global Share Certificate will be determined by the respective rules and procedures of their International Central Securities Depositary. Participants shall have no claim directly against the Company, the Paying Agent or any other person (other than their International Central Securities

Depository) in respect of payments or distributions due under the Global Share Certificate which are made by the Company to or on the instructions of the Common Depository's Nominee and such obligations of the Company shall be discharged thereby. The International Central Securities Depository shall have no claim directly against the Company, Paying Agent or any other person (other than the Common Depository).

The Company or its duly authorised agent may from time to time require investors to provide them with information relating to: (a) the capacity in which they hold an interest in shares; (b) the identity of any other person or persons then or previously interested in such shares; (c) the nature of any such interests; and (d) any other matter where disclosure of such matter is required to enable compliance by the Company with applicable laws or the constitutional documents of the Company.

The Company or its duly authorised agent may from time to time request the applicable International Central Securities Depository to provide the Company with following details: ISIN, ICSD participant name, ICSD participant type – Sub-Fund/Bank/Individual, Residence of ICSD Participant, number of shares of the Participant within Euroclear and Clearstream, as appropriate, that hold an interest in shares and the number of such interests in the shares held by each such Participant. Euroclear and Clearstream, Participants which are holders of interests in shares or intermediaries acting on behalf of such account holders will provide such information upon request of the ICSD or its duly authorised agent and have authorised pursuant to the respective rules and procedures of Euroclear and Clearstream, to disclose such information to the Company of the interest in shares or to its duly authorised agent.

Investors may be required to provide promptly any information as required and requested by the Company or its duly authorised agent, and agree to the applicable International Central Securities Depository providing the identity of such Participant or investor to the Company upon their request.

Notices of general meetings and associated documentation will be issued by the Company to the registered holder of the Global Share Certificate, the Common Depository's Nominee. Each Participant must look solely to its International Central Securities Depository and the rules and procedures for the time being of the relevant International Central Securities Depository governing delivery of such notices and exercising voting rights. For investors, other than Participants, delivery of notices and exercising voting rights shall be governed by the arrangements with an Participant of the International Central Securities Depository (for example, their nominee, broker or Central Securities Depositories, as appropriate).

#### ***Inaction by the Common Depository and/or an International Central Securities Depository***

Investors that settle or clear through an International Central Securities Depository will not be a registered shareholder in the Company, they will hold an indirect beneficial interest in such shares and the rights of such investors, where Participants, shall be governed by their agreement with the applicable International Central Securities Depository and otherwise by the arrangement with a Participant of the International Central Securities Depository (for example, their nominee, broker or Central Securities Depositories, as appropriate). The Company will issue any notices and associated documentation to the registered holder of the Global Share Certificate, the Common Depository's Nominee, with such notice

as is given by the Company in the ordinary course when convening general meetings. The Directors understand that the Common Depositary's Nominee has a contractual obligation to relay any such notices received by the Common Depositary's Nominee to the applicable International Central Securities Depository, pursuant to the terms of its appointment by the relevant International Central Securities Depository. The applicable International Central Securities Depository will in turn relay notices received from the Common Depositary to its Participants in accordance with its rules and procedures. The Directors understand that the Common Depositary is contractually bound to collate all votes received from the applicable International Central Securities Depositories (which reflects votes received by the applicable International Central Securities Depository from Participants) and that the Common Depositary's Nominee should vote in accordance with such instructions. The Company has no power to ensure the Common Depositary relays notices of votes in accordance with their instructions. The Company cannot accept voting instructions from any persons, other than the Common Depositary's Nominee.

#### ***Payments through International Central Securities Depository***

Upon instruction of the Common Depositary's Nominee, redemption proceeds and any dividends declared are paid by the Company or its authorised agent to the applicable International Central Securities Depository. Investors, where Participants, must look solely to the applicable International Central Securities Depository for their redemption proceeds or their share of each dividend payment made by the Company or otherwise to the relevant Participant of the International Central Securities Depository (including, without limitation, their nominee, broker or Central Securities Depository, as appropriate) for any redemption proceeds or any share of each dividend payment made by the Company that relates to their investment.

Investors shall have no claim directly against the Company in respect of redemption proceeds or dividend payments due on shares represented by the Global Share Certificate and the obligations of the Company will be discharged by payment to the applicable International Central Securities Depository upon the instruction of the Common Depositary's Nominee.

#### ***Failure to Settle through International Central Securities Depository***

If an Authorised Participant submits a dealing request and subsequently fails or is unable to settle and complete the dealing request, as the Authorised Participant is not a registered shareholder of the Company, the Company will have no recourse to the Authorised Participant other than its contractual right to recover such costs. In the event that no recovery can be made from the Authorised Participant and any costs incurred as a result of the failure to settle will be borne by the relevant Sub-Fund and its investors.

### **7. SUBSCRIPTIONS OF SHARES (PRIMARY MARKET)**

Shares can be bought and sold on either the primary market or secondary market.

## ***The Primary Market***

The primary market is the market on which shares are issued by the Company to Authorised Participants or redeemed by the Company from Authorised Participants.

The Company has entered into agreements with the Authorised Participants, determining the conditions under which the Authorised Participants may subscribe for and redeem Shares. Authorised Participants must comply with FATCA requirements and qualify as (i) exempt beneficial owners, (ii) active non-financial foreign entities, (iii) U.S. persons who do not qualify as specified U.S. persons or (iv) financial institutions that do not qualify as non-participating financial institutions. These terms shall have the meaning ascribed to them by the FATCA Law and Luxembourg IGA.

### **7.1. Application**

Authorised Participants buying shares for the first time need to complete the Application Form which can be sent first by fax along with the relevant anti-money laundering and know your customer ("AML&KYC") documentation (refer also to section 7.4) to the Registrar and Transfer Agent. The original Application Form and AML&KYC documentation has to be sent without delay to the Registrar and Transfer Agent by post. Unless otherwise stated for a specific Sub-Fund in the relevant Sub-Fund Particular, any subsequent purchase of shares can be made by Swift, fax or any other form of transmission previously agreed upon between the applicant and the Registrar and Transfer Agent. The Common Depository's Nominee which may act as the registered holder of certain shares, may not apply to become an Authorised Participant.

### **7.2. Dealing cut-off times**

The dealing cut-off times are indicated in the relevant Sub-Fund Particular.

Applications and subsequent deals received after the relevant cut-off times will normally be dealt on the next applicable Valuation Day.

### **7.3. Acceptance**

The right is reserved by the Company, represented by its Directors, to reject any subscription or conversion application in whole or in part without giving the reasons thereof. If an application is rejected, the application monies or balance thereof will be returned at the risk of the applicant and without interest as soon as practicable.

### **7.4. Anti-money laundering and prevention of terrorist financing**

In accordance with international regulations and Luxembourg laws and regulations (including, but not limited to, the amended Law of 12 November 2004 on the fight against money laundering and financing of terrorism), and any respective amendments or replacements, obligations have been imposed on professionals of the financial sector to prevent the use of undertakings for collective investment such as the Company for money laundering and terrorist financing purposes.

As a result of such provisions, the registrar and transfer agent of a Luxembourg undertaking for collective investment must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Registrar and Transfer Agent may require the Authorised Participants to provide any AML&KYC document it deems necessary to effect such identification. In addition, the Register and Transfer Agent, as delegate of the Company, may require any other information that the Company may require in order to comply with its legal and regulatory obligations, including but not limited to FATCA and the CRS Law.

In case of delay or failure by an applicant to provide the documents required, the application for subscription (or, if applicable, for redemption, transfer, etc.) will not be accepted. Neither Company nor the Registrar and Transfer Agent have any liability for delays or failure to process deals as a result of the Authorised Participant providing no or only incomplete documentation.

Shareholders may be requested to provide additional or updated identification documents from time to time pursuant to on-going client due diligence requirements under relevant laws and regulations.

The list of identification documents to be provided by Authorised Participant to the Registrar and Transfer Agent will be based on the AML & KYC requirements as stipulated in the CSSF's circulars and regulations as amended from time to time. These requirements may be amended following any new Luxembourg regulations.

The Authorised Participants may be asked to produce additional documents for verification of their identity before acceptance of their applications or other instructions. In case of refusal by the Authorised Participant to provide the documents required, the application will not be accepted.

Before redemption proceeds are released, the Registrar and Transfer Agent could require original documents or certified copies of original documents to comply with the Luxembourg regulations.

## **7.5. Luxembourg Register of Beneficial Owners**

The Luxembourg Law of 13 January 2019 creating a Register of Beneficial Owners (the "RBO Law") entered into force on the 1 March 2019. The RBO Law requires all companies registered on the *Registre de Commerce et des Sociétés* of Luxembourg, including the Company, to obtain and hold information on their beneficial owners ("Beneficial Owners") at their registered office. The Company must register Beneficial Owner-related information with the Luxembourg Register of Beneficial Owners, which is established under the authority of the Luxembourg Ministry of Justice.

The RBO Law broadly defines a Beneficial Owner, in the case of corporate entities such as the Company, as any natural person(s) who ultimately owns or controls the Company through direct or indirect ownership of a sufficient percentage of the shares or voting rights or ownership interest in the Company, including through bearer shareholders, or through control via other means, other than a company listed on a Regulated Market that is subject to disclosure requirements consistent with EU law or subject to equivalent international standards which ensure adequate transparency of ownership information.

A shareholding of 25% plus one share or an ownership interest of more than 25% in the Company held by a natural person shall be an indication of direct ownership. A shareholding of 25% plus one share or an ownership interest of more than 25% in the Company held by a corporate entity, which is under the control of a natural person(s), or by multiple corporate entities, which are under the control of the same natural person(s), shall be an indication of indirect ownership.

In case the aforementioned Beneficial Owner criteria are fulfilled by an investor with regard to the Company, this investor is obliged by law to inform the Company in due course and to provide the required supporting documentation and information which is necessary for the Company to fulfill its obligation under the RBO Law. Failure by the Company and the relevant Beneficial Owners to comply with their respective obligations deriving from the RBO Law will be subject to criminal fines. Should an investor be unable to verify whether they qualify as a Beneficial Owner, the investor may approach the Company for clarification.

## **7.6. Settlement**

### *IN CASH*

Subscription proceeds will in principle be paid in the reference currency of the relevant Class specified in the relevant Sub-Fund Particular within the timeframe provided for in the relevant Sub-Fund Particular (settlement date). The Board of Directors may also accept payment in any other freely convertible currency specified by the applicant. In that case, any currency conversion cost shall be borne by the applicant.

Settlement may be made by electronic transfer net of bank charges to the relevant correspondent bank(s) quoting the applicant's name and stating the appropriate Sub-Fund / Class into which settlement monies are paid.

If, on the settlement date, banks are not open for business in the country of the currency of settlement, then settlement date will be on the next Business Day on which those banks are open. Payment should arrive in the Register and Transfer Agent's appropriate bank account, as specified in the Application Form by the settlement date at the latest as specified in the relevant Sub-Fund Particular and subject to the foregoing. If timely settlement is not made, an application may lapse and be cancelled at the cost of the applicant or his/her financial intermediary. Failure to make good settlement by the settlement date may result in the Company bringing an action against the defaulting investor or his/her financial intermediary or deducting any costs or losses incurred by the Company or Management Company against any existing holding of the applicant in the Company.

All applications are at the Authorised Participant's own risk. Application Forms and other dealing requests, as described in section 7.1. "Application", once accepted, shall (save as determined by the Management Company) be irrevocable. The Company, the Management Company and the Registrar and Transfer Agent shall not be responsible for any losses arising in the transmission of Application Forms or for any losses arising in the transmission of any dealing request through the electronic order entry facility.

## *IN KIND*

The Directors may, at their discretion, decide to accept securities as valid consideration for a subscription provided that these comply with the investment policy and restrictions of the relevant Sub-Fund. A special report of the Company's Luxembourg Auditors will be issued. Additional costs resulting from a subscription in kind (including the costs of the Auditors' report) will be borne exclusively by the subscriber concerned, unless the Board of Directors considers that the subscription in kind is in the best interests of the Company or made to protect the interests of the Company, in which case such costs may be borne in all or in part by the Company.

### **7.7. Share allocation**

If a different settlement is accepted for any Sub-Fund as set forth in the relevant Sub-Fund Particular, shares are provisionally allotted but not allocated until settlement has been received by the Company or to its order. Payment for subscribed shares must be received by the Company or by a correspondent bank to its order, not later than the deadlines set forth in the relevant Sub-Fund Particular.

If settlement is not received by the Company or to its order by the due date, the Company reserves the right to cancel the provisional allotment of shares without prejudice to the right of the Company to obtain compensation of any loss directly or indirectly resulting from the failure of an applicant to effect settlement.

### **7.8. Contract notes**

Contract notes which are no proofs of ownership are provided to the investor as soon as practicable after the allotment of shares.

### **7.9. Form of shares**

Shares are only issued in registered form and ownership of shares will be evidenced by entry in the Register. No temporary documents of title or share certificates will be issued, other than the Global Share Certificate required for the International Central Securities Depository.

## **8. HOW TO SELL SHARES IN THE PRIMARY MARKET**

The terms and conditions applying to the redemption of the shares of the Company are detailed, for each Sub-Fund, in the relevant Sub-Fund Particular.

### **8.1. Request**

Redemption requests should be made directly to the Registrar and Transfer Agent. Such requests may be made by Swift, fax or any other form of transmission previously agreed upon between the Authorised Participant and the Registrar and Transfer Agent.

In compliance with the forward pricing principle, redemption requests received after the applicable cut-off time (as detailed, for each Sub-Fund in the relevant Sub-Fund Particular) will be deferred to the next applicable Valuation Day.

## **8.2. Settlement**

### *IN CASH*

Redemption proceeds, provided the AML & KYC documentation is in order, will in principle be paid in the reference currency of the relevant Class specified in the relevant Sub-Fund Particular within the timeframe provided for in the relevant Sub-Fund Particular. The Board of Directors may also agree to satisfy the payment of redemption proceeds in any other freely convertible currency specified by the Authorised Participant. In that case, any currency conversion cost shall be borne by the Authorised Participant and the payment of the redemption proceeds will be carried out at the risk of the Authorised Participant.

If, on the settlement date, banks are not open for business in the country of the currency of settlement currency of the relevant Class, then settlement will be on the next Business Day on which those banks are open.

### *IN KIND*

At a shareholder's request, provided the AML & KYC documentation is in order, the Company may elect to make a redemption in kind subject to a special report from the Company's Luxembourg Auditors, having due regard to the interests of all shareholders, to the industry sector of the issuer, to the country of issue, to the liquidity and to the marketability and the markets on which the investments distributed are dealt in and to the materiality of investments. Additional costs resulting from redemption in kind will be borne exclusively by the shareholder concerned, unless the Board of Directors considers that the redemption in kind is in the best interests of the Company or made to protect the interests of the Company, in which case such costs may be borne in all or in part by the Company.

## **8.3. Contract notes**

Contract notes are sent to shareholders as soon as practicable after the transaction has been allotted.

## **8.4. Compulsory redemption**

If a redemption/conversion instruction would reduce the value of a shareholder's residual holding in any one Sub-Fund or Class to below the minimum holding requirement as set forth (the case being) in the relevant Sub-Fund Particular, the Company may decide to compulsorily redeem the shareholder's entire holding in respect of that Sub-Fund.

The Company may also compulsorily redeem any shares that are acquired or held by or on behalf of any person in breach of the law or requirements of any country or governmental or regulatory authority, or which might have adverse taxation or other pecuniary consequences for the Company, including a

requirement to register under any securities or investment or similar laws or requirements of any country or authority, or by any persons due to which the Company fails to comply with FATCA, as further detailed in the Articles of Incorporation.

If it appears at any time that a holder of shares of a Class or of a Sub-Fund reserved to Institutional Investors (in the meaning of Article 174 of the 2010 Law) is not an Institutional Investor, the Board of Directors will convert the relevant shares into shares of a Class or of a Sub-Fund which is not restricted to Institutional Investors (provided that there exists such a class of shares or of a Sub-Fund with similar characteristics) or compulsorily redeem the relevant shares in accordance with the provisions set forth in the Articles of Incorporation.

#### **8.5. Deferral of redemption**

In order to ensure that shareholders who remain invested in the Company are not disadvantaged by the reduction of the liquidity of the Company's portfolio as a result of significant redemption applications received over a limited period, the Directors may apply the procedures set out below in order to permit the orderly disposal of securities to meet redemptions.

The Company, having regard to the fair treatment of shareholders, on receiving requests to redeem shares exceeding 10% of the Net Asset Value of any Sub-Fund shall not be bound to redeem on any Business Day a number of shares representing more than 10% of the Net Asset Value of any Sub-Fund. If the Company receives requests on any Business Day for redemption of a greater number of shares, it may declare that such redemptions exceeding the 10% limit may be deferred for such period required to realise sufficient assets to meet redemption requests. Unless otherwise decided by the Board of Directors on the basis of exceptional circumstances, the deferral period should in principle not exceed 15 days. At the end of the deferral period, shares will be redeemed on a "first in first out" basis (provided that the principle of fair treatment of shareholders is complied with, at any time).

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

#### **8.6. Cancellation right**

Requests for redemption once made may in principle only be withdrawn in the event of a suspension or deferral of the right to redeem shares of the relevant Sub-Fund. In exceptional circumstances, the Company may however, in its sole discretion and taking due consideration of the principle of equal treatment between shareholders, the interests of the relevant Sub-Fund and applicable market timing rules, decide to accept any withdrawal of an application for redemption.

#### **8.7. Prevention of market timing practices**

The Company does not knowingly allow investments which are associated with market timing practices as such practices may adversely affect the interests of all shareholders.

In general, market timing refers to the investment behaviour of an individual or company or a group of individuals or companies buying, selling or exchanging shares or other securities on the basis of predetermined market indicators by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value. Market timers may also include individuals or groups of individuals whose securities transactions seem to follow a timing pattern or are characterised by frequent or large exchanges.

The Registrar and Transfer Agent may combine shares which are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can be deemed to be involved in market timing practices. Accordingly, the Board of Directors reserves the right to cause the Registrar and Transfer Agent to reject any application for conversion and/or subscription of shares from applicants whom the former considers market timers.

In addition to the fees listed elsewhere in this Prospectus, the Board of Directors may impose a charge of up to 2 % of the Net Asset value of the shares redeemed or exchanged where the Board of Directors reasonably believes that an investor has engaged in market timing activity or active trading that is to the disadvantage of other shareholders. The charge shall be credited to the relevant Sub-Fund.

## **9. HOW TO CONVERT SHARES**

Unless otherwise stated in the relevant Sub-Fund Particular, shareholders will not be entitled to convert within a given class of shares or Sub-Fund all or part of their shares into shares relating to other Sub-Funds or Classes of shares.

If conversions are allowed, the details of how the conversion will be processed will be set out in the relevant Sub-Fund Particular.

## **10. THE SECONDARY MARKET**

### ***Listing on a Stock Exchange***

Unless otherwise specified in the relevant Sub-Fund Particular, it is the intention of the Company for each of its Sub-Funds, through having its shares listed on one or more relevant stock exchanges, to qualify as an exchange traded fund ("ETF"). As part of those listings there is an obligation on one or more members of the relevant stock exchange to act as market makers offering prices at which the shares can be purchased or sold by investors. The spread between those purchase and sale prices may be monitored and regulated by the relevant stock exchange authority.

Unless otherwise stated in the relevant Sub-Fund Particular, it is contemplated that application will be made to list the shares of each Sub-Fund on one or more of the relevant stock exchanges. If the Directors decide to create additional Sub-Funds or Classes they may in their discretion apply for the shares of such Sub-Funds to be listed on one or more of the relevant stock exchanges. For so long as the shares of any Sub-Fund are listed on any relevant stock exchange, the Sub-Fund shall endeavour to comply with the requirements of the relevant stock exchange relating to those shares. For the purposes of compliance with the national laws and regulations concerning the offering and/or listing of the shares

this Prospectus may have attached to it one or more documents setting out information relevant for the jurisdictions in which the shares are offered for subscription.

The Company does not charge any fee for purchases of shares on the secondary market. Orders to buy shares, including in the case of ETFs through the relevant stock exchanges, can be placed via a member firm or stockbroker. Such orders to buy shares may incur costs to the investor over which the Company has no control.

The approval of any listing particulars pursuant to the listing requirements of the relevant stock exchange does not constitute a warranty or representation by such relevant stock exchange as to the competence of the service providers or as to the adequacy of information contained in the listing particulars or the suitability of the shares for investment or for any other purpose.

Certain Authorised Participants who subscribe for shares may act as market makers; other Authorised Participants are expected to subscribe for shares in order to be able to offer to buy shares from or sell shares to their customers as part of their broker/dealer business. Through such Authorised Participants being able to subscribe for or redeem shares, a liquid and efficient secondary market may develop over time on one or more relevant stock exchanges as they meet secondary market demand for such shares. Through the operation of such a secondary market, persons who are not Authorised Participants will be able to buy shares from or sell shares to other secondary market investors or market makers, broker/dealers, or other Authorised Participants. Investors should be aware that on days other than Business Days or Dealing Days of a Sub-Fund when one or more markets are trading shares but the underlying market(s) on which the Reference Index of the Sub-Fund are traded are closed, the spread between the quoted bid and offer prices in the shares may widen and the difference between the market price of a share and the last calculated Net Asset Value per share may, after currency conversion, increase. Investors should also be aware that on such days the Reference Index would not necessarily be calculated and available for investors in making their investment decisions because prices of the Reference Index would not be available on such days. The settlement of trades in shares on relevant stock exchanges will be through the facilities of one or more clearing and settlement systems following applicable procedures which are available from the relevant stock exchanges.

### ***Redemption of Shares by Secondary Market Investors***

Shares purchased on the secondary market cannot usually be sold directly back to the Company. Investors must purchase and redeem their shares on the secondary market with the assistance of an intermediary (e.g. a market maker or a stock broker) and may incur fees for doing so. In addition, investors may pay more than the current Net Asset Value when buying shares on the secondary market and may receive less than the current Net Asset Value when selling them on the secondary market.

If on a Business Day the stock exchange value of the shares significantly varies from the Net Asset Value due to, for example market disruption caused by the absence of market makers, investors who are not Authorised Participants may apply directly to the Company for the redemption of their shares via the custodian or financial intermediary through which they hold the shares, such that the Administration Agent is able to confirm the identity of such investor, the number of shares and the details of the relevant Sub-Fund and share Class held by such investors wishing to redeem. In such

situations, information shall be communicated to the relevant stock exchange indicating that such direct redemption procedure is available to investors on the secondary market. Applications for redemption shall be made in accordance with the procedure described in the section 7. "Subscription of shares: the Primary Market" and section 8. "How to sell shares in the Primary Market" of the Prospectus, and the redemption fees disclosed in the relevant Sub-Fund Particular shall apply.

### **Intra-Day Net Asset Value ("iNAV")**

The Company may at its discretion make available, or may designate other persons to make available on its behalf, on each Business Day, an intra-day Net Asset Value or "iNAV" for one or more Sub-Funds. If the Company or its designee makes such information available on any Business Day, the iNAV will be calculated based upon information available during the trading day or any portion of the trading day, and will ordinarily be based upon the current value of the assets/exposures of the Sub-Fund and/or the Reference Index in effect on such Business Day, together with any cash amount in the Sub-Fund as at the previous Business Day. The Company or its designee will make available an iNAV if this is required by any relevant stock exchange.

An iNAV is not, and should not be taken to be or relied on as being, the value of a share or the price at which shares may be subscribed for or redeemed or purchased or sold on any relevant stock exchange. In particular, any iNAV provided for any Sub-Fund where the constituents of the Reference Index are not actively traded during the time of publication of such iNAV may not reflect the true value of a share, may be misleading and should not be relied on.

Investors should be aware that the calculation and reporting of any iNAV may reflect time delays in the receipt of the prices of the relevant constituent securities in comparison to other calculated values based upon the same constituent securities including, for example, the Reference Index or the iNAV of other exchange traded funds based on the same Reference Index. Investors interested in subscribing for or redeeming shares on a relevant stock exchange should not rely solely on any iNAV which is made available in making investment decisions, but should also consider other market information and relevant economic and other factors (including, where relevant, information regarding the Reference Index, the relevant constituent securities and financial instruments based on the Reference Index corresponding to the relevant Sub-Fund).

## **11. LATE TRADING**

The Company determines the price of its shares on a forward basis. This means that it is not possible to know in advance the Net Asset Value per share at which shares will be bought or sold (exclusive of any subscription or redemption commission).

Late trading is to be understood as the acceptance of a subscription, conversion or redemption order after the time limit fixed for accepting orders ("**cut-off time**") on the relevant day and the execution of such order at the price based on the Net Asset Value applicable to such same day.

The Company considers that the practice of late trading is not acceptable as it violates the provisions of the Prospectus which provide that an order received after the cut-off time is dealt with at a price based

on the next applicable Net Asset Value. As a result, subscriptions, conversions and redemptions of shares shall be dealt with at an unknown Net Asset Value. The cut-off time for subscriptions, conversions and redemptions is set out in the Sub-Fund Particular.

## **12. FOREIGN EXCHANGE TRANSACTIONS**

Where subscription and redemption proceeds are paid in another currency than the reference currency of the relevant Class, the necessary foreign exchange transactions will be arranged by the Registrar and Transfer Agent for the account and at the expenses of the applicant at the exchange rate prevailing on the relevant Business Day.

## **13. NET ASSET VALUE AND DEALING PRICES**

### **13.1. Calculation of the Net Asset Value**

#### *Valuation Principles*

The Net Asset Value of each Class within each Sub-Fund (expressed in the Reference Currency of the Class) is determined by aggregating the value of securities and other permitted assets of the Company allocated to that Class and deducting the liabilities of the Company allocated to that Class.

The assets of each Class within each Sub-Fund are valued as of the Valuation Day, as defined in the relevant Sub-Fund Particular, as follows:

1. shares or units in open-ended undertakings for collective investment, which do not have a price quotation on a Regulated Market, will be valued at the actual Net Asset Value for such shares or units as of the relevant Valuation Day, failing which they shall be valued at the last available Net Asset Value which is calculated prior to such Valuation Day. In the case where events have occurred which have resulted in a material change in the Net Asset Value of such shares or units since the last net asset value was calculated, the value of such shares or units may be adjusted at their fair value in order to reflect, in the reasonable opinion of the Board of Directors, such change;
2. the value of securities (including a share or unit in a closed-ended undertaking for collective investment and in an exchange traded fund) and/or financial derivative instruments which are listed and with a price quoted on any official stock exchange or traded on any other organised market at the closing price. Where such securities or other assets are quoted or dealt in or on more than one stock exchange or other organised markets, the Board of Directors shall select the principal of such stock exchanges or markets for such purposes;
3. shares or units in undertakings for collective investment the issue or redemption of which is restricted and in respect of which a secondary market is maintained by dealers who, as principal market-makers, offer prices in response to market conditions may be valued by the Board of Directors in line with such prices;
4. the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received

shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof;

5. the financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market will be valued in a reliable and verifiable manner on a daily basis and verified by a competent professional appointed by the Company;
6. swap contracts will be valued according to generally accepted valuation rules that can be verified by auditors. Asset based swap contracts will be valued by reference to the market value of the underlying assets. Cash flow based swap contracts will be valued by reference to the net present value of the underlying future cash flows;
7. the value of any security or other asset which is dealt principally on a market made among professional dealers and Institutional Investors shall be determined by reference to the last available price;
8. any assets or liabilities in currencies other than the relevant currency of the Sub-Fund concerned will be converted using the relevant spot rate quoted by a bank or other responsible financial institution;
9. in the event that any of the securities held in the Company portfolio on the relevant day are not listed on any stock exchange or traded on any organised market or if with respect to securities listed on any stock exchange or traded on any other organised market, the price as determined pursuant to sub-paragraph (2) is not, in the opinion of the Board of Directors, representative of the fair market value of the relevant securities, the value of such securities will be determined prudently and in good faith based on the reasonably foreseeable sales price or any other appropriate valuation principles;
10. liquid assets and Money Market Instruments may be valued at nominal value plus any accrued interest or an amortised cost basis. All other assets, where practice allows, may be valued in the same manner. If the method of valuation on an amortised cost basis is used, the portfolio holdings will be reviewed from time to time under the direction of the Board of Directors to determine whether a deviation exists between the Net Asset Value calculated using market quotations and that calculated on an amortised cost basis. If a deviation exists which may result in a material dilution or other unfair result to investors or existing shareholders, appropriate corrective action will be taken including, if necessary, the calculation of the Net Asset Value by using available market quotations;
11. in the event that the above mentioned calculation methods are inappropriate or misleading, the Board of Directors may adopt to the extent such valuation principles are in the best interests of the shareholders any other appropriate valuation principles for the assets of the Company; and

12. in circumstances where the interests of the Company or its shareholders so justify (avoidance of market timing practices, for example), the Board of Directors may take any appropriate measures, such as applying a fair value pricing methodology to adjust the value of the Company's assets.

The consolidated accounts of the Company for the purpose of its financial reports shall be expressed in RMB.

#### *Swing Pricing*

Any swing pricing methodology to be applied by the Board of Directors (if any) with respect to any Sub-Fund will be specified in the relevant Sub-Fund Particular.

#### **13.2. Temporary suspension**

The Company, as represented by the Board of Directors may suspend the issue, allocation and the redemption of shares relating to any Sub-Fund as well as the right to convert shares and the calculation of the Net Asset Value per share relating to any Class:

- a) during any period when any market or stock exchange, which is the principal market or stock exchange on which a material part of the investments of the relevant Sub-Fund for the time being are quoted, is closed other than for ordinary holidays, or during which dealings are substantially restricted or suspended;
- b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal of investments of the relevant Sub-Fund by the Company is not possible;
- c) during any period when the publication of an index, underlying of a financial derivative instrument representing a material part of the assets of the relevant Sub-Fund is suspended;
- d) during any period when the determination of the Net Asset Value per share of the underlying funds or the dealing of their shares/units in which a Sub-Fund is a materially invested is suspended or restricted;
- e) during any breakdown in the means of communication normally employed in determining the price of any of the relevant Sub-Fund's investments or the current prices on any market or stock exchange;
- f) during any period when remittance of monies which will or may be involved in the realisation of, or in the repayment for any of the relevant Sub-Fund's investments is not possible;
- g) when for any other reason the prices of any constituents of an index or, as the case may be, the underlying investment of a Sub-Fund and, for the avoidance of doubt, where the applicable techniques used to create exposure to an index, cannot promptly or accurately be ascertained;

- h) from the date on which the Board of Directors decides to liquidate or merge one or more Sub-Fund(s)/Class of shares or in the event of the publication of the convening notice to a general meeting of shareholders at which a resolution to wind up or merge the Company or one or more Sub-Fund(s) or Class of shares is to be proposed; or
- i) during any period when in the opinion of the Directors there exist circumstances outside the control of the Company where it would be impracticable or unfair towards the shareholders to continue dealing in shares of any Sub-Fund of the Company.

The Company may cease the issue, allocation, conversion and redemption of the shares forthwith upon the occurrence of an event causing it to enter into liquidation or upon the order of the Luxembourg supervisory authority.

To the extent legally or regulatory required or decided by the Company, shareholders who have requested conversion or redemption of their shares will be promptly notified in writing of any such suspension and of the termination thereof. In addition, notice of the beginning and of the end of any period of suspension will be published in a Luxembourg daily newspaper if the duration of the suspension is to exceed one calendar week and in any other newspapers selected by the Company.

At the end of the period of suspension, shares will be redeemed on a "first in first out" basis (provided that the principle of fair treatment of shareholders is complied with, at any time).

### **13.3. Offer price**

Shares will be issued at a price based on the Net Asset Value calculated on the relevant Valuation Day. Subscription proceeds shall be paid within the timeframe disclosed in the relevant Sub-Fund Particular.

### **13.4. Redemption price**

Shares will be redeemed at a price based on the Net Asset Value calculated on the relevant Valuation Day less any applicable redemption charge disclosed in the relevant Sub-Fund Particular. The redemption price will be payable within the timeframe disclosed in the relevant Sub-Fund Particular.

### **13.5. Information on prices**

The Net Asset Value per share in each Sub-Fund is available at the registered office of the Company.

In calculating the Net Asset Value and Net Asset Value per share, the Administration Agent may rely upon such automatic pricing services as it shall determine or, if so instructed by the Company, the Management Company, the Investment Manager it may use information provided by particular pricing services, brokers, market makers or other intermediaries. Unless the Administration Agent has acted fraudulently, negligently or with wilful default, the Administration Agent shall not be liable for any loss suffered by the Company or any shareholder of the Company by reason of any error in the calculation of the Net Asset Value and Net Asset Value per share resulting from any inaccuracy in the information provided by any such pricing service, broker, market maker or other intermediary.

## **14. DIVIDENDS**

The Directors may issue distribution and capital-accumulation shares, as further specified in the relevant Sub-Fund Particular.

- i) Capital-accumulation shares do not pay any dividends. They accumulate their income so that the income is included in the price of the shares.
- ii) The distribution policy of the distribution shares can be summarised as follows (unless otherwise specified for a Sub-Fund in the relevant Sub-Fund Particular): distribution shares will be referenced as "Dist" shares and capital-accumulation shares are referenced as "Acc" shares.

Dividends will be declared by the relevant shareholders at the annual general meeting of shareholders or any other shareholder meeting. During the course of a financial year, the Board of Directors may declare interim dividends in respect of certain Sub-Fund(s) or distribution shares.

In the absence of any instruction to the contrary and unless otherwise specified for a Sub-Fund in the relevant Sub-Fund Particular, dividends will be paid out. Holders of registered shares may however, by written request to the Registrar and Transfer Agent or by completion of the relevant section of the Application Form, elect to have dividends relating to any distribution Class of any Sub-Fund reinvested automatically in the acquisition of further shares relating to that Sub-Fund. Such shares will be purchased no later than on the next Valuation Day after the date of payment of the dividend. Shares allocated as a result of such reinvestment will not be subject to any sales charge.

## **15. CHARGES AND EXPENSES**

All fees and expenses relating to the establishment of the Company and any new Sub-Fund of the Company (including listing costs) and the fees of the advisers to the Company will be paid by the Company or the relevant Sub-Fund and may at the discretion of the Directors be amortised over a period not exceeding five (5) years.

The Company will pay out of the assets of each Sub-Fund a fixed total expense ratio ("TER") (together with any applicable value added tax), which will be accrued on each Valuation day and paid monthly in arrears.

The Management Company, the Depositary Bank, the Administration Agent, the Paying Agent, the Registrar and Transfer Agent, the Global Distributor, the Investment Manager, the Investment Adviser (if any), the Auditors, the Index Provider, the RQFII and the Directors will be paid out of the TER. The Investment Manager's fee will be the difference between the TER and the fees and expenses payable to the Management Company, the Depositary Bank, the Administration Agent, the Paying Agent, the Registrar and Transfer Agent, Global Distributor the Investment Adviser (if any), the Auditors and the Directors.

Out of the fixed Total Expense Ratio, the Depositary Bank, the Administration Agent, the Luxembourg Paying Agent, the Registrar and Transfer Agent shall receive between 0.05% - 0.06% p.a., the

Management Company shall receive up to 0.05% p.a., with a minimum of 2,000 euros per month and the Paying Agent outside Luxembourg shall receive 0.01% p.a..

The TER of each of the current Sub-Funds is detailed in the relevant Sub-Fund Particular. The Investment Manager will, out of the TER received by it from the Company, pay the following ongoing administrative costs of the Company:

- (i) the Management Company's out-of-pocket expenses;
- (ii) any out of pocket expenses (if agreed) of the Investment Manager / Adviser (if any), Administration Agent, Depository Bank, Registrar, Transfer Agent, Paying Agent, Global Distributor and other service providers of the Company;
- (iii) any fees in respect of circulating details of the Net Asset Value (including publishing prices) and Net Asset Value per Share;
- (iv) rating fees (if any);
- (v) licensing fees (including those for the use of an Index);
- (vi) fees and expenses of the tax, legal and other professional advisers of the Company;
- (vii) the Luxembourg register of commerce and companies filing fees;
- (viii) fees connected with listing of shares on any stock exchange;
- (ix) costs of publication of the intra-day portfolio value (if any);
- (x) fees and expenses in connection with the distribution of shares and/or costs of registration of the Company in jurisdictions outside Luxembourg (including translation fees);
- (xi) costs of preparing, translating, printing and distributing the Prospectus, reports, accounts and any explanatory memoranda including expenses associated with the issue of such documents;
- (xii) any costs incurred as a result of periodic updates of the Prospectus, or of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any applicable rules, whether or not having the force of law);
- (xiii) any other fees and expenses relating to the management and administration of the Company or attributable to investments of the Company (other than those expenses noted at (a), (b) and (c), below);
- (xiv) expenses of Directors' insurance premia and expenses of shareholders' meetings; and
- (xv) taxes and contingent liabilities as determined from time to time by the Directors.

The Company will also pay out of the assets of each Sub-Fund:

- (a) brokerage or other expenses of acquiring and disposing of investments including any periodic fee payable to a counterparty and any custodial transaction charges charged by the Depository Bank;
- (b) extraordinary expenses (i.e. those unforeseen expenses arising other than in the ordinary course of business of the Company and which fall outside of the general expenses noted at (i) – (xv) above); and
- (c) duties and charges (if any) in respect of a subscription or a redemption may also be charged.

## 16. MANAGEMENT COMPANY

The Directors have appointed Carne Global Fund Managers (Luxembourg) S.A. as its management company to perform investment management, administration and marketing functions as described in Annex 2 of the 2010 Law pursuant to an agreement effective as of 21 June 2016 entered into between the Company and the Management Company which may be terminated by a written prior notice give three months in advance by either party to the other.

The Management Company has been permitted by the Company to delegate certain administrative, distribution and investment management functions to specialised service providers. In that context, the Management Company has delegated certain administration functions to State Street Bank International GmbH, Luxembourg Branch and has delegated certain marketing functions to ICBC Credit Suisse Asset Management (International) Ltd. The Management Company has also delegated certain investment management functions to the Investment Manager as more fully described below.

The Management Company was incorporated as a "*société anonyme*" under the laws of the Grand Duchy of Luxembourg on 17 September 2009 and is approved as a management company regulated by chapter 15 of the 2010 Law relating to undertakings for collective investment. The Management Company has a share capital of 625,000 euros.

The Management Company will monitor the activities of the third parties to which it has delegated functions on a continued basis. The agreements entered between the Management Company and the relevant third parties provide that the Management Company can give further instructions to such third parties, and that it can withdraw their mandate with immediate effect if this is in the interest of the shareholders at any time. The Management Company's liability towards the Company is not affected by the fact that it has delegated certain functions to third parties.

The Management Company shall also ensure compliance with the investment restrictions and oversee the implementation of the Sub-Fund's strategies and investment policy by the Sub-Funds.

The Management Company shall also send reports to the Directors on a periodic basis and inform each board member without delay of any non-compliance with the investment restrictions by any Sub-Fund.

The Management Company will receive periodic reports from the Investment Manager detailing the relevant Sub-Fund's performance and analysing its investment portfolio. The Management Company will receive similar reports from the relevant Sub-Fund's other services providers in relation to the services which they provide.

The Management Company also acts as management company for other investment funds. The names of these other funds are available upon request.

The Management Company shall be supervised by an independent auditor. At present, this function is performed by KPMG Luxembourg, Société Coopérative, 39, avenue John F. Kennedy, L-1855 Luxembourg.

Pursuant to Article 111b of the 2010 Law, the Management Company has established remuneration policies for those categories of identified staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profiles of the Management Company of the Company, that are compliant with and promote a sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles of the Company or with the Articles of Incorporation of the Company and which do not interfere with the obligation of the Management Company to act in the best interests of the Company.

### **Remuneration Policy of the Management Company**

The Management Company has designed and implements a remuneration policy which is consistent with and promotes sound and effective risk management by having a business model which by its nature does not promote excessive risk taking that is inconsistent with the risk profile or the Articles of Incorporation nor impair compliance with the Management Company's duty to act in the best interests of the Company. The Management Company's remuneration policy is consistent with the business strategy, objectives, values and interests of the Management Company, the Company and the Shareholders of the Company and includes measures to avoid conflicts of interest.

The Management Company's remuneration policy applies to those categories of identified staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Management Company.

In line with the provisions of the UCITS Directive as may be amended from time to time, the Management Company applies its remuneration policy and practices in a way and to the extent that is proportionate to its size, its internal organisation and the nature, scope and complexity of its activities.

There is no direct relationship between the remuneration of the Management Company's Identified Staff and the performance of the funds under its management. The relevant individuals at the Management Company are remunerated through a combination of fixed and variable discretionary remuneration where the latter is assessed on the basis of their overall individual contribution to the Carne group, with reference to both financial and non-financial criteria and not directly linked to the performance of specific business units or targets reached. The Management Company does not offer guaranteed variable remuneration to any employees or directors. The Management Company is mindful that, should it in future offer guaranteed variable remuneration, that this may only be exceptional, occurring only in the context of hiring new staff and limited to the first year of employment. Any performance related payment is assessed by the Carne group's human resources function in the context of longer term, multi-year performance set in a multi-year framework appropriate to the holding period recommended to the investors of the funds under its management in order to ensure that the assessment process is based on the longer-term performance of the Management Company and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period and designed to not encourage short-term risk taking. The activities of the Identified Staff have no direct bearing on the performance capabilities of the funds under management and the investment and risk setting exercises occur in a collective collegiate framework which prevent any one

individual exerting an inappropriate influence over the risk appetite and investment profile of the funds under management.

The Management Company has implemented a remuneration structure whereby the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration. As any variable remuneration portion is fully discretionary, the Management Company retains full flexibility in the operation of the flexible remuneration component as it has the possibility to award no variable pay. This means that any variable remuneration is paid only if it is sustainable according to the financial situation of the Management Company and the Carne group as a whole, and justified according to the performance of the Management Company and the individual concerned. Where there is subdued or negative performance of the Management Company, the award of any variable remuneration will take into account the current total compensation of the individual. The variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of the applicable legislation and regulatory requirements.

Where the Management Company delegates investment management functions in respect of the Company or any Sub-Fund of the Company, it will ensure that any such delegates so appointed are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Remuneration Guidelines or appropriate contractual arrangements are put in place to ensure that there is no circumvention of the remuneration rules set out in the ESMA Remuneration Guidelines.

Details of the remuneration policy of the Management 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, where such a committee exists, will be available at [www.carnegroup.com](http://www.carnegroup.com) under the section "Policies and Procedures" and a paper copy will be made available free of charge upon request from the Management Company.

## **17. INVESTMENT MANAGER**

The Management Company may delegate all or part of its management duties to one or more investment managers (each an "Investment Manager") whose identity will be disclosed in the relevant Sub-Fund Particular.

The Investment Manager, with the prior consent of the Company and the Management Company may also appoint one or more investment advisers (each an "Investment Adviser") to advise it on the management of one or more Sub-Fund(s).

The Investment Manager may enter into soft commission arrangements only where there is a direct and identifiable benefit to the clients of the Investment Manager, including the Company, and where the Investment Manager is satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interests of the Company. Any such arrangements must be made by the Investment Manager on terms commensurate with best market practice. The use of soft commissions shall be disclosed in the periodic reports.

Soft commission arrangements are subject to the following conditions:

- 1) The Investment Manager will act at all times in the best interest of the Company and the Management Company when entering into soft commission arrangements;
- 2) The research services provided will be in direct relationship to the actions of the Investment Manager;
- 3) Brokerage commissions on portfolio transactions for the Company will be directed by the Investment Manager to broker dealers that are entities and not individuals;
- 4) The Investment Manager will provide reports to the Management Company with respect to soft commission arrangements including the nature of the services it receives.

## **18. DISTRIBUTION OF SHARES**

With the consent of the Company, the Management Company has appointed ICBC Credit Suisse Asset Management (International) Ltd. as Global Distributor.

The Global Distributor may appoint one or more sub-distributors subject to the prior approval of the Company and the Management Company.

## **19. THE DEPOSITARY**

The Company has appointed State Street Bank International GmbH, acting through its Luxembourg Branch as its Depositary within the meaning of the 2010 Law pursuant to the depositary agreement entered into between the Company and the Depositary (the "Depositary Agreement"). State Street Bank International GmbH is a limited liability company organized under the laws of Germany, having its registered office at Brienner Str. 59, 80333 München, Germany and registered with the commercial register court, Munich under number HRB 42872. It is a credit institution supervised by the European Central Bank (ECB), the German Federal Financial Services Supervisory Authority (BaFin) and the German Central Bank. State Street Bank International GmbH, Luxembourg Branch is authorized by the CSSF in Luxembourg to act as depositary and is specialized in depositary, fund administration, and related services. State Street Bank International GmbH, Luxembourg Branch is registered in the Luxembourg Commercial and Companies' Register (RCS) under number B 148 186. State Street Bank International GmbH is a member of the State Street group of companies having as their ultimate parent State Street Corporation, a US publicly listed company.

### **Depositary's functions**

The relationship between the Company and the Depositary is subject to the terms of the Depositary Agreement and the 2010 Law and any other applicable law, regulation or implementing measure. Under the terms of the Depositary Agreement, the Depositary is entrusted with the following main functions:

- (i) ensuring that the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with applicable law and the Articles of Incorporation.

- (ii) ensuring that the value of the shares is calculated in accordance with applicable law and the Articles of Incorporation.
- (iii) carrying out the instructions of the Company unless they conflict with applicable law and the Articles of Incorporation.
- (iv) ensuring that in transactions involving the assets of the Company any consideration is remitted to the Company within the usual time limits.
- (v) ensuring that the income of the Company is applied in accordance with applicable law and the Articles of Incorporation.
- (vi) monitoring of the Company's cash and cash flows.
- (vii) safe-keeping of the Company's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

### **Depository's liability**

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, and in particular Article 18 of the UCITS Regulation, the Depository shall return financial instruments of identical type or the corresponding amount to the Company without undue delay.

The Depository shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive.

In case of a loss of financial instruments held in custody, the shareholders may invoke the liability of the Depository directly or indirectly through the Company provided that this does not lead to a duplication of redress or to unequal treatment of the shareholders.

The Depository will be liable to the Company for all other losses suffered by the Company as a result of the Depository's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive.

The Depository shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depository of its duties and obligations.

### **Delegation**

The Depository has full power to delegate the whole or any part of its safe-keeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depository's liability shall not be affected by any delegation of its safe-keeping functions under the Depository Agreement.

The Depositary has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at One Lincoln Street, Boston, Massachusetts 02111, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered office of the Company or at the following internet site:

<http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html>

### **Conflicts of Interest**

The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the depositary agreement or under separate contractual or other arrangements. Such activities may include:

- i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Company;
- ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Company either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depositary or its affiliates:

- i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Company, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Company;
- iv) may provide the same or similar services to other clients including competitors of the Company;
- v) may be granted creditors' rights by the Company which it may exercise.

The Company may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of the Company. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Company. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Company. The affiliate shall enter into such transactions on the terms and conditions agreed with the Company.

Where cash belonging to the Company is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The Company may also be a client or counterparty of the Depositary or its affiliates.

Potential conflicts that may arise in the Depositary's use of sub-custodians include four broad categories:

- i) conflicts from sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;
- ii) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;
- iii) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and
- iv) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its shareholders.

The Depositary has functionally and hierarchically separated the performance of its depository tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depository issues to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the depository, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to shareholders on request.

## **20. ADMINISTRATION**

### **20.1. The Domiciliary and Administration Agent, Registrar and Transfer Agent**

With the consent of the Company, the Management Company has appointed State Street Bank International GmbH, acting through its Luxembourg Branch also as administrative, registrar and

transfer agent and as domiciliary agent of the Company pursuant to an administration agreement entered into between the Company, the Management Company and the Administration Agent (the "Administration Agreement").

The relationship between the Company, the Management Company and the Administration Agent is subject to the terms of the Administration Agreement. Under the terms of the Administration Agreement, the Administration Agent will carry out all general administrative duties related to the administration of the Company required by Luxembourg law, calculate the Net Asset Value per Share, maintain the accounting records of the Company, as well as process all subscriptions, redemptions, conversions, and transfers of Shares, and register these transactions in the register of shareholders. In addition, as registrar and transfer agent of the Company, the Administration Agent is also responsible for collecting the required information and performing verifications on investors to comply with applicable anti-money laundering rules and regulations.

The Administration Agent is not responsible for any investment decisions of the Company or the effect of such investment decisions on the performance of the Company.

In accordance with the Administration Agreement, the Administration Agent has been authorised, upon prior notification to the Management Company, to delegate tasks wholly or partly to one or more third parties. However, the liability of the Administration Agent towards the Management Company and the Company will not be affected by any delegation of functions by the Administration Agent.

The Administration Agreement may be terminated by a written prior notice given three months in advance by either party to the other.

## **20.2. The Paying Agent**

The Company has appointed a Paying Agent for shares in the Company. In such capacity, the Paying Agent will be responsible for, among other things, ensuring that payments received by the Paying Agent from the Company, including but not limited to the payment of dividends, are duly paid to shareholders; maintaining independent records of securities, dividend payment amounts; and communicating information to the relevant International Central Securities Depository. Payment in respect of the shares will be made through the relevant International Central Securities Depository in accordance with the standard practices of the applicable International Central Securities Depository. The Company may vary or terminate the appointment of the Paying Agent or appoint additional or other registrars or paying agents or approve any change in the office through which any registrar or paying agent acts.

As of the date of the Prospectus, the Company has appointed State Street Bank International GmbH, Luxembourg Branch as Paying Agent in Luxembourg.

Citibank N.A, London Branch has been appointed by the Company as Paying Agent outside Luxembourg.

### **20.3. Index Provider**

The Investment Manager may enter into a licensing agreement with an Index Provider in relation to any fund, under which an Index Provider will grant to the Investment Manager a licence to use the relevant Index as the basis for managing the Company.

Unless otherwise disclosed in this Prospectus, the index or benchmarks used within the meaning of the Regulation (EU) 2016/1011 (the "Benchmark Regulation") by the Sub-Fund are, as at the date of this Prospectus, provided by benchmark administrators who appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation.

The Management Company maintains written plans setting out the actions that will be taken in the event of the benchmark materially changing or ceasing to be provided. Copies of a description of these plans are available upon request and free of charge from the registered office of the Management Company.

## **21. CONFLICTS OF INTEREST**

The Management Company, the Investment Manager, the sales agents, the Administration Agent, the Registrar and Transfer Agent and the Depositary Bank may from time to time act as management company, investment manager or adviser, sales agent, administrator, registrar and transfer agent or depositary bank in relation to, or be otherwise involved in, other funds which have similar investment objectives to those of the Company or any Sub-Fund. It is therefore possible that any of them may, in the due course of their business, have potential conflicts of interest with the Company or any Sub-Fund. In such event, each will at all times have regard to its obligations under any agreements to which it is party or by which it is bound in relation to the Company or any Sub-Fund and such that, so far as is practicable, any transactions are effected on terms which are not materially less favourable to the Company than if the conflict or potential conflict had not existed. In particular, but without limitation to its obligations to act in the best interests of the shareholders when undertaking any dealings or investments where conflicts of interest may arise, each will respectively endeavour to ensure that such conflicts are resolved fairly.

There is no prohibition on the Company entering into any transactions with the Management Company, the Investment Manager, the sales agents, the Administration Agent, the Registrar and Transfer Agent or the Depositary Bank or with any of their affiliates, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length. The Investment Manager or any affiliates acting in a fiduciary capacity with respect to client accounts may recommend to or direct clients to buy and sell shares of the Company.

## **22. MEETINGS AND REPORTS**

The annual general meeting of shareholders of the Company (the "Annual General Meeting") is held at the registered office of the Company or such other place as may be specified in the notice of meeting in Luxembourg at 11 a.m. (Luxembourg time) on the third Monday of October each year (or, if such day is not a Business Day, on the next following Business Day in Luxembourg).

If permitted by and under the conditions set forth in Luxembourg laws and regulations, the Annual General Meeting may be held at a date, time or place other than those set forth in the preceding paragraph, that date, time or place to be decided by the Board of Directors.

Other general meetings of shareholders will be held at such time and place as are indicated in the notices of such meetings.

Notices of general meetings are given in accordance with Luxembourg Law. Notices will specify the place and time of the meetings, the conditions of admission, the agenda, the quorum and the voting requirements. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in the Articles of Incorporation.

Under the conditions set forth in Luxembourg laws and regulations, the notice of any general meeting of shareholders may provide that the quorum and the majority at this general meeting shall be determined according to shares issued and outstanding at a certain date and time preceding the general meeting (the "Record Date"), whereas the right of a shareholder to attend a general meeting of shareholders and to exercise the voting rights attaching to his shares shall be determined by reference to the shares held by this shareholder as at the Record Date.

Financial periods of the Company end on 30 June in each year. The annual report containing the audited consolidated financial accounts of the Company expressed in RMB in respect of the preceding financial period and with details of each Sub-Fund in the relevant Base Currency is made available at the Company's registered office, at least 15 days before the Annual General Meeting.

The semi-annual report dated as of 31 December each year will be available at the Company's registered office, at the latest two months after the end of the period to which it relates.

Copies of all reports are available at the registered offices of the Company.

## **23. TAXATION**

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

### **23.1. Taxation of the Company**

The Company is not subject to taxation in Luxembourg on its income, profits or gains. The Company is not subject to net wealth tax.

No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the shares of the Company.

Although the Company is, in principle, subject in Luxembourg to a subscription tax (*taxe d'abonnement*) at an annual rate of 0.05%, the Sub-Funds which are ETFs are exempt from such tax as (i) their shares are listed or traded on at least one stock exchange or another regulated market operating regularly, recognised and open to the public; and (ii) their exclusive objective is to reflect the performance of one or more indices, it being understood that this condition of exclusive objective does not prevent the management of liquid assets, if any, on an ancillary basis, or the use of techniques and instruments used for hedging or for purposes of efficient portfolio management. A Grand-Ducal regulation may determine additional or alternative criteria with respect to the indices under that exemption.

A reduced subscription tax of 0.01% *per annum* is applicable to Luxembourg UCIs whose exclusive object is the collective investment in money market instruments, the placing of deposits with credit institutions, or both. A reduced subscription tax of 0.01% *per annum* is also applicable to individual compartments of UCIs, individual compartments thereof, as well as for individual classes of securities issued within a UCI or within a compartment of a UCI with multiple compartments, provided that the securities of such compartments or classes are reserved to one or more institutional investors.

Subscription tax exemption applies to:

- investments in a Luxembourg UCI, as well as individual compartments thereof, subject itself to the subscription tax;
- UCITS, as well as individual compartments thereof, (i) whose securities are reserved for institutional investors, and (ii) whose sole object is the collective investment in money market instruments and the placing of deposits with credit institutions, and (iii) whose weighted residual portfolio maturity does not exceed 90 days, and (iv) that have obtained the highest possible rating from a recognised rating agency;
- UCITS, as well as individual compartments thereof, the shares of which are reserved to certain retirement pension schemes;
- UCITS, as well as individual compartments thereof, whose main objective is the investment in microfinance institutions; and
- UCITS, as well as individual compartments thereof, qualifying as index tracking exchange traded funds.

## **23.2. Withholding tax**

Interest and dividend income received by the Company may be subject to non-recoverable withholding tax in the source countries. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Company may benefit from double tax treaties entered into by Luxembourg which may provide for exemption from withholding tax or reduction of withholding tax rate.

Distributions made by the Company as well as liquidation proceeds and capital gains derived therefrom are not subject to withholding tax in Luxembourg.

The Company is not subject to net wealth tax.

### **23.3. Taxation of the shareholders**

#### **Luxembourg resident individual investors**

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

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

Distributions made by the Company will be subject to Luxembourg personal income tax. Luxembourg personal income tax is levied following a progressive income tax scale, and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*) giving an effective maximum marginal tax rate of 45.78%.

#### **Luxembourg resident corporate investors**

Luxembourg resident corporate investors will be subject to corporate taxation at the rate of 24.94% (in 2020 for entities having the registered office in Luxembourg-City) on the distribution received from the Company and the gains received upon disposal of the shares.

Luxembourg corporate resident investors who benefit from a special tax regime, such as, for example, (i) an undertaking for collective investment subject to the 2010 Law, (ii) specialized investment funds subject to the law of 13 February 2007 related to specialised investment funds, or (ii) family wealth management companies subject to the law of 11 May 2007 related to family wealth management companies, (iii) a reserved alternative investment fund subject to the law of 23 July 2016 on reserved alternative investment funds (to the extent they have not opted to be subject to general corporation taxes), are exempt from income tax in Luxembourg, but instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the shares, as well as gains realized thereon, are not subject to Luxembourg income taxes.

The shares shall be part of the taxable net wealth of the Luxembourg resident corporate investors except if the holder of the shares is (i) an undertaking for collective investment subject to the 2010 Law, (ii) a vehicle governed by the law of 22 March 2004 on securitization, (iii) an investment company governed by the law of 15 June 2004 on venture capital vehicles, (iv) a specialized investment fund subject to the law of 13 February 2007 related to specialised investment funds or (v) a reserved alternative investment

fund subject to the law of 23 July 2016 on reserved alternative investment funds, or (vi) a family wealth management company subject to the law of 11 May 2007 related to family wealth management companies. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%. A reduced tax rate of 0.05% is due for the portion of the net wealth tax exceeding EUR 500 million.

### **Non Luxembourg resident investors**

Non resident individuals or collective entities who do not have a permanent establishment in Luxembourg to which the shares are attributable, are not subject to Luxembourg taxation on capital gains realized upon disposal of the shares nor on the distribution received from the Company and the shares will not be subject to net wealth tax.

### **23.4. Automatic Exchange of information**

The Organisation for Economic Co-operation and Development ("OECD") has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information (AEOI) on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law").

The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities (*Administrations des Contributions directes*) on a yearly basis.

Accordingly, the Company may require its investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report information regarding a shareholder and his/her/its account to the Luxembourg tax authorities (*Administration des Contributions Directes*), if such account is deemed a CRS reportable account under the CRS Law. Responding to CRS-related questions is mandatory. The personal data obtained will be used for the purpose of the CRS Law or such other purpose indicated by the Company in the data protection section of the Prospectus in compliance with Luxembourg data protection law. Information regarding an Investors and his/her/its account will be reported to the Luxembourg tax authorities which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis, if such an account is deemed a CRS reportable account under the CRS Law.

Under the CRS Law, the first exchange of information started to apply by 30 September 2017 for information related to the calendar year 2016.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS. The Multilateral Agreement aims

to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

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

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

## **24. LIQUIDATION OF THE COMPANY / TERMINATION AND AMALGAMATION OF SUB-FUNDS**

### **24.1. Liquidation of the Company**

With the consent of the shareholders expressed in the manner provided for by articles 450-3 and 1100-2 of the 1915 Law, the Company may be liquidated. Upon a decision taken by the shareholders of the Company or by the liquidator duly authorised and subject to a one month's prior notice to the shareholders, all assets and liabilities of the Company may be transferred to another UCI having substantially the same characteristics as the Company in exchange for the issue to shareholders in the Company of shares of such corporation or fund proportionate to their shareholdings in the Company.

If at any time the value at their respective Net Asset Values of all outstanding shares falls below two thirds of the minimum capital for the time being prescribed by Luxembourg Law, the Board of Directors must submit the question of dissolution of the Company to a general meeting of shareholders acting, without minimum quorum requirements, by a simple majority decision of the shares represented at the meeting.

If at any time the value at their respective Net Asset Values of all outstanding shares is less than one quarter of the minimum capital for the time being required by Luxembourg Law, the Directors must submit the question of dissolution of the Company to a general meeting, acting without minimum quorum requirements and a decision to dissolve the Company may be taken by the shareholders owning one quarter of the shares represented at the meeting.

Any voluntary liquidation will be carried out in accordance with the provisions of the 2010 Law and the 1915 Law which specify the steps to be taken to enable shareholders to participate in the liquidation distribution(s) and in that connection provides for deposit in escrow at the *Caisse de Consignation* of any such amounts to the close of liquidation. Amounts not claimed from escrow within the prescription period would be liable to be forfeited in accordance with the provisions of Luxembourg laws.

### **24.2. Liquidation, merger, split or consolidation of Sub-Fund(s)/Classes**

The Directors may decide to liquidate one Sub-Fund if the net assets of such Sub-Fund fall below USD 5mn or its equivalent in the Base Currency of one Sub-Fund/Class of shares or if a change in the economic or political situation relating to the Sub-Fund or Class concerned would justify such liquidation or if the interests of the shareholders would justify it. The decision of the liquidation will be published or notified to the shareholders by the Company as decided from time to time by the Directors, prior to the effective date of the liquidation and the publication/notification will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors otherwise decides

in the interests of, or to keep equal treatment between the shareholders, the shareholders of the Sub-Fund or Class concerned may continue to request redemption or conversion of their shares (free of charge). Assets which could not be distributed to their beneficiaries upon the close of the liquidation of the Sub-Fund or Class concerned will be deposited with the *Caisse de Consignation* on behalf of their beneficiaries.

Where the Board of Directors does not have the authority to do so or where the Board of Directors determines that the decision should be put for shareholders' approval, the decision to liquidate a Sub-Fund or Class and/or to decide upon the division of a Sub-Fund or the division, consolidation or amalgamation of Classes of Shares in the same Sub-Fund may be taken at a meeting of shareholders of the Sub-Fund or Class to be liquidated instead of being taken by the Board of Directors. At such Class/Sub-Fund meeting, no quorum shall be required and the decision to liquidate must be approved by shareholders with a simple majority of the votes cast. The decision of the meeting will be notified to the shareholders and/or published by the Company.

Any merger, split or consolidation of a Sub-Fund/Class of shares shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for a merger/split/consolidation to a meeting of shareholders of the Sub-Fund (or Class as the case may be) concerned. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

In case of a merger of one or more Sub-Fund(s) where, as a result, the Company ceases to exist, the merger shall be decided by a meeting of shareholders for which no quorum is required and that may decide with a simple majority of votes cast. In addition the provisions on mergers of UCITS set forth in the 2010 Law and any implementing regulation (relating in particular to the notification to the shareholders concerned) shall apply.

## **25. DOCUMENTS AVAILABLE FOR INSPECTION, QUERIES AND COMPLAINTS**

### **25.1. Documents available for inspection**

The following documents are available for inspection during usual business hours on any Business Day at the registered office of the Company.

- i) The Articles of Incorporation;
- ii) The most recent Prospectus;
- iii) The Key Investors Information Documents;
- iv) The latest annual and semi-annual reports; and
- v) The material agreements.

In addition, copies of the Articles of Incorporation, the most recent Prospectus, the Key Investor Information Documents and the latest financial reports may be obtained free of charge, on request at the registered office of the Company.

In addition, the Key Investor Information Documents may be obtained in paper form or on any other durable medium agreed between the Company or the intermediary and the investor.

Additional information is made available by the Management Company at its registered office, upon request, in accordance with the provisions of Luxembourg laws and regulations. This additional information includes the procedures relating to complaints handling, the strategy followed for the exercise of voting rights of the Company, the policy for placing orders to deal on behalf of the Company with other entities, the best execution policy as well as the arrangements relating to the fee, commission or non-monetary benefit in relation with the investment management and administration of the Company.

## **25.2. Queries and complaints**

Any person who would like to receive further information regarding the Company or who wishes to make a complaint about the operation of the Company should contact the Company or the Management Company or the Administration Agent.

## **26. GOVERNING LAW**

The Luxembourg District Court is competent for all legal disputes between the shareholders and the Company. Luxembourg law applies. The English version of this Prospectus is the authoritative version and shall prevail in the event of any inconsistency with any translation hereof.

Statements made in this Prospectus are based on the laws and practice in force at the date of this Prospectus in the Grand Duchy of Luxembourg, and are subject to changes in those laws and practice.

## **27. SUSTAINABLE FINANCE DISCLOSURE**

The Management Company identifies, manages and monitors sustainability risk as part of its risk management process.

Sustainability risks are environmental, social or governance ("ESG") events or conditions that, if they occur, could potentially or actually cause a material negative impact on the value of the Sub-Funds' investments.

Specific sustainability risk can vary for each product and asset class, and include but are not limited to environmental risk, physical risk, transition risk, social risk, governance risk, etc.

Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks.

Assessment of sustainability risks is complex and may be based on environmental, social, or governance data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed. Consequent impacts to the occurrence of sustainability risk can be many and varied according to a specific risk, region or asset class.

The Investment Manager identifies and analyses sustainability risks but does not deem sustainability risks relevant for the Sub-Funds for the following reasons:

The sole Sub-Fund of the Company is passively managed and primarily adopts a fully replication strategy, seeking to track the performance of its Index. ESG factors are not integrated in the Index constituents selection, weighting calculation or other aspects of the Index methodology.

*Adverse sustainability impacts*

The Management Company, in conjunction with the Investment Manager, does not consider principal adverse impacts on the basis that, in the context of the investment strategies of the Sub-Fund, it is not possible to conduct detailed diligence on the principal adverse impacts of the Investment Manager's investment decisions on sustainability factors due to the lack of available data.

## SUB-FUND PARTICULARS

### **ICBCCS WisdomTree S&P China 500 UCITS ETF**

#### **1. Name of the Sub-Fund**

ICBCCS WisdomTree S&P China 500 UCITS ETF

#### **2. Base Currency**

CNH

#### **3. Investment objective and policy**

The Sub-Fund is passively managed and seeks to track the performance of the S&P China 500 Index (the "**Index**") before fees and expenses.

S&P Dow Jones Indices LLC is the benchmark administrator for this Index and appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation.

To achieve its objective the Sub-Fund will primarily make direct investment in transferable securities representing the constituents of the Index through a full replication strategy, and may also invest in equity equivalent securities as well as convertible bonds, warrants options, futures, P-notes and ETFs which will provide indirect exposure to the securities included in the Index. However, in circumstances where the liquidity conditions of the market prevent the Investment Manager from using a full replication strategy, the Sub-Fund might optimize replication through representative sampling strategy.

The Investment Manager may also choose to achieve a synthetic replication of the Index by entering into a fully funded swap agreement to swap all or most of the subscription proceeds in the Sub-Fund with the performance of the Index. Synthetic positions provide indirect exposure to the securities included in the Index, which may at times be less costly than acquiring direct exposure. Such positions however may expose the Sub-Fund to the credit risk of its counterparties and their ability to satisfy the terms of such contracts.

In case of use of direct replication, the Sub-Fund will invest directly in China domestic equity securities (including Stock Connect) through the RQFII licence of ICBC Credit Suisse Asset Management (International) Co., Ltd. (as described in more details below) as well as equity securities issued globally by China companies outside of China.

Up to 10% of the Net Asset Value of the Sub-Fund may be invested in financial derivative instruments for the purposes of hedging and efficient portfolio management in accordance with the UCI Law. The Sub-Fund does not intend to use financial derivative instruments extensively for investment purposes.

The Sub-Fund may invest in aggregate no more than 10% of its assets in equity equivalent securities other than those referred to in the core policy, money market instruments, cash and cash equivalents including certificates of deposit and short-term deposits.

Information on the composition of the Index, as may be updated from time to time and information on the exact methodology of the Index, can be found on <http://supplemental.spindices.com/supplemental-data/europe>. The Index comprises 500 of the largest, most liquid Chinese companies while approximating the sector composition of the broader Chinese equity market. All Chinese share classes, including A-shares and offshore listings, are eligible for inclusion. Rebalancing occurs semi-annually, effective at the close of trading on the third Friday of June and December. The rebalancing reference dates are the last trading day of May and November, respectively.

A list of the constituents which form the Index is available on the Company's website [www.icbccsETF.com](http://www.icbccsETF.com).

#### **4. Investment Manager**

The Management Company has delegated the investment management of the Sub-Fund to ICBC Credit Suisse Asset Management (International) Company Limited a company incorporated in Hong Kong on 11 July 2011 and having its registered office at Suite 801, ICBC Tower, 3 Garden Road, Central, Hong Kong and regulated by the Securities and Futures Commission (the "Investment Manager").

The Investment Manager is a wholly-owned subsidiary of ICBC Credit Suisse Asset Management Co., Ltd. in Hong Kong and the first subsidiary founded by a mainland bank-owned fund company in Hong Kong. The Investment Manager holds a Type 4 (Advising on Securities) and a Type 9 (Asset management) licence granted by the Securities and Futures Commission.

The Investment Manager will manage the investment and reinvestment of the assets of the Sub-Fund in accordance with the investment objectives and investment and borrowing restrictions of the Company and the Sub-Fund under the overall responsibility of the Board of Directors.

The investment and trading in China domestic equity securities by the Investment Manager will be made through the RQFII license held by ICBC Credit Suisse Asset Management (International) Co., Ltd. The RQFII licence of ICBC Credit Suisse Asset Management (International) Co., Ltd. was granted by the China Securities Regulatory Commission (hereinafter the "CSRC") to ICBC Credit Suisse Asset Management (International) Co., Ltd. since 7 August 2012.

#### **5. Exposure to Total Return Swaps, Securities Lending Transactions, Repurchase Transactions and Reverse Repurchase Transactions**

The maximum expected level of exposure to total return swaps amounts to 50% of the Sub-Fund's net assets.

The maximum expected level of exposure to securities lending transactions, repurchase agreements and reverse repurchase agreements amounts to 50% of the Sub-Fund's net assets.

Generally, no more than 50% of the gross revenue arising from total return swaps, securities lending transactions, repurchase transactions or reverse repurchase transactions may be deducted from the revenue delivered to the Company as direct and indirect operational expenses. Details of such amounts and the security clearing body or financial institution arranging the transactions will be disclosed in the financial report of the Company.

## 6. Profile of the typical investor

Investors seeking long-term growth of capital. Investors with a long-term investment horizon.

## 7. Global Exposure

The global exposure relating to this Sub-Fund will be calculated using the Commitment approach.

## 8. Classes of shares available for subscription

Name	Class A	Class B	Class C
Reference Currency	CNH	USD	EUR
Hedging Strategy	N/A	N/A	N/A
Minimum initial investment and minimum holding	100,000 shares	100,000 shares	100,000 shares
Minimum subsequent investment	100,000 shares	100,000 shares	100,000 shares
Dividend policy	Annual	Annual	Annual

The Directors have resolved that shares will be issued in registered form represented by a Global Share Certificate required for the International Central Securities Depositories.

For a complete description of global clearing and settlement, please refer to section 6. "Global Clearing and Settlement, International Central Securities Depository and Common Depository" in the General Part of the Prospectus.

## 9. Fees and expenses

The fixed Total Expense Ratio detailed in the table below shall be calculated as a percentage of the applicable Net Asset Value per Sub-Fund. The other charges detailed in the table below shall be calculated as a percentage of the investment amounts.

Fixed Total Expense Ratio	0.55% p.a.
Sales charge	N/A
Redemption charge	N/A

## 10. Business Day/Valuation Day/Net Asset Value calculation

With respect to this Sub-Fund, a Business Day means any full day on which banks and stock exchanges are open for normal business banking in Luxembourg, Hong Kong, China, Singapore, London and the U.S.

The Net Asset Value per share of each Class will be calculated on each Business Day (the "Valuation Day").

The Dealing Day will be the next Business Day following the relevant Valuation Day.

## **11. Subscription on the Primary Market**

### *a) Subscriptions during the Initial Offer Period*

During the Initial Offer Period detailed in the Application Form, subscriptions of shares in the Sub-Fund will be accepted at an initial subscription price of CNH 100, USD 10 or EUR 10 per share for the respective share Class (the "Initial Offering Price"), increased as the case may be, by any applicable sales charge, as disclosed under section 9 of this Sub-Fund Particular.

Applications along with AML&KYC documentation must be received by the Registrar and Transfer Agent no later than 12pm (Luxembourg time) on the last day of the Initial Offer Period. The subscription moneys must be received on the account of the Sub-Fund at the latest by 12pm on the last day of the Initial Offer Period.

### *b) Subscriptions after the Initial Offer Period*

Shares will be issued at a price based on the Net Asset Value per share calculated on the relevant Valuation Day increased, as the case may be, by any applicable sales charge, as detailed in section 9 of this Sub-Fund Particular. Shares will be issued on the next Dealing Day.

Applications must be received by the Registrar and Transfer Agent no later than 12pm (Luxembourg time) on the Business day before the relevant Valuation Day in order to be dealt with on the basis of the Net Asset Value per share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next following Valuation Day.

Payment for subscribed shares has to be made in order to be received by the Transfer Agent no later than 2:30pm (Luxembourg time) on the Business day before the relevant Valuation Day.

### *c) Transmission of Application Forms*

Application Forms corresponding to subscriptions of shares in the Sub-Fund can be transmitted to the Registrar and Transfer Agent only by fax. The original Application Form of applicants buying shares for the first time has to be sent without delay to the Registrar and Transfer Agent by post.

## **12. Dividends**

Dividends will be declared annually, if any.

## **13. Redemption in the Primary Market**

Shares will be redeemed at a price based on the Net Asset Value per share calculated on the relevant Valuation Day, less, any applicable redemption fee, as detailed in section 9 of this Sub-Fund Particular. Shares will be redeemed on the next Dealing Day.

Applications must be received by the Registrar and Transfer Agent no later than 12pm (Luxembourg time) on the Business day before the relevant Valuation Day in order to be dealt with on the basis of the Net Asset Value per share calculated on that Valuation Day. Any applications received after the applicable deadline will be deemed to be received on the next following Valuation Day.

Payment for redeemed Shares shall normally be made no later than 5 Business Days after the relevant Dealing Day provided that shareholders have provided original payment details.

#### **14. Historical Performance**

Information on the historical performance of the Sub-Fund is disclosed in the relevant Key Investor Information Document.

#### **15. Tracking Error**

In normal market conditions, the Sub-Fund strives to keep the absolute value of average daily tracking deviation between the performance of the Sub-Fund and the performance of the Index within 0.5% and annualised tracking error within 1.5%. If these ranges are exceeded as a result of changes to Index compilation rules or other factors, the Investment Manager will take appropriate measures to prevent further increase in tracking deviation or tracking error.

Tracking error will primarily be due to weighting in cash and mis-weighting in underlying securities. When there are subscriptions or redemptions of Shares or rebalancing activities at the level of the Index occurring alongside extraordinary numbers of suspended stock, mis-weighting may increase and cause larger tracking error.

#### **16. Risk Warnings**

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

For a complete description of all the risks for the Sub-Fund that the Company is aware of, please refer to the section "Risk Consideration" in the General Part of the Prospectus.

In addition thereto, the following additional risk factors should be taken into consideration:

##### *a) China risks – general*

##### Political, Economic and Social Risks

Investments in the PRC will be sensitive to any political, social and diplomatic developments which may take place in or in relation to the PRC. Investors should note that any change in the policies of the PRC may adversely impact on the securities markets in the PRC as well as the performance of the Sub-Fund(s) concerned.

##### PRC Economic Risks

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate

and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the PRC is not well developed when compared with those of developed countries.

The economy in the PRC has experienced rapid growth in recent years. However, such growth may or may not continue, and may not apply evenly across different sectors of the PRC economy. All these may have an adverse impact on the performance of the Sub-Fund(s) concerned.

#### Legal and Regulatory Risk in the PRC

The legal system of the PRC is based on written laws and regulations. However, many of these laws and regulations are still untested and the enforceability of such laws and regulations remains unclear. The PRC is still developing the legal framework required to support a market economy. Fundamental civil, criminal, tax, administrative, property and commercial laws in the PRC are frequently amended. Risk factors relating to the legal system of the China markets that create uncertainties with respect to the investment and investment-related decisions that the Sub-Fund may make include: inconsistencies among governmental, ministerial and local orders, decisions, resolutions and other acts; inefficient administrative regulatory environment; the lack of judicial and administrative guidance on interpreting legislation; substantial gaps in the regulatory structure due to delay or absence of implementing legislation; a high degree of discretion on the part of governmental authorities.

#### *b) Renminbi related risks*

RMB is currently not a freely convertible currency as it is subject to foreign exchange control and fiscal policies of and repatriation restrictions imposed by the Chinese government. Where a Sub-fund invests in RMB denominated investments, the value of such investments may be affected favourably or unfavourably depending on the changes in exchange rate between RMB and the reference currency of the relevant Sub-fund. There are currently no repatriation limits that affect the Sub-Fund. If such policies change in future, the Sub-Fund's or the shareholders' position may be adversely affected. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors wish or intend to convert the redemption proceeds or dividends paid by the Sub-Fund concerned or sale proceeds into a different currency, they are subject to the relevant foreign exchange risk and may suffer losses from such conversion as well as associated fees and charges.

#### *c) China QFII/RQFII Risks*

##### *1) Investment through Investment manager or third party QFII/RQFII*

Under the prevailing regulations China foreign investors may invest in securities and investment permitted to be held or made by QFII/RQFII under the relevant QFII/RQFII Regulations (the "**QFII/RQFII Eligible Securities**") through institutions that have obtained QFII/RQFII status in China.

As of the date hereof, owing to the current QFII/RQFII Regulations and that the Sub-funds themselves are not QFIIs/RQFIIs, the relevant Sub-funds may invest in QFII/RQFII Eligible Securities indirectly through equity linked products, including but not limited to equity linked notes and participatory notes issued by institutions that have obtained QFII/RQFII status (collectively referred to as "**CAAPs**"). The relevant Sub-Fund may also invest directly in QFII/RQFII eligible securities investment via the QFII/RQFII status of ICBC Credit Suisse Asset Management (International) Co., Ltd. (the "**RQFII Holder**").

There are rules and restrictions under current QFII/RQFII Regulations including rules on investment restrictions, which are applicable to the QFII/RQFII as a whole and not only to the investments made by the relevant Sub-Fund. Investments in QFII/RQFII Eligible Securities made through institutions with QFII/RQFII status are generally subject to compliance with investment and market access restrictions applicable to each QFII/RQFII. Such rules and restrictions imposed by the Chinese government on QFIIs/RQFIIs may have an adverse effect on the Sub-funds' liquidity and performance.

Investors should be aware that violations of the QFII/RQFII Regulations on investments arising out of activities of the QFII/RQFII could result in the revocation of or other regulatory actions, including investment in QFII/RQFII Eligible Securities or through CAAPs issued by the said QFII/RQFII made in the benefit of the relevant Sub-funds.

### *2) Limits on Redemption*

Where the relevant Sub-funds are invested in China's securities market by investing through the RQFII Holder's QFII/RQFII status, repatriation of funds from China may be subject to the QFII/RQFII Regulations in effect from time to time.

Accordingly, the investment regulations in relation to the repatriation may change from time to time. PRC custodian(s) (the "**PRC Custodian(s)**") may handle the capital and/or repatriation profit for the RQFII Holder acting as QFII/RQFII with written application or instructions as well as a tax payment commitment letter issued by the RQFII Holder.

### *3) Custody and Broker Risk*

The QFII/RQFII Eligible Securities acquired by the relevant Sub-funds through the RQFII Holder's QFII/RQFII status will be maintained by the PRC Custodian(s) in electronic form via a securities account with the CSDCC or such other central clearing and settlement institutions and a cash account with the PRC Custodian(s).

The RQFII Holder also selects the PRC Brokers to execute transactions for the relevant Sub-funds in the PRC markets. The RQFII Holder can appoint up to the maximum number of PRC Brokers per market (e.g. the Shanghai Stock Exchange and the Shenzhen Stock Exchange) as permitted by the QFII/RQFII Regulations. Should, for any reason, the relevant Sub-funds' ability to use the relevant PRC Broker be affected, this could disrupt the operations of the relevant Sub-funds. The relevant Sub-funds may also incur losses due to the acts or omissions of either the relevant PRC Broker(s) or the PRC Custodian(s) in the execution or settlement of any transaction or in the transfer of any funds or securities. Further in the event of an irreconcilable shortfall in the assets in the securities accounts maintained by CSDCC which may arise due to a fault in the CSDCC or bankruptcy of CSDCC, the relevant Sub-funds may suffer losses. It is possible that, in circumstances where only a single PRC Broker is appointed where it is considered appropriate to do so by the RQFII Holder, the relevant Sub-fund(s) may not necessarily pay the lowest commission or spread available.

Subject to the applicable laws and regulations in China, the Depositary will make arrangements to ensure that the PRC Custodians have appropriate procedures to properly safe-keep the Sub-funds' assets.

According to the QFII/RQFII Regulations and market practice, the securities and cash accounts for the investment funds in China are to be maintained in the name of "the full name of the QFII/RQFII investment manager – the name of the fund" or "the full name of the QFII/RQFII investment manager – client account". Notwithstanding these arrangements with third party custodians, the QFII/RQFII regulations are subject to the interpretation of the relevant authorities in China.

Moreover, given that pursuant to the QFII/RQFII Regulations, the RQFII Holder as QFII/RQFII will be the party entitled to the securities (albeit that this entitlement does not constitute an ownership interest), such QFII/RQFII Eligible Securities of the relevant Sub-funds may be vulnerable to a claim by a liquidator of the RQFII Holder and may not be as well protected as if they were registered solely in the name of the Sub-funds concerned. In particular, there is a risk that creditors of the RQFII Holder may incorrectly assume that the relevant Sub-fund's assets belong to the RQFII Holder and such creditors may seek to gain control of the relevant Sub-fund's assets to meet the RQFII Holder's liabilities owed to such creditors.

Investors should note that cash deposited in the cash account of the relevant Sub-Fund with the PRC Custodian (s) will not be segregated but will be a debt owing from the PRC Custodian(s) to the relevant Sub-Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of the PRC Custodian(s). In the event of bankruptcy or liquidation of the PRC Custodian(s), the Sub-Fund concerned will not have any proprietary rights to the cash deposited in such cash account, and the Sub-Fund concerned will become unsecured creditors, ranking *pari passu* with all other unsecured creditors, of the PRC Custodian(s).

The Sub-Fund concerned may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Sub-Fund concerned will suffer losses.

The RQFII Holder as QFII/RQFII shall entrust its PRC Custodian(s) to complete relevant registration formalities or submit relevant applications to the People's Bank of China ("**PBOC**") and SAFE as described in the Administrative Provisions on Domestic Securities and Futures Investment Capital of Foreign Institutional Investors (PBOC & SAFE Circular [2020] No. 2) (the "Administrative Provisions"). The RQFII Holder shall cooperate with its PRC Custodian(s) in fulfilling obligations regarding review of authenticity and compliance, anti-money laundering, anti-terrorist financing, etc.

#### *4) Foreign Exchange Controls*

RMB is currently not a freely convertible currency and is subject to exchange controls imposed by the Chinese government. As the relevant Sub-Fund invest in China, such controls could affect the repatriation of funds or assets out of the country, thus limiting the ability of the relevant Sub-Fund to satisfy redemption obligations.

Although the RQFII Holder may choose the currency and timing of capital inward remittances, inward remittance and repatriation made by the RQFII Holder for its domestic securities investments shall be in the same currency and no cross-currency arbitrage between RMB and other foreign currencies shall be allowed. The RQFII Holder is allowed to convert between different foreign currencies according to their actual needs.

#### RQFII Specific Risks

##### *Onshore Versus Offshore Renminbi Differences Risk*

While both the CNY and CNH are the same currency, they are traded in different and separated markets. The CNY and CNH are traded at different rates and their movement may not be in the same direction. Although there has been a growing amount of the RMB held offshore (i.e. outside China), the CNH

cannot be freely remitted into China and is subject to certain restrictions, and vice versa. Investors should note that subscriptions and redemptions in the relevant Sub-funds investing in the RQFII Eligible Securities through the RQFII Holder's RQFII status will be in USD and/or reference currency of the relevant share class and will be converted to/from the CNH and the investors will bear the forex expenses associated with such conversion and the risk of a potential difference between the CNY and CNH rates. The liquidity and trading price of the Sub-funds concerned may also be adversely affected by the rate and liquidity of the RMB outside China.

*d) Risks relating with the Stock Connect*

A Sub-Fund may invest and have direct access to certain eligible China A-shares via the securities trading and clearing linked programme with an aim to achieve mutual stock market access between Mainland China and Hong Kong ("**Stock Connect**"). The Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("**HKEx**"), Shanghai Stock Exchange ("**SSE**"), Shenzhen Stock Exchange ("**SZSE**") and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"), with an aim to achieve mutual stock market access between the PRC and Hong Kong. The Stock Connect allows investors to access China A-Shares listed on the SSE and SZSE.

The Stock Connect comprises a Northbound Trading Link (for investment in China A-Shares) by which investors, through their Hong Kong brokers and a securities trading service company to be established by the Stock Exchange of Hong Kong Limited ("**SEHK**"), may be able to place orders to trade eligible shares listed on the SSE and SZSE by routing orders to SSE/SZSE.

Under the Stock Connect, overseas investors (including the Sub-Funds) may be allowed, subject to rules and regulations issued/amended from time to time, to trade China A-shares listed on the SSE/SZSE (the "**SSE/SZSE Securities**") through the Northbound Trading Link.

The list of eligible SSE/SZSE Securities may be changed subject to the review and approval by the relevant PRC regulators.

Further information about the Stock Connect is available online at the website: [https://www.hkex.com.hk/mutual-market/stock-connect?sc\\_lang=en](https://www.hkex.com.hk/mutual-market/stock-connect?sc_lang=en)

*Quota limitations risk* The Stock Connect is subject to quota limitations on investments. In particular, a Sub-fund may not be able to make its intended investments through Stock Connect given that it is subject to a daily quota which does not belong to the relevant Sub-fund and can only be utilized on a first-come-first serve basis. As a result, this may restrict the relevant Sub-Fund's ability to invest in China A-Shares through the Stock Connect on a timely basis, and this Sub-Fund may not be able to effectively pursue their investment policies.

*Suspension risk* Both SEHK and SSE/SZSE reserve the right to suspend trading if necessary for ensuring an orderly and fair market and managing risks prudently which could adversely affect the relevant Sub-fund's ability to access the PRC market.

Where a suspension in the trading through the programme is effected, a Sub-fund's ability to invest in China A-Shares or access the PRC market through the programme will be adversely affected. In such event, the relevant Sub-fund's ability to achieve its investment objective could be negatively affected.

*Differences in trading day* The Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as Sub-Fund) cannot carry out any China A-Shares trading. The Sub-Fund may be subject to a risk of price fluctuations in China A-Shares during the time when the Stock Connect is not trading as a result.

*Restrictions on selling imposed by front-end monitoring* PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE/SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

*Clearing settlement and custody risks* The Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx ("HKSCC") and ChinaClear establish the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the relevant Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

The China A-Shares traded through the Stock Connect are issued in scriptless form, so Investors, such as the relevant Sub-Fund, will not hold any physical China A-Shares. Hong Kong and overseas investors, such as the Sub-Fund, who have acquired SSE/SZSE Securities through Northbound trading should maintain the SSE/SZSE Securities with their brokers' or custodians' stock accounts with the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK. Further information on the custody set-up relating to the Stock Connect is available upon request at the registered office of the Company.

*Nominee arrangements in holding China A-Shares* HKSCC is the "nominee holder" of the SSE/SZSE Securities acquired by overseas investors (including the relevant Sub-Fund) through the Stock Connect. The CSRC Stock Connect rules expressly provided that investors enjoy the rights and benefits of the SSE/SZSE Securities acquired through the Stock Connect in accordance with applicable laws. The CSRC has clarified in the "Several Provisions on the Interconnection Mechanism for Mainland and Hong Kong Markets" issued by the CSRC on 30 September 2016 that (i) the concept of nominee shareholding is recognised in China, (ii) overseas investors shall hold SSE/SZSE Securities through HKSCC and are entitled to proprietary interests in such securities as shareholders, (iii) China law does not expressly provide for a beneficial owner under the nominee holding structure to bring legal proceedings, nor does it prohibit a beneficial owner from doing so, (iv) as long as certification issued by HKSCC is treated as lawful proof of a beneficial owner's holding of SSE/SZSE Securities under the Hong Kong Special Administrative Region law, it would be fully respected by CSRC and (v) as long

as an overseas investor can provide evidential proof of direct interest as a beneficial owner, the investor may take legal actions in its own name in PRC courts.

Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE/SZSE securities in the PRC or elsewhere. Therefore, although the relevant Sub-Fund's ownership may be ultimately recognised and the HKSCC confirmed that it is prepared to provide assistance to the beneficial owners of SSE/SZSE securities where necessary, the relevant Sub-Fund may suffer difficulties or delays in enforcing their rights in China A-Shares. Moreover, whether PRC courts will accept the legal action independently initiated by the overseas investor with the certification of holding in SSE/SZSE Securities issued by HKSCC has yet to be tested.

*Investor compensation* Investments of the relevant Sub-Fund through Northbound trading under the Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

Since default matters in Northbound trading via the Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. On the other hand, since the relevant Sub-Fund are carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, therefore they are not protected by the China Securities Investor Protection Fund in the PRC.

*Trading costs* In addition to paying trading fees and stamp duties in connection with China A-Share trading, the relevant Sub-Fund may be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

*Operational risk* The Stock Connect provides a new channel for investors from Hong Kong and overseas, such as the Sub-Fund, to access the China stock market directly. The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect program requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("China Stock Connect System") set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and

developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The relevant Sub-Fund's ability to access the China A-Share market (and hence to pursue their investment strategy) will be adversely affected.

*Regulatory risk* The CSRC Stock Connect rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that PRC courts will recognise such rules, e.g. in liquidation proceedings of PRC companies.

The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the relevant rules and regulations are subject to change which may have potential retrospective effect. There can be no assurance that the Stock Connect will not be abolished. The relevant Sub-Fund which may invest in the PRC markets through the Stock Connect may be adversely affected as a result of such changes.

Risk associated with the Small and Medium Enterprise Board of the SZSE (the "SME Board") and/or ChiNext Board of the SZSE ("ChiNext Board")

A Sub-Fund may have exposure to stocks listed on SME Board and/or ChiNext Board of SZSE.

*Higher fluctuation on stock prices* - Listed companies on the SME Board and/or ChiNext Board are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SZSE ("**Main Board**").

*Over-valuation risk* - Stocks listed on SME Board and/or ChiNext Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

*Differences in regulation* - The rules and regulations regarding companies listed on ChiNext Board are less stringent in terms of profitability and share capital than those in the Main Board and SME Board.

*Delisting risk* - It may be more common and faster for companies listed on the SME Board and/or ChiNext Board to delist. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.

Investments in the SME Board and/or ChiNext Board may result in significant losses for the Sub-Fund and its Investors.

*e) PRC Taxation Risk*

The Sub-Fund may be subject to withholding income tax ("WIT") and other taxes imposed in the PRC.

PRC Corporate Income Tax ("CIT"):

If the Sub-Fund is considered as a tax resident enterprise of the PRC, it will be subject to PRC CIT at 25% on its worldwide taxable income. If the Sub-Fund is considered as a non-tax resident enterprise with an establishment or place of business ("PE") in the PRC, the PRC sourced profits attributable to that PE would be subject to CIT at 25%.

Under the PRC CIT Law effective from 1 January 2008, a foreign enterprise without a PE in the PRC will generally be subject to a WIT at the current rate of 10% on its PRC sourced income, including but not limited to passive income (e.g. dividends, interest, gains arising from transfer of assets etc.).

The Investment Manager intends to manage and operate the Sub-Fund in such a manner that the Sub-Fund should not be treated as a tax resident enterprise of the PRC or a non-tax resident enterprise with a PE in the PRC for CIT purposes, although this cannot be guaranteed. As such, it is expected that the Sub-Fund should not be subject to CIT on an assessment basis and would only be subject to WIT to the extent the Sub-Fund directly derives PRC sourced income in respect of its investment in the PRC debt securities.

Under current regulations in the PRC, foreign investors (such as the Sub-Fund) may invest in bonds issued within mainland China only through a QFII or a RQFII. In this regard, any PRC tax assessed under PRC tax laws would likely be charged directly against the QFII or the RQFII. Such tax charges would likely be recharged to, and borne by, the Sub-Fund under contractual agreement(s) with the RQFII. As such, the Sub-Fund is the ultimate party which bears the risks relating to any PRC taxes which are so levied by the relevant PRC tax authority.

(i) Interest

Unless a specific exemption is applicable, non-PRC tax residents, including the Sub-Fund are subject to PRC WIT on the payment of interests on debt instruments issued by PRC tax residents, including bonds issued by enterprises established within China. The general WIT rate applicable is 10%, subject to reduction under an applicable double tax treaty.

Interest derived from government bonds issued by the in-charge Finance Bureau of the State Council is exempt from PRC CIT under the PRC CIT Law.

(ii) Dividends

Pursuant to Caishui [2014] No.81 ("Notice No.81") and Caishui [2016] No. 127 ("Circular 127") promulgated by the Ministry of Finance ("the MOF"), the State Administration of Taxation (the "SAT") and the CSRC on 14 November 2014 and 5 December 2016 respectively, dividends received by Hong Kong and overseas investors (including the relevant Sub-Funds) from A-share investment via the Stock Connect are temporarily exempted from PRC income

tax on capital gains derived from the sales of China A-Shares traded on SSE/SZSE. As such, as and when the PRC authorities announce the expiry date of the exemption, the Sub-Fund may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Sub-Fund.

(iii) Capital gain

Under current PRC tax law, there are no specific rules or regulations governing the taxation of RQFII (including gains realized by a RQFII on the disposal of debt instruments issued by PRC tax residents). The tax treatment for a RQFII investing in debt instruments issued by PRC tax residents is governed by the general taxing provisions of the CIT Law. Under such general taxing provision, a RQFII would be subject to 10% PRC WIT on the PRC-sourced capital gains, unless exempt or reduced under relevant double tax treaties (if any).

Pursuant to Notice No. 81, CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Sub-Fund) on the trading of China A Shares through the Stock Connect. Based on Notice No. 81 and having consulted professional and independent tax advisor, no provision for gross realised or unrealised capital gains derived from trading of China A Shares via Stock Connect is made by the Manager or the Investment Manager on behalf of the Fund.

(iv) Stamp duty

Pursuant to "Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No. 127), stamp duty treatment of share transfer transactions is applied in both directions (i.e. both dealings in shares on the SSE or the SZSE and on the SEHK) with no exemptions provided. Stamp duty is applicable on the transfer of China A shares and it is currently at the rate of 0.1%. However, certain stock borrowing arrangements designed to cover short sales are noted to be stamp duty exempt.

Various tax reform policies have been implemented by the PRC government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in the PRC will be changed with retrospective effect in the future and any such change may have an adverse effect on the asset value of the Sub-Fund. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in the PRC which the Sub-Fund invests in, thereby reducing the income from, and/or value of the shares.

In light of the uncertainty on the income tax treatment on capital gains arising from disposal of PRC debt instruments and in order to meet this potential tax liability for capital gains, the Investment Manager currently intends to make provisions from the Sub-Fund's asset for any PRC WIT payable by the Sub-Fund at a rate of 10% on the gross realised capital gains derived from the disposal of PRC debt instruments since the launch of the Sub-Fund. Upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax

assessment rules, any sums withheld in excess of the tax liability incurred or is expected to be incurred by the Sub-Fund shall be released and transferred to the Sub-Fund's accounts forming part of the Sub-Fund's assets. The amount of any such tax provision will be disclosed in the accounts of the Sub-Fund.

It should be noted that the actual applicable tax rates imposed by the State Administration of Taxation of The People's Republic of China ("SAT") may be different and may change from time to time. There is a possibility of the rules being changed and the taxes being applied retrospectively. As such, any provision for taxation made by the Investment Manager may be excessive or otherwise inadequate to meet actual PRC tax liabilities on gains derived from PRC securities held by the Sub-Fund. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such capital gains will be taxed, the level of provision and when they subscribed and/or redeemed in/from the Sub-Fund.

If the actual applicable tax rate levied by SAT is higher than that provided for by the Investment Manager so that there is a shortfall in the tax provision amount, investors should note that the net asset value of the Sub-Fund may suffer more than the tax provision amount as the Sub-Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new investors will be disadvantaged. On the other hand, if the actual applicable tax rate levied by SAT is lower than that provided for by the Investment Manager so that there is an excess in the tax provision amount, investors who have redeemed the shares before any SAT ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Investment Manager's overprovision. In this case, the then existing and new investors may benefit if the difference between the tax provision and the actual taxation liability under that lower tax rate can be returned to the account of the Sub-Fund as assets thereof. Notwithstanding the above provisions, investors who have already redeemed their shares in the Sub-Fund will not be entitled or have any right to claim any part of such overprovision.

*f) Risks relating to the use of the Index*

*Tracking Error Risks* For index-tracking UCITS, the tracking error is usually defined as the volatility of the difference between the return of the index-tracking Sub-Fund's portfolio and the return of the Index. These tracking errors will arise from the fact that the return of the Index cannot take into account 100% of the impact of financial risk in actual trading. Factors such as the fees and expenses of the Sub-Fund, where the Sub-Fund adopts representative sampling an imperfect correlation between the Sub-Fund's assets and the securities constituting the Index, inability to rebalance the Sub-Fund's holdings of securities in response to changes in the constituents of the Index, rounding of security prices, and changes to the regulatory policies may affect the Investment Manager's ability to achieve close correlation with the relevant Index. As it is not possible to invest directly in an Index, the Index return does not reflect the results of actual trading of the Sub-Fund's investments. The use of an optimising strategy in order for the Sub-Fund to track the performance of the Index, does not constitute a guarantee that it will achieve perfect matching of the performance and the Sub-Fund may therefore potentially be subject to tracking error risk or may cause a Sub-Fund's returns to deviate from its Index. Index returns does not reflect payment of any charges or any other fees, taxes such as withholding tax imposed on the Company on any income received from its investments or trading costs that will be payable by the Sub-Fund when investing in the equity securities of the Index, which may cause the Index return to be higher than the Sub-Fund's return for some specific equity securities it has invested in. This will be particularly the case each time the Sub-Fund needs to adjust its portfolio to a rebalancing carried out by the Index provider to correct an error in the Index constituents, it may increase consequently the costs of the Sub-Fund. This may also arise from the Sub-Fund's inability to hold all constituents in their exact

proportions (for example due to local market trading restrictions or legal or regulatory limits). Changes in fiscal laws related to the taxation of capital gains and dividends received by RQFII investors and discrepancies between the tax rates applied to the Sub-Fund and to the Index on capital gains and dividends could also contribute to tracking error. Furthermore if the point of valuation/pricing of the index-tracking Sub-Fund's portfolio and the Index are different, this may also lead to possible tracking errors. The same would also apply in case of closure of any local markets or stock exchanges on any public holidays or for any other exceptional reasons, where the Sub-Fund will no longer be in a position to pursue its investment strategy as the access to the relevant markets will not be possible. The Investment Manager will monitor and seek to manage the above potential risks to minimise tracking error. Tracking errors may positively or negatively impact the Sub-Fund's performance and potentially create extra costs for the Sub-Fund.

*Passive Investments* The Sub-Fund is not actively managed. The Sub-Fund invests in the Index securities and/or non-Index securities included in or reflecting the Index regardless of their investment merit. The Investment Manager is not in a position to select securities individually or to react adequately to declining markets by selecting defensive positions. Accordingly, given the lack of discretion of the Investment Manager to adapt to market changes due to the inherent investment nature of the Sub-Fund, falls in the Index are expected to result in a corresponding fall in the value of the Sub-Fund.

*Risks Associated with Underlying Index* The underlying Index is subject to fluctuations. The performance of the shares of a Sub-Fund should, before expenses, correspond closely with the performance of the underlying Index. If the underlying Index experiences volatility or declines, the price of the shares of the Sub-Fund will vary or decline accordingly. Composition of and weightings in the underlying Index may change. There is no assurance that the constituents of the underlying Index will not be changed by the Index provider in a large proportion and therefore the past performance of an Index is not a guarantee for its future performance. The price of the shares of the Sub-Fund may rise or fall as a result of such changes. The composition of the underlying Index may change if one of the constituent companies were to delist its shares or if a new eligible company were to list its shares and be added to the underlying Index. If this happens, the weighting or composition of the securities owned by the Sub-Fund would be changed as considered appropriate by the Investment Manager to achieve the investment objective of the Sub-Fund. Thus, an investment in shares will generally reflect the underlying Index implying adjustments to constituents change from time to time, and not necessarily correspond to the investment conditions existing at the time of an investment in the shares. Furthermore, there is no assurance that the Index will be constantly accurately and adequately calculated by the Index provider, which will imply for the Sub-Fund to correct any such calculation errors by rebalancing the Sub-Fund's portfolio at its own expenses at some point if any. In addition, changes in the Index methodology may happen at any time without any notice. Licence to use underlying Index may be terminated. The Investment Manager, in its capacity as Index Sponsor has been granted a licence by the Index provider to use the relevant underlying Index to create the Sub-Fund based on the relevant underlying Index and to use certain trademarks and any copyright in the relevant underlying Index. The initial term of the licence in respect of the ICBCCS WisdomTree S&P China 500 UCITS ETF is 1 year commencing 30 June 2015 and the Investment Manager has an automatic right of renewal for an additional 1 year term, provided the Investment Manager is not in material breach of the licence agreement at the time of renewal. The Sub-Fund may not be able to fulfill its investment objective and may be terminated if the relevant licence agreement is terminated. The Sub-Fund may also be terminated if the relevant underlying Index ceases to be compiled or published and there is no replacement underlying Index using the same or substantially similar formula for the method of calculation as used in calculating the relevant underlying Index. The Index provider and the Investment Manager are independent of one another.

*g) Index Disclaimers*

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## APPENDICES

### Appendix 1 General Investment Restrictions

The Company or where a UCITS comprises more than one compartment, each such Sub-Fund or compartment shall be regarded as a separate UCITS for the purposes of this Appendix. The Directors shall, based upon the principle of spreading of risks, have power to determine the investment policy for the investments of the Company in respect of each Sub-Fund and the currency of denomination of a Sub-Fund subject to the following restrictions:

- I. (1) The Company may invest in:
- a) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
  - b) Transferable Securities and Money Market Instruments dealt in on another market in a Member State of the European Union which is regulated, operates regularly and open to the public;
  - c) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in a non-Member State of the European Union or dealt in on another market in a non-Member State of the European Union which is regulated, operates regularly and is recognised and open to the public provided that the choice of the stock exchange or market has been provided for in the constitutional documents of the UCITS;
  - d) Recently issued Transferable Securities and Money Market Instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market and such admission is secured within a year of the issue;
  - e) Units of UCITS and/or Other UCI, whether situated in an EU Member State or not, provided that:
    - such Other UCIs have been authorised under the laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in Community law, and that 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/EC, as amended;

- 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;
- f) 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 country which is an EU Member State or if the registered office of the credit institution is situated in a non-EU Member State provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in Community law;
- g) Financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Regulated Market and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
- the underlying consists of instruments covered by this section (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund(s) may invest according to its/their investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the 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

- h) Money Market Instruments other than those dealt in on a Regulated Market and defined in the Glossary, 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 Regulated Markets;
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by the Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by Community law; or
- issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, 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 and Money Market Instruments issued by the same issuing body.

(ii) The Company may not invest more than 20% of the total net assets of such Sub-Fund in deposits made with the same body. The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. (1) f) above or 5% of its net assets in other cases.

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

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

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

- investments in Transferable Securities or Money Market Instruments issued by that body,
  - deposits made with that body, or
  - exposures arising from OTC derivative transactions undertaken with that body.
- c) The limit of 10% laid down in sub-paragraph III. a) (i) above will be increased to a maximum of 35% in respect of Transferable Securities or Money Market Instruments which are issued or guaranteed by an EU Member State, its local authorities, or by another Eligible State 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 III. a) (i) may be of a maximum of 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State 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 Asset Value of the Sub-Fund.
- e) The Transferable Securities and Money Market Instruments referred to in paragraphs III. c) and III.d) shall not be included in the calculation of the limit of 40% stated in paragraph III. b) above.

The limits set out in sub-paragraphs a), b) c) and d) may not be aggregated and, accordingly, investments in Transferable Securities and Money Market Instruments issued by the same issuing body, in deposits or in financial derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets.

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 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 spreading, 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 a state accepted by the CSSF, OECD member states, Hong Kong, Singapore or any member state of the Group of Twenty or by public international bodies of which one or more Member States of the EU are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the total net assets of such Sub-Fund.**
- IV. a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. are raised to a maximum of 20% for investments in 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 recognised by the CSSF and is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.
- b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.
- V. The Company may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.

Each Sub-Fund may acquire no more than:

- 10% of the non-voting shares of the same issuer;
- 10% of the debt securities of the same issuer;
- 10% of the Money Market Instruments of the same issuer.

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

The provisions of paragraph V. shall not be applicable to Transferable Securities and Money Market Instruments issued or guaranteed by a Member State 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.

These provisions are also waived as regards 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 paragraphs III., V. and VI. a), b), c) and d).

- VI. a) The Company may acquire units of the UCITS and/or Other UCIs referred to in paragraph I. (1) e), provided that no more than 10% of a Sub-Fund's net assets be invested in the units of other UCITS or Other UCI, unless otherwise provided in the Sub-Fund Particular in relation to a given Sub-Fund.

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

- 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. above.
- c) When the Company invests in the units of other UCITS and/or Other UCIs linked to the Company by common management or control, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or Other UCIs.

In respect of a Sub-Fund's investments in UCITS and Other UCIs 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 itself and the other UCITS and/or Other UCIs concerned shall not exceed 1.5% of the relevant assets. 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 and/or Other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or Other UCI with multiple compartments, this restriction is applicable by reference to the units of each compartment of such UCITS/UCI.

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

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

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

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

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

VIII. A Sub-Fund (the "Investing Sub-Fund") may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Fund of the Company (each a "Target Sub-Fund") without the Company being, subject to the requirements of the 1915 Law with respect to the subscription, acquisition and/or the holding by a company of its own shares; under the condition however that:

- the Investing Sub-Fund may not invest more than 10% of its Net Asset Value in a single Target Sub-Fund; and
- the Target Sub-Fund(s) do(es) not, in turn, invest in the Investing Sub-Fund invested in this (these) Target Sub-Fund (s); and
- the investment policy(ies) of the Target Sub-Fund(s) whose acquisition is contemplated does not allow such Target Sub-Fund(s) to invest more than 10% of its(their) Net Asset Value in UCITS and UCIs; and
- voting rights, if any, attaching to the shares of the Target Sub-Fund(s) held by the Investing Sub-Fund are suspended for as long as they are held by the Investing Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law.

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

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

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

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

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

This restriction shall not prevent the Company from (i) acquiring Transferable Securities, Money Market Instruments or other financial instruments referred to in I. (1) e), g) and h) which are not fully paid, and (ii) performing permitted securities lending activities that shall not be deemed to constitute the making of a loan.

- c) The Company may not carry out uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments.
- d) The Company may not acquire movable or immovable property.
- e) The Company may not acquire either precious metals or certificates representing them.
- XI. If the percentage limitations set forth in the above restrictions are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

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

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

XII. Use of techniques and instruments relating to transferable securities and money market instruments.

Sub-Funds must comply with the Grand Ducal Regulation of 8 February 2008 and the requirements of ESMA Guidelines 2014/937 adopted by ESMA concerning ETFs and other UCITS issues as also specified within CSSF Circular 14/592 amending and/or supplementing the existing rules governing OTC derivative instruments, efficient portfolio management techniques and the management of collateral received in the context of such instruments and techniques ("CSSF Circular 14/592").

A. General

The Company may employ the following techniques and instruments related to Transferable Securities and money market instruments provided that such techniques or instruments are considered by the Board of Directors as economically appropriate to the efficient portfolio management of the Company in accordance with the investment objectives of each Sub-Fund.

Under no circumstances shall these operations cause a Sub-Fund to diverge from its investment objectives as laid down in this Prospectus or result in additional risk higher than its risk profile as described in the Sub-fund specific text in this Prospectus. Such techniques and instruments may be used by any Sub-Fund for the purpose of generating additional capital or income or for reducing costs or risk, to the extent permitted by and within the limits set forth in (i) article 11 of the Grand Ducal regulation of 8 February 2008 relating to certain definitions of the Luxembourg Law, (ii) CSSF Circular 08/356 relating to the rules applicable to undertakings for collective investments when they use certain techniques and instruments relating to transferable securities and money market instruments, (iii) CSSF Circular 14/592 and (iv) any other applicable laws and regulations.

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

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

In particular, fees and cost may be paid to agents of the Company and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation of their services. Such fees may be calculated as a percentage of gross revenues earned by the Sub-Fund through the use of such techniques. Generally, no more than 30% of the gross revenue arising from securities lending transactions, repurchase transactions or reverse repurchase transactions may be deducted from the revenue delivered to the Company as direct and indirect operational expenses. Information on direct and indirect operational costs

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

No more than 50% of the net assets of a Sub-Fund will be subject to total return swaps, securities lending transactions, repurchase agreements or/and reverse repurchase agreements, except as otherwise provided in the relevant Sub-Fund Particular.

The selection of counterparties to such transactions will generally be financial institutions based in an OECD member state and have an investment grade credit rating. Details of the selection criteria and a list of approved counterparties is available from the registered office of the Management Company.

#### B. Total Return Swaps

Sub-Funds may use total return swap instruments. In such cases, the counterparty to the transaction will be a counterparty approved and monitored by the Management Company or the Investment Manager. At no time will a counterparty in a transaction have discretion over the composition or the management of the Sub-Fund's investment portfolio or over the underlying of the total return swap.

The following types of assets can be subject to total return swaps: ETFs, listed futures contracts, FX, FX forwards, listed stock.

The risk of counterparty default and the effect on investors returns are described under section "4. Risk Considerations".

#### C. Securities Lending Transactions

The Company may more specifically enter into securities lending transactions provided that the following rules are complied with in addition to the above mentioned conditions:

- (i) The borrower in a securities lending transaction must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (ii) The Company may only lend securities to a borrower either directly or through a standardised system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those provided by EU law and specialised in this type of transaction;

- (iii) The Company may only enter into securities lending transactions provided that it is entitled at any time under the terms of the agreement to request the return of the securities lent or to terminate the agreement.

The following types of assets can be subject to securities lending transactions: any types of assets held by the Company capable of being subject to securities lending transactions.

The risks related to the use of securities lending transactions and the effect on investors returns are described under section "4. Risk Considerations".

#### D. Repurchase and reverse repurchase transactions

The Company may enter into repurchase agreements that consist of forward transactions at the maturity of which the Company (seller) has the obligation to repurchase the assets sold and the counterparty (buyer) the obligation to return the assets purchased under the transactions. The Company may further enter into reverse repurchase agreements that consist of forward transactions at the maturity of which the counterparty (seller) has the obligation to repurchase the asset sold and the Company (buyer) the obligation to return the assets purchased under the transactions. The Company may also enter into transactions that consist in the purchase/sale of securities with a clause reserving for the counterparty/Company the right to repurchase the securities from the Company/counterparty at a price and term specified by the parties in their contractual arrangements.

The Company's involvement in such transactions is, however, subject to the additional following rules:

- (i) The counterparty to these transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (ii) The Company may only enter into reverse repurchase agreement and/or repurchase agreement transactions provided that it is able at any time (a) to recall the full amount of cash in a reverse repurchase agreement or any securities subject to a repurchase agreement or (b) to terminate the agreement in accordance with applicable regulations. However, fixed-term transactions that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

The following types of assets can be subject to repurchase and reverse repurchase transactions: any types of assets held by the Company capable of being subject to repurchase and reverse repurchase transactions.

The risks related to the use of repurchase and reverse repurchase transactions and the effect on investors returns are described under section "4. Risk Considerations".

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

### **General**

In the context of OTC financial derivatives transactions and efficient portfolio management techniques, each Sub-Fund concerned may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral policy applied by the Company in such case. All assets received by a Sub-Fund in the context of efficient portfolio management techniques (securities lending, repurchase or reverse repurchase agreements) shall be considered as collateral for the purposes of this section.

### **Eligible collateral**

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

- (a) Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
- (b) It should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- (c) It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- (d) It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the Sub-Fund's Net Asset Value to any single issuer on an aggregate basis, taking into account all collateral received. By way of derogation, a Sub-Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. In such event, the relevant Sub-Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Sub-Fund's Net Asset Value;
- (e) It should be capable of being fully enforced by the relevant Sub-Fund at any time without reference to or approval from the counterparty;
- (f) Where there is a title transfer, the collateral received will be held by the Depositary Bank. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

Subject to the abovementioned conditions, collateral received by the Sub-Funds may consist of:

- (a) Cash and cash equivalents, including short-term bank certificates and Money Market Instruments;
- (b) Bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope;
- (c) Shares or units issued by money market UCIs calculating a daily Net Asset Value and being assigned a rating of AAA or its equivalent;
- (d) Shares or units issued by UCITS investing mainly in bonds/shares mentioned in (e) and (f) below;
- (e) Bonds issued or guaranteed by first class issuers offering adequate liquidity;
- (f) Shares admitted to or dealt in on a regulated market of a Member State of the EU or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

#### Non-cash Collateral

Non- cash Collateral cannot be sold, re-invested or pledged.

#### Cash collateral

Cash collateral received shall only be:

- placed on deposit with entities prescribed in the 2010 Law;
- invested in high-quality government bonds;
- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds as defined in the CESR Guidelines on a Common Definition of European Money Market Funds (Ref. CESR/10-049).

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral. In case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of the Sub-Fund concerned, or (iii) yield a sum less than the amount of collateral to be returned.

#### *Level of collateral*

Each Sub-Fund will determine the required level of collateral for OTC financial derivatives transactions and efficient portfolio management techniques by reference to the applicable counterparty risk limits set

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

With respect to securities lending, the relevant Sub-Fund will generally require the borrower to post collateral representing, at any time during the lifetime of the agreement, at least 100% of the total value of the securities lent. Repurchase agreement and reverse repurchase agreements will generally be collateralised, at any time during the lifetime of the agreement, at a minimum of 100% of their notional amount.

#### *Haircut policy*

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

The following haircuts for collateral are applied by the Management Company (the Management Company reserves the right to vary this policy at any time):

Eligible Collateral	Remaining Maturity	Valuation Percentage
Cash and cash equivalents	7 days	100% provided that the currency of the cash collateral is the same as the derivative currency of exposure.  99% provided that the currency of the cash collateral is not the same as the derivative currency exposure.
Negotiable debt obligations issued by the government of China, the government of France, the government of Germany, the government of the U.K. and the U.S.	1 year	99% - 99.5% subject to the ongoing review of the price volatility of the relevant instruments and creditworthiness of the issuer.