

# **Daiwa Global Funds**

*Société d'investissement à capital variable (SICAV)*

an undertaking for collective investment in transferable securities (UCITS)  
in the form of an open-ended investment company with variable share capital

subject to the Luxembourg law of 17 December 2010 relating to  
undertakings for collective investment, as amended

## **Prospectus**

**January 2025**

Extract prospectus exclusively for distribution activities to qualified investors in Switzerland in accordance with art. 10 para. 3 to 3ter of the Swiss Collective Investment Schemes Act and art. 5 para 1 of the Financial Services Act.

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## 1. INTRODUCTION

This Prospectus contains information about Daiwa Global Funds that a prospective investor should consider before investing in the Fund and should be retained for future reference.

The Fund is a public limited company (*société anonyme*) incorporated on 7 May 2019 under the laws of the Grand Duchy of Luxembourg as an investment company with variable share capital (*société d'investissement à capital variable*). The Fund is subject to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended or supplemented from time to time.

The Fund has been authorised by the *Commission de Surveillance du Secteur Financier* (CSSF) which is the Luxembourg supervisory authority of the financial sector. However, such authorisation does not require the CSSF to approve or disapprove either the adequacy or accuracy of this Prospectus or the portfolio of assets held by the Fund. Any declaration to the contrary should be considered as unauthorized and illegal.

The Fund is a single legal entity incorporated as an umbrella fund comprised of separate Sub-Funds. Shares in the Fund are Shares in a specific Sub-Fund. The Fund may issue Shares of different Share Classes in each Sub-Fund. Such Share Classes may each have specific characteristics. Certain Share Classes may be reserved for certain categories of investors.

The Fund has been incorporated in Luxembourg on 7 May 2019. The Fund is registered with the Luxembourg Trade and Companies' Register under number B234524. The latest version of the Articles of Incorporation dated 7 May 2019 was published on the RESA on 21 May 2019.

This Prospectus is based on information, law and practice at the date hereof. The Fund cannot be bound by an out of date prospectus when it has issued a new prospectus, and investors should check with the Management Company and on the website [UCITS / Daiwa Asset Management \(daiwa-am.co.jp\)](https://www.daiwa-am.co.jp) that this is the most recently published Prospectus. Neither delivery of the Prospectus nor anything stated herein should be taken to imply that any information contained herein is correct as of any time subsequent to the date hereof.

The information contained in this Prospectus is supplemented by the financial statements and further information contained in the latest Annual Report and Semi-Annual Report of the Fund, copies of which may be requested free of charge at the registered office of the Fund and on the following website <https://www.daiwa-am.co.jp/english/>.

No distributor, agent, salesman or other person has been authorised to give any information or to make any representation other than those contained in the Prospectus and in the documents referred to herein in connection with the offer of Shares and, if given or made, such information or representation must not be relied upon as having been authorised.

The Board of Directors has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no material facts the omission of which would make misleading any statement herein, whether of fact or opinion. The Board of Directors accepts responsibility accordingly.

The distribution of the Prospectus and/or the offer and sale of the Shares in certain jurisdictions or to certain investors may be restricted or prohibited by law. The Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful or to any person to whom it is unlawful

to make such offer, solicitation or sale. It is the responsibility of any persons wishing to make an application for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdictions. No Shares may be acquired or held by, on behalf or for the account or benefit of, Prohibited Persons. In particular, the Board of Directors has decided that US Persons (within the meaning of FATCA) would be considered as Prohibited Persons.

The distribution of this Prospectus in some jurisdictions may require the translation of this Prospectus into the languages specified by the regulatory authorities of those jurisdictions. In case of inconsistency between the translated and the English version of this Prospectus, the English version shall prevail.

### **Singapore Regulatory Disclosures**

The disclosures contained herein are made pursuant to the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005.

#### **THIS DOCUMENT IS FOR INVESTORS IN SINGAPORE OR SUBSCRIBING PURSUANT TO AN OFFER IN SINGAPORE ONLY.**

The Fund has been entered into the list of restricted schemes maintained by the Monetary Authority of Singapore (the **MAS**) pursuant to Section 305 of the Securities and Futures Act (the **SFA**), Chapter 289. The list of restricted schemes may be accessed at the MAS website <https://eservices.mas.gov.sg/cisnet/home/CISNetHome.action>.

References to the schemes which are not listed in the list of restricted schemes are not and should not be construed as an offer of Shares of such sub-funds to persons in Singapore.

This Prospectus has not and will not be registered as a prospectus with the MAS as the Fund is invoking the exemptions from compliance with prospectus requirements pursuant to the exemptions under Section 304 and Section 305 of the SFA. The MAS assumes no responsibility for the contents of the Prospectus.

The offer of the Shares which is the subject of the Prospectus is not authorized or recognized by the MAS and Shares are not allowed to be offered to the retail public in Singapore. Accordingly, statutory liability under the SFA in relation to the content of prospectus would not apply. You should consider carefully whether the investment is suitable for you in light of your own personal circumstances.

Recipients of this Prospectus in Singapore should note that the offering of the Shares is subject to the terms of the Prospectus and the SFA. Accordingly the Shares may not be offered or sold, nor may the Prospectus or any other document or material in connection with the offer or sale of any Share be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A(1)(c) of the SFA), (ii) to a relevant person as defined in Section 305 of the SFA or any person pursuant to an offer referred to in Section 305(2) of the SFA and in accordance with the conditions specified in Section 305 of the SFA, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Subject to all other restrictions on transferability imposed by the Company and the schemes, recipients of the Memorandum represent and warrant that where the Shares are initially acquired pursuant to an offer made in reliance on an exemption under:

- (a) Section 304 of the SFA by an Institutional Investor, subsequent sales of the Shares will only be made to another Institutional Investor; and
- (b) Section 305 of the SFA by a Relevant Investor, subsequent sales of the Shares will only be made to an Institutional Investor or another Relevant Investor.

In addition, it should be noted that where the Shares are initially acquired in Singapore pursuant to an offer made in reliance on an exemption under Section 305 of the SFA by:

- (a) a corporation referred to in Section 305A (2) of the SFA (a "Relevant Corporation"), the securities of the Relevant Corporation shall not be transferred within 6 months after the Relevant Corporation has acquired any Share unless the transfer is in accordance with the conditions of Section 305A (2) of the SFA; and
- (b) a trust referred to in Section 305A (3) of the SFA (a "Relevant Trust"), the rights and interest (howsoever described) of the beneficiaries thereof in the Relevant Trust shall not be transferred within 6 months after any Share has been acquired for the Relevant Trust unless the transfer is in accordance with the conditions of Section 305A (3) of the SFA.

Investors should therefore ensure that their own transfer arrangements comply with the restrictions. Investors should seek legal advice to ensure compliance with the above arrangement.

### **Hong Kong Regulatory Disclosures**

The contents of this Prospectus have not been reviewed or approved by the Securities and Futures Commission of Hong Kong (the **SFC**) or by any regulatory authority in Hong Kong. Accordingly, the Shares may not be offered or sold in Hong Kong by means of this Prospectus or any other document other than to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (**SFO**)

If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice. This Prospectus does not constitute an offer or invitation to the public in Hong Kong to acquire the interests. Accordingly, no person may issue or have in its possession for the purpose of issuing this Prospectus or any advertisement, invitation or document relating to the interests, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong, except to the extent permitted by Hong Kong companies (winding up and miscellaneous provisions) ordinance and the SFO.

No action has been or will be taken in Israel that would permit an offering of the Fund to the public in Israel. In particular, none of the applicable documentation has been or will be reviewed or approved by the Israel Securities Authority and the Fund is being offered or sold to you, among others, based on your confirmation that you qualify as a "Qualified Investor" as defined under the Securities Law, 5728-1968. This applicable documentation may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any offeree who purchases the Fund is purchasing such Fund according to its own discretion, for its own benefit and for its own account and not with the aim or intention of distributing or offering such Fund to other parties.

The Fund must comply with applicable international and Luxembourg laws and regulations regarding AML/CFT. In particular, AML/CFT Rules (as further described below in section 7.11) in force in the Grand Duchy of Luxembourg require the Fund or its agent and service providers to establish and verify the identity of subscribers for Shares (as well as the identity of any intended beneficial owners of the Shares if they are not the subscribers) and the origin of subscription proceeds and to monitor the relationship on an ongoing basis. Failure to provide information or documentation may result, amongst others, in delays in, or rejection of, any subscription or conversion application and/or delays in any redemption application (further details are described below in section 7.11).

An investment in the Shares is only suitable for investors who have sufficient knowledge, experience and/or access to professional advisers to make their own financial, legal, tax and accounting evaluation of the risks of an investment in the Shares and who have sufficient resources to be able to bear any losses that may result from an investment in the Shares. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser as to possible financial, legal, tax and accounting consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, redemption, conversion or disposal of the Shares of the Fund.

**THE VALUE OF THE SHARES MAY FALL AS WELL AS RISE AND AN INVESTOR MAY NOT GET BACK THE AMOUNT INITIALLY INVESTED. INVESTING IN THE FUND INVOLVES RISK INCLUDING THE POSSIBLE LOSS OF CAPITAL.**

## **2. DIRECTORY**

### **Registered office of the Fund**

106, route d'Arlon  
L-8210 Mamer  
Grand Duchy of Luxembourg

### **Board of Directors**

Mr. Kiyoharu Fujioka  
Managing Director of Daiwa Asset  
Management (Europe) Ltd  
Director

Mr. Tetsuya Yamazaki  
Managing Director at Daiwa Asset  
Management Co. Ltd.  
Director

Mr. Hervé Leclercq  
Independent Director

### **Management Company**

Lemanik Asset Management S.A.  
106, route d'Arlon  
L-8210 Mamer  
Grand Duchy of Luxembourg

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

Mr. Philippe Meloni  
Director

Mr. Carlo Sagramoso  
Director

Mr. Gianluigi Sagramoso  
Director

### **Conducting Officers of the Management Company**

Mr. Jean Philippe Claessens  
Mrs. Armelle Moulin  
Mr. Alexandre Dumont  
Mr. Gilles Roland  
Mr. Cédric Coudron  
Mrs. Rachel Keip

### **Depositary and Paying Agent**

CACEIS Bank, Luxembourg Branch  
5, Allée Scheffer  
L-2520 Luxembourg  
Grand Duchy of Luxembourg

### **UCI Administrator**

CACEIS Bank, Luxembourg Branch  
5, Allée Scheffer  
L-2520 Luxembourg  
Grand Duchy of Luxembourg

### **Domiciliary Agent**

Lemanik Asset Management S.A.  
106, route d'Arlon  
L-8210 Mamer  
Grand Duchy of Luxembourg

### **Investment Manager**

Daiwa Asset Management (Singapore) Ltd.  
3 Phillip Street, #16-04  
Royal Group Building,  
Singapore 048693  
Singapore

### **Sub-Investment Managers**

Daiwa Asset Management Co. Ltd.  
GranTokyo North Tower 9-1  
Marunouchi 1-chome  
Chiyoda-ku, Tokyo 100-6753  
Japan

### **Global Distributor**

Daiwa Asset Management (Europe) Ltd.  
5<sup>th</sup> Floor, 5 King William Street  
London, EC4N 7AX  
United Kingdom



**Auditor**

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

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

Ogier (Luxembourg) SCS  
2-4, Rue Eugène Ruppert  
L-2453 Luxembourg  
Grand Duchy of Luxembourg

### 3. DEFINITIONS

1915 Law	the Luxembourg law of 10 August 1915 on commercial companies, as may be amended from time to time.
1993 Law	the Luxembourg law of 5 April 1993 on the financial sector, as may be amended from time to time.
2004 Law	the Luxembourg law of 12 November 2004 on the fight against money laundering and terrorist financing, as may be amended from time to time.
2010 Law	the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time.
Accumulation Shares	Shares with respect to which the Fund does not intend to distribute dividends.
AML/CFT	Anti-money laundering and counter-financing terrorism.
Annual Report	the report issued by the Fund as of the end of the latest financial year in accordance with the 2010 Law.
Articles of Incorporation	the articles of incorporation of the Fund, as may be amended from time to time.
ASEAN	the Association of Southeast Asian Nations.
Auditor	the independent auditor ( <i>réviseur d'entreprises agréé</i> ) of the Fund within the meaning of the 2010 Law, as identified in the Directory.
Board of Directors	the board of directors of the Fund.
Brussels I (Recast)	Regulation (EU) No 1215/2015 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast).
Business Day	any day on which banks are open the whole day for non-automated business in Luxembourg, Singapore and in such other countries or cities as may be specified for a Sub-Fund or Share Class in a Supplement.
Code of Conduct	the code of conduct adopted by the Board of Directors on the basis of the corporate governance principles issued by the Association of the Luxembourg Fund Industry, as may be amended or supplemented from time to time.

Conversion Day	the day or days on which Original Shares may be converted into New Shares, being a day which is a Redemption Day for the Original Shares and, if that day is not a Subscription Day for the New Shares, the day which is the immediately following Subscription Day for the New Shares, provided that the Cut-Off Time for a Conversion Day shall be the earlier of the Cut-Off Time for redemption of the Original Shares on that Redemption Day and the Cut-Off Time for subscription to the New Shares on that Subscription Day. For the avoidance of doubt, the Conversion Day may be a different day for the Original Shares and the New Shares.
Conversion Fee	a fee which the Fund may charge upon conversion of Shares and which is equal to the positive difference, if any, between the Subscription Fee applicable to the New Shares and the Subscription Fee paid on the Original Shares, or such lower amount as specified for each Share Class in the Supplement, where applicable, if not otherwise decided by the Board of Directors.
CRS	the Common Reporting Standard, within the meaning of the Standard for Automatic Exchange of Financial Account Information in Tax Matters, as set out in the Luxembourg law on the Common Reporting Standard.
CSSF	the <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority of the financial sector.
Currency Hedged Share Classes	Share Classes for which a currency hedging strategy is implemented, as further described in the Prospectus. Currency Hedged Share Classes are identified in the Supplements.
Cut-Off Time	for any Subscription Day, Redemption Day or Conversion Day, the day and time by which an application for subscription, redemption or conversion, as applicable, must in principle be received by the Fund in order for the application to be processed, if accepted, by reference to the Net Asset Value per Share calculated as of that Subscription Day, Redemption Day or Conversion Day, as applicable. The Cut-Off Time is specified for each Sub-Fund or Share Class in the Supplement.
Depository	the depository bank appointed by the Fund in accordance with the provisions of the 2010 Law and the Depository Agreement, as identified in the Directory.
Depository Bank and Principal Paying Agent Agreement	the agreement entered into between the Fund and the Depository governing the appointment of the Depository, as may be amended or supplemented from time to time.

Directive 2013/34/EU	Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, as may be amended from time to time.
Distribution Shares	Shares with respect to which the Fund intends to distribute dividends and which confer on their holder the right to receive such dividends, if and when declared by the Fund.
Distributors	intermediaries appointed by the Fund, the Global Distributor, or the Management Company to distribute the Shares.
Eligible Investor	an investor who satisfies all additional eligibility requirements for a specific Sub-Fund or Share Class, as specified for the Sub-Fund or Share Class in the Supplement.
ESMA	the European Securities and Markets Authority.
ESMA Guidelines 2014/937	ESMA Guidelines of 1 August 2014 on ETFs and other UCITS issues (ESMA/2014/937).
ETF	an Exchange-Traded Fund.
EU	the European Union.
EUR	the lawful currency of the Member States that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.
FATCA	the provisions of the US Hiring Incentives to Restore Employment (HIRE) Act of 18 March 2010 commonly referred to as the Foreign Account Tax Compliance Act (FATCA).
Fund	Daiwa Global Funds.
GBP	the currency of the United Kingdom of Great Britain.
Global Distributor	the global distribution agent appointed by the Management Company, with the consent of the Fund, in accordance with the provisions of the 2010 Law and the Global Distribution Agreement, as identified in the Directory.
Global Distribution Agreement	the agreement entered into between the Fund, the Management Company, and the Global Distributor governing the appointment of the Global Distributor, as may be amended or supplemented from time to time.

Initial Offer	the first day or period on or during which Shares of a Share Class will be or were available for subscription.
Initial Offer Price	the price at which Shares may be subscribed for on or during the Initial Offer.
Institutional Investor	an institutional investor as defined for the purposes of the 2010 Law and by the administrative practice of the CSSF.
Investment Management Agreement	the agreement entered into between the Fund, the Management Company and the Investment Manager governing the appointment of the Investment Manager, as may be amended or supplemented from time to time.
Investment Manager	the investment manager appointed by the Management Company with the consent of the Fund in accordance with the provisions of the 2010 Law and the Investment Management Agreement, as identified in the Directory.
Investment Manager Fee	the fee payable by the Fund to the Investment Manager under the Investment Management Agreement, as described in section 9.3 (Investment Manager Fee) of this Prospectus.
JPY	the lawful currency of Japan.
KIID	the Key Investor Information Document drawn up in accordance with the UCITS Directive and Commission Regulation 583/2010 of 1 July 2010 implementing the UCITS Directive as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website.
Lugano Convention	the Convention of Lugano of 30 October 2007 on jurisdiction and the enforcement of judgments in civil and commercial matters.
Management Company	the management company appointed by the Fund in accordance with the provisions of the 2010 Law and the Management Company Services Agreement, as identified in the Directory.
Management Company Services Agreement	the agreement entered into between the Fund and the Management Company governing the appointment of the Management Company, as may be amended or supplemented from time to time.
Management Company Fee	the fee payable by the Fund to the Management Company under the Management Company Services Agreement, as described in section 9.2 (Management Company Fee) of this Prospectus.

Member State	a State that is a contracting party to the agreement creating the EU. The States that are contracting parties to the agreement creating the European Economic Area, other than the Member States, within the limits set forth by such agreement and related acts, are considered as equivalent to Member States.
MiFID 2	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as may be amended from time to time.
Money Market Instrument	instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time.
Net Asset Value	as the context indicates, the net asset value of the Fund, a Sub-Fund, or a Share Class determined in accordance with the provisions of this Prospectus.
Net Asset Value per Share	the Net Asset Value of a Share Class in a Sub-Fund divided by the total number of Shares of that Share Class which are in issue as of the Valuation Day for which the Net Asset Value per Share is calculated.
New Shares	Shares described in section 7.6 (Conversion of Shares) of this Prospectus.
Non-Member State	any State, other than a Member State, in Europe, the Americas, Africa, Asia or Oceania.
OECD	the Organization for Economic Cooperation and Development.
Original Shares	Shares described in section 7.6 (Conversion of Shares) of this Prospectus.
Other Regulated Market	a market which is regulated, operates regularly and is recognized and open to the public, in Non-Member States, which may be located in Europe, Africa, the Americas, Asia and/or Oceania.
Paying Agent	the paying agent appointed by the Fund, as identified in the Directory.
Prohibited Person	any person considered as a Prohibited Person in the opinion of the Board of Directors according to the criteria set out in the Articles of Incorporation and section 7.10 (Prohibited Persons) of the Prospectus.
Prospectus	this prospectus including all Supplements, as may be amended from time to time.

Redemption Day	a Valuation Day on which Shares may be redeemed by the Fund at a Redemption Price determined by reference to the Net Asset Value per Share calculated as of that Valuation Day. Redemption Days are specified for each Sub-Fund or Share Class in the Supplement. Certain jurisdictions do not permit redemptions to be processed on local holidays. Investors should refer to the local sales documents for their jurisdiction or consult their local Distributor for further details.
Redemption Fee	a fee which the Fund may charge upon redemption of Shares, equal to a percentage of the Redemption Price or such other amount specified for each Sub-Fund or Share Class in the Supplement, where applicable.
Redemption Price	the price at which the Fund may redeem Shares on a Redemption Day, as determined for each Sub-Fund or Share Class on the basis of the Net Asset Value per Share as of that Redemption Day and in accordance with the provisions of this Prospectus.
Redemption Settlement Period	the period of time, as specified for each Sub-Fund or Share Class in the Supplement, by the end of which the Fund will normally pay the Redemption Price (less any Redemption Fee) to redeeming investors, subject to the further provisions of this Prospectus.
Reference Currency	as the context indicates, (i) in relation to the Fund, the USD, or (ii) in relation to a Sub-Fund, the currency in which the assets and liabilities of the Sub-Fund are valued and reported, as specified in each Supplement, or (iii) in relation to a Sub-Fund or Share Class, the currency in which the Shares of that Sub-Fund or Share Class are denominated, as specified in each Supplement.
Regulated Market	a regulated market within the meaning of MiFID 2.
REIT or Real Estate Investment Trust	an entity that is dedicated to owning, and in most cases, managing real estate. This may include, but is not limited to, real estate in the residential, commercial and industrial sectors. Certain REITs may also engage in real estate financing transactions and other real estate development activities. A closed-ended REIT, the units of which are listed on a Regulated Market or an Other Regulated Market may qualify as a transferable security listed on a Regulated Market or an Other Regulated Market thereby qualifying as an eligible investment for a UCITS under the 2010 Law in accordance with the provisions of Article 2 of the Grand-Ducal Regulation of 8 February 2008. The legal structure of a REIT, its investment restrictions and the regulatory and taxation regimes to which it is subject will differ depending on the jurisdiction in which it is established.
RESA	the <i>Recueil électronique des sociétés et associations</i> , the central electronic platform of the Grand Duchy of Luxembourg.

Semi-Annual Report	the report issued by the Fund as of the first half of the current financial year in accordance with the 2010 Law.
SFDR	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability - related disclosures in the financial services sector.
Share Class	a class of Shares of a Sub-Fund created by the Board of Directors, as described in section 7.1 (Shares, Sub-Funds and Share Classes) of this Prospectus. For the purposes of this Prospectus, each Sub-Fund shall be deemed to comprise at least one Share Class.
Shares	shares of a Sub-Fund or Share Class issued by the Fund.
Sub-Fund	a sub-fund of the Fund, as described in section 7.1 (Shares, Sub-Funds and Share Classes) of this Prospectus.
Sub-Investment Management Agreement	the agreement entered into between the Fund, the Management Company and the Sub-Investment Manager governing the appointment of the Sub-Investment Manager, as may be amended or supplemented from time to time.
Sub-Investment Manager	the sub-investment manager appointed by the Management Company with the consent of the Fund in accordance with the provisions of the 2010 Law and the Sub-Investment Management Agreement, as identified in the Directory.
Sub-Investment Manager Fee	the fee payable by the Fund to the Sub-Investment Manager under the Sub-Investment Management Agreement, if any, as described in the relevant supplement.
Subscription Day	a Valuation Day on which investors may subscribe for Shares at a Subscription Price determined by reference to the Net Asset Value per Share calculated as of that Valuation Day. Subscription Days are specified for each Sub-Fund or Share Class in the Supplement. Certain jurisdictions do not permit subscriptions to be processed on local holidays. Investors should refer to the local sales documents for their jurisdiction or consult their local Distributor for further details.
Subscription Fee	a fee which the Fund may charge upon subscription for Shares, equal to a percentage of the Subscription Price or such other amount specified for each Sub-Fund or Share Class in the Supplement, where applicable.
Subscription Price	the price at which investors may subscribe for Shares on a Subscription Day, as determined for each Sub-Fund or Share Class on the basis of the Net Asset Value per Share as of that Subscription Day and in accordance with the provisions of this Prospectus.



Subscription Settlement Period	the period of time by the end of which the subscriber is required to pay the Subscription Price (plus any Subscription Fee) to the Fund. The Subscription Settlement Period is specified for each Sub-Fund or Share Class in the Supplement.
Supplement	the supplement(s) to this Prospectus for each specific Sub-Fund, which form part of this Prospectus.
Sustainability Factors	environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.
Sustainability Risk	an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investments made by a Sub-Fund.
Swing Factor	is defined in section 8.2 (Valuation procedure) of this Prospectus.
Swing Threshold	is defined in section 8.2 (Valuation procedure) of this Prospectus.
Target Sub-Fund	a Sub-Fund into which another Sub-Fund has invested in accordance with the provisions of this Prospectus.
Transferable Security	shares in companies and other securities equivalent to shares in companies, bonds and other forms of securitized debt, and any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange.
UCI	undertaking for collective investment within the meaning of Article 1(2)(a) and (b) of the UCITS Directive, being an open-ended undertaking with the sole object of collective investment of capital raised from the public, in accordance with the principle of risk-spreading, in transferable securities and other liquid financial assets.
UCI Administration Agreement	the agreement entered into between the Fund, the Management Company and the UCI Administrator governing the appointment of the UCI Administrator, as may be amended or supplemented from time to time.
UCI Administrator	the central administrative agent and registrar and transfer agent appointed by the Management Company and the Fund in accordance with the provisions of the 2010 Law and the Administration Agreement, as identified in the Directory.
UCITS	undertaking for collective investment in transferable securities
UCITS Directive	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 (UCITS) (recast), as may be amended from time to time.

US or USA	the United States of America
USD	the lawful currency of the USA.
Valuation Day	a Business Day as of which the Net Asset Value per Share is calculated, as specified in the Supplement.

## **4. INVESTMENT STRATEGY AND RESTRICTIONS**

Each Sub-Fund has a specific investment objective and policy described in its Supplement. The investments of each Sub-Fund must comply with the provisions of the 2010 Law. The investment restrictions and policies set out in this section apply to all Sub-Funds, without prejudice to any specific rules adopted for a Sub-Fund, as described in its Supplement where applicable. The Board of Directors may impose additional investment guidelines for each Sub-Fund from time to time, for instance where it is necessary to comply with local laws and regulations in countries where Shares are distributed. Each Sub-Fund should be regarded as a separate UCITS for the purposes of this section.

### **4.1 Authorised investments**

**4.1.1** The investments of each Sub-Fund must comprise only one or more of the following.

- (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 that is regulated, operates regularly and is recognized and open to the public.
- (C) Transferable Securities and Money Market Instruments admitted to the official listing on a stock exchange in a Non-Member State or dealt in on another market in a Non-Member State which is regulated, operates regularly and is recognized and open to the public (*i.e.*, stock exchanges or other regulated markets in any country of the Americas, Europe, Africa, Asia and Oceania).
- (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 stock exchange or dealing on a Regulated Market or another regulated market referred to in paragraphs (A) to (C) of this section, and that such admission is secured within one year of issue.
- (E) Shares or units of UCITS or other UCI, whether or not established in a Member State, provided that the following conditions are satisfied:
  - (1) such other UCI are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;
  - (2) the level of protection for shareholders or unitholders in such other UCI is equivalent to that provided for shareholders or unitholders in a UCITS, and in particular, the rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
  - (3) the business of the other UCI is reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period; and

- (4) no more than 10% of the assets of the UCITS or the other UCI whose acquisition is contemplated can, according to their constitutive documents, be invested in aggregate in shares or units of other UCITS or other UCI.
- (F) Deposits with credit institution which has its registered office in a Member State or a credit institution located in a third-country which is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, which are repayable on demand or have the right to be withdrawn and maturing in no more than twelve months.
- (G) Financial derivative instruments, including equivalent cash-settled instruments, listed on a stock exchange or dealt in on a Regulated Market or another regulated market referred to in paragraphs (A) to (C) of this section, or financial derivative instruments dealt in over-the-counter (OTC) provided that:
  - (1) the underlying consists of assets covered by this section 4.1.1 including instruments with one or more characteristics of those assets, and/or financial indices, interest rates, foreign exchange rates or currencies, in which a Sub-Fund may invest according to its investment objective;
  - (2) the counterparties to OTC derivatives are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and
  - (3) 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 initiative of the Fund.
- (H) Money Market Instruments other than those dealt in on a Regulated Market or on another regulated market referred to in paragraphs (A) to (C) of this section, provided that the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and that such instruments are:
  - (1) issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, a Non-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 Member States belong;
  - (2) issued by an undertaking any securities of which are listed on a stock exchange or dealt in on a Regulated Market or another regulated market referred to in paragraphs (A) to (C) of this section;
  - (3) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law; or
  - (4) issued by other bodies provided that investments in such instruments are subject to investor protection equivalent to that set out in paragraphs (H)(1) to (H)(3) of this section and provided that the issuer is a company

whose capital and reserves amount to at least EUR 10,000,000.- and which presents and publishes its annual accounts in accordance with Directive 2013/34/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- 4.1.2** Each Sub-Fund may invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those identified in paragraphs (A) to (D) and (H) of section 4.1.1.
- 4.1.3** Each Sub-Fund may hold ancillary liquid assets (*i.e.*, bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41(1) of the 2010 Law, or for a period of time strictly necessary in case of unfavourable market conditions. Under exceptionally unfavorable market conditions (for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008), each Sub-Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions, hold ancillary liquid assets up to 100% of its net assets on a temporary basis for a period of time strictly necessary, if considered to be in the best interest of its investors.
- 4.1.4** Each Sub-Fund may borrow up to 10% of its net assets on a temporary basis. Collateral arrangements to cover exposure to financial derivative instruments are not considered borrowings for the purposes of this restriction. Each Sub-Fund may also acquire foreign currency by means of a back-to-back loan.
- 4.1.5** The Fund may acquire movable and immovable property which is essential for the direct pursuit of its business. Each Sub-Fund may borrow up to 10% of its net assets for this purpose. However, the total amount of borrowing for this purpose and any borrowing on a temporary basis permitted by section 4.1.4 above may not exceed 15% of the net assets of the Sub-Fund.
- 4.1.6** Each Sub-Fund may invest into shares issued by other Sub-Funds of the Fund (called Target Sub-Funds) provided that, during the period of investment:
- (A) the Target Sub-Fund does not, in turn, invest in the investing Sub-Fund and no more than 10% of the net assets of the Target Sub-Fund may be invested in other Sub-Funds;
  - (B) the voting rights attached to such Shares of the Target Sub-Fund are suspended; and
  - (C) the value of such Shares of the Target Sub-Fund will not be taken into consideration for the calculation of the Net Asset Value of the Fund for the purposes of verifying the minimum threshold of net assets imposed by the 2010 Law.

- 4.1.7** Each Sub-Fund may invest in cash equivalents (*i.e.*, bank deposits excluding bank deposits at sight, Money Market Instruments, or other eligible assets listed under article 41(1) of the 2010 Law), pursuant to the applicable investment restrictions and the relevant Supplement, in order to (i) achieve its investment goals, and/or for (ii) treasury purposes, and/or (iii) in case of unfavorable market conditions.

## **4.2 Prohibited investments**

- 4.2.1** The Sub-Funds may not acquire commodities or precious metals or certificates representing them or hold any right or interest therein. Investments in financial instruments linked to, or backed by the performance of, commodities or precious metals, or any right or interest therein, do not fall under this restriction.
- 4.2.2** Except as set out in section 4.1.5, the Sub-Funds may not invest in real estate or hold any right or interest in real estate. Investments in financial instruments linked to, or backed by the performance of, real estate or any right or interest therein, or shares or debt instruments issued by companies which invest in real estate or interests therein, do not fall under this restriction.
- 4.2.3** The Sub-Funds may not grant loans or guarantees in favour of a third party. Such restriction will not prevent any Sub-Fund from investing in Transferable Securities, Money Market Instruments, shares or units of UCITS or other UCI or financial derivative instruments referenced in section 4.1.1 which are not fully paid-up. Furthermore, such restriction will not prevent any Sub-Fund from entering into repurchase agreements, buy/sell-back transactions or securities lending transactions as described in section 4.6 (Efficient portfolio management techniques) below.
- 4.2.4** The Sub-Funds may not enter into uncovered sales of Transferable Securities, Money Market Instruments, shares or units of UCITS or other UCI or financial derivative instruments referenced in section 4.1.1.

## **4.3 Risk diversification limits**

- 4.3.1** If an issuer or body is a legal entity with multiple sub-funds or compartments where the assets of each sub-fund or compartment are exclusively reserved to the investors of that sub-fund or compartment and to those creditors whose claim has arisen in connection with the creation, operation and liquidation of that sub-fund or compartment, each sub-fund or compartment is to be considered as a separate issuer or body for the purpose of the application of these risk diversification limits.

### **Transferable Securities and Money Market Instruments**

- 4.3.2** No Sub-Fund may purchase additional Transferable Securities or Money Market Instruments of any single issuer if, upon such purchase:
- (A) more than 10% of its net assets would consist of Transferable Securities or Money Market Instruments of such issuer; or

- (B) the total value of all Transferable Securities and Money Market Instruments of issuers in which it invests more than 5% of its net assets would exceed 40% of its net assets.

**4.3.3** The limit of 10% set out in section 4.3.2, paragraph (A) is increased to 25% in respect of (i) covered bonds as defined in Article 3 (1) of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision, as amended, and (ii) for certain bonds where they are issued before 8 July 2022 by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the bondholders of such bonds issued before 8 July 2022. In particular, the proceeds from the issue of such bonds issued before 8 July 2022 must be invested, in accordance with applicable law, in assets which are capable of covering claims attached to such bonds until their maturity and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of accrued interest. To the extent a Sub-Fund invests more than 5% of its net assets in bonds mentioned under this section 4.3.3, the total value of such investments may not exceed 80% of its net assets. Bonds mentioned in this section 4.3.3 are not included in the calculation of the limit of 40% set out in section 4.3.2, paragraph (B).

**4.3.4** The limit of 10% set out in section 4.3.2, paragraph (A) is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any Non-Member State or by a public international body of which one or more Member States are members. Such securities are not included in the calculation of the limit of 40% set out in section 4.3.2, paragraph (B).

**4.3.5** **Notwithstanding the limits set out above, each Sub-Fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by one or more of its local authorities, by a member state of the OECD or the Group of Twenty (G20), by the Republic of Singapore, by the Hong Kong Special Administrative Region of the People's Republic of China, or by a public international body of which one or more Member States are members, provided that the Sub-Fund holds in its portfolio securities from at least six different issues and that securities from any issue do not account for more than 30% of the net assets of the Sub-Fund.**

#### **Financial derivative instruments and efficient portfolio management techniques**

**4.3.6** The counterparty risk exposure arising from OTC financial derivative instruments and efficient portfolio management techniques (as described below) undertaken with a single body for the benefit of a Sub-Fund may not exceed 10% of the net assets of the Sub-Fund where the counterparty is a credit institution which has its registered office in a Member State or a credit institution located in a third-country which is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, or 5% of its net assets in other cases.

## **Bank deposits**

- 4.3.7** Each Sub-Fund may invest up to 20% of its net assets in deposits made with a single body.

## **Combined limits**

- 4.3.8** Notwithstanding the individual limits set out in sections 4.3.2, 4.3.6 and 4.3.7, a Sub-Fund may not combine, where this would lead to an exposure of more than 20% of its net assets to a single body:

- (A) investments in Transferable Securities or Money Market Instruments issued by that body;
- (B) bank deposits made with that body; and
- (C) counterparty exposure arising from OTC financial derivative instruments and efficient portfolio management techniques (as described below) undertaken with that body.

- 4.3.9** The limits set out in sections 4.3.2 to 4.3.8 (with the exception of section 4.3.5) may not be combined: investments in Transferable Securities or Money Market Instruments, bank deposits, counterparty exposure arising from OTC financial derivative instruments and efficient portfolio management techniques, issued by or undertaken with, a single issuer or body, each in accordance with the limits set out in sections 4.3.2 to 4.3.8 (with the exception of section 4.3.5) may not exceed a total of 35% of the net assets of the Sub-Fund.

- 4.3.10** For the purposes of the combined limits set out in sections 4.3.8 and 4.3.9, issuers or bodies that are part of the same group of companies are considered as a single issuer or body. A group of companies comprises all companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 2013/34/EU or in accordance with recognized international accounting rules.

## **Sub-Fund replicating the composition of a financial index**

- 4.3.11** Without prejudice to the limits laid down in section 4.4 (Control limits) below, the limits set out in section 4.3.2 are raised to 20% for investments in Transferable Securities or Money Market Instruments issued by a single issuer where the investment objective of the Sub-Fund is to replicate the composition of a certain financial index of stock or debt securities which is recognized by the CSSF.

- 4.3.12** The limit of 20% set out in the preceding section is raised to 35% where that proves to be justified by exceptional market conditions, in particular in regulated markets where certain Transferable Securities or Money Market Instruments are highly dominant, provided that any investment up to this 35% limit is only permitted for a single issuer.



**4.3.13** A financial index is an index which complies, at all times, with the following conditions: the composition of the index is diversified in accordance with the limits set out in sections 4.3.11 and 4.3.12, the index represents an adequate benchmark for the market to which it refers, and the index is published in an appropriate manner. These conditions are further specified in and supplemented by regulations and guidance issued by the CSSF from time to time.

#### **Shares or units of UCITS or other UCI**

**4.3.14** Unless otherwise specified in its Supplement, no Sub-Fund is permitted to invest in aggregate more than 10% of its net assets in shares or units of UCITS or other UCI. If otherwise specified in its Supplement, the following limits will apply:

- (A) investments made in shares or units of a single other UCITS or other UCI may not exceed 20% of the net assets of the Sub-Fund; and
- (B) investments made in shares or units of other UCI may not, in aggregate, exceed 30% of the net assets of the Sub-Fund.

**4.3.15** The underlying assets of the UCITS or other UCI into which a Sub-Fund invests do not have to be combined with any other direct or indirect investment of the Sub-Fund into such assets for the purposes of the limits set out in section 4.3 (Risk diversification limits) above.

**4.3.16** If a Sub-Fund invests in shares or units of UCITS or other UCI that are managed, directly or by delegation, by the Management Company or by any other company which is linked to the Management Company by common management or control, or by a substantial direct or indirect holding, the Management Company or other company may not charge subscription or redemption fees on account of the Sub-Fund's investment in the shares or units of such UCITS and/or other UCI.

**If a Sub-Fund invests a substantial proportion of its assets in UCITS or other UCI, the Supplement will disclose the maximum level of the management fees that may be charged both to the Sub-Fund itself and to the UCITS or other UCI in which it intends to invest. The Fund will disclose in the Annual Report the maximum proportion of management fees charged to both the Sub-Fund itself and the UCITS or other UCI in which the Sub-Fund invests.**

#### **Derogation**

**4.3.17** During the first six (6) months following its launch, a new Sub-Fund may derogate from the limits set out in this section 4.3 (Risk diversification limits) above, provided that the principle of risk-spreading is complied with.

### **4.4 Control limits**

**4.4.1** The Fund may not acquire such amount of shares carrying voting rights which would enable the Fund to exercise legal or management control or to exercise a significant influence over the management of the issuer.

**4.4.2** No Sub-Fund may acquire more than:

- (A) 10% of the non-voting shares of the same issuer;
- (B) 10% of the debt securities of the same issuer;
- (C) 10% of the Money Market Instruments of any single issuer; or
- (D) 25% of the shares or units of the same UCITS or other UCI.

**4.4.3** The limits set out in section 4.4.2, paragraphs (B) to (D) may be disregarded at the time of acquisition if, at that time, the gross amount of the debt securities or Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

**4.4.4** The limits set out in sections 4.4.1 to 4.4.2 do not apply in respect of:

- (A) Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;
- (B) Transferable Securities and Money Market Instruments issued or guaranteed by any Non-Member State;
- (C) Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member States are members;
- (D) shares in the capital of a company which is incorporated under or organized pursuant to the laws of a Non-Member State, provided that:
  - (1) such company invests its assets principally in securities issued by issuers having their registered office in that State;
  - (2) pursuant to the laws of that State, a participation by the relevant Sub-Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State; and
  - (3) such company observes in its investments policy the restrictions set out in section 4.3 (Risk diversification limits) above (with the exceptions of sections 4.3.5 and 4.3.11 to 4.3.13) and sections 4.4.1 to 4.4.2;
- (E) shares held by the Fund in the capital of subsidiary companies which carry on the business of management, advice or marketing in the country where the subsidiary is established, in regard to the redemption of shares at the request of shareholders exclusively on its or their behalf.

**4.5 Financial derivative instruments**

**4.5.1 General**

Each Sub-Fund may use financial derivative instruments such as options, futures, forwards and swaps or any variation or combination of such instruments, for hedging or investment purposes, in accordance with the conditions set out in this section 4 and the investment

objective and policy of the Sub-Fund, as set out in its Supplement. The use of financial derivative instruments may not, under any circumstances, cause a Sub-Fund to deviate from its investment objective.

Financial derivative instruments used by any Sub-Fund may include, without limitation, the following categories of instruments.

- (A) Options: an option is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to buy or sell a specified amount of an underlying asset at an agreed price (the strike or exercise price) on or until the expiration of the contract. A call option is an option to buy, and a put option an option to sell.
- (B) Futures contracts: a futures contract is an agreement to buy or sell a stated amount of a security, currency, index (including an eligible commodity index) or other asset at a specific future date and at a pre-agreed price.
- (C) Forward agreements: a forward agreement is a customized, bilateral agreement to exchange an asset or cash flows at a specified future settlement date at a forward price agreed on the trade date. One party to the forward is the buyer (long), who agrees to pay the forward price on the settlement date; the other is the seller (short), who agrees to receive the forward price.
- (D) Interest rate swaps: an interest rate swap is an agreement to exchange interest rate cash flows, calculated on a notional principal amount, at specified intervals (payment dates) during the life of the agreement.
- (E) Swaptions: a swaption is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to enter into an interest rate swap at a present interest rate within a specified period of time.
- (F) Credit default swaps: a credit default swap or CDS is a credit derivative agreement that gives the buyer protection, usually the full recovery, in case the reference entity or debt obligation defaults or suffers a credit event. In return the seller of the CDS receives from the buyer a regular fee, called the spread.
- (G) Total return swaps: a total return swap is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses.
- (H) Contracts for differences: a contract for differences or CFD is an agreement between two parties to pay the other the change in the price of an underlying asset. Depending on which way the price moves, one party pays the other the difference from the time the contract was agreed to the point in time where it ends.

Each Sub-Fund must hold at any time sufficient liquid assets to cover its financial obligations arising under financial derivative instruments used.

The global exposure of a Sub-Fund to financial derivative instruments and efficient portfolio management techniques may not exceed the Net Asset Value of the Sub-Fund, as further described in section 4.8 (Global exposure limits) below.

The exposure of a Sub-Fund to underlying assets referenced by financial derivative instruments, combined with any direct investment in such assets, may not exceed in aggregate the investment limits set out in section 4.3 (Risk diversification ) above. However, to the extent a Sub-Fund invests in financial derivative instruments referencing financial indices as described in section 4.5.3, the exposure of the Sub-Fund to the underlying assets of the financial indices do not have to be combined with any direct or indirect investment of the Sub-Fund in such assets for the purposes of the limits set out in section 4.3 (Risk diversification ) above.

Where a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account in complying with the risk diversification rules, global exposure limits and information requirements of this section 4 applicable to financial derivative instruments.

#### **4.5.2 OTC financial derivative instruments**

Each Sub-Fund may invest into financial derivative instruments that are traded 'over-the-counter' or OTC including, including but not limited to total return swaps or other financial derivative instruments with similar characteristics, in accordance with the conditions set out in this section 4 and the investment objective and policy of the Sub-Fund, as set out in its Supplement.

The counterparties to OTC financial derivative instruments will be selected among financial institutions subject to prudential supervision (such as credit institutions or investment firms) and specialized in the relevant type of transaction. The identity of the counterparties will be disclosed in the Annual Report. The counterparties will have no discretion over the composition or management of the portfolio of the Sub-Fund or the underlying assets of the derivatives. Otherwise, for regulatory purposes, the agreement between the Fund and such counterparty will be considered as an investment management delegation.

The Management Company uses a process for accurate and independent assessment of the value of OTC derivatives in accordance with applicable laws and regulations.

In order to limit the exposure of a Sub-Fund to the risk of default of the counterparty under OTC derivatives, the Sub-Fund may receive cash or other assets as collateral, as further specified in section 4.7 (Collateral policy) below.

Each Sub-Fund may incur costs and fees in connection with total return swaps or other financial derivative instruments with similar characteristics, upon entering into total return swaps and/or any increase or decrease of their notional amount. The amount of these fees may be fixed or variable. Information on costs and fees incurred by each Sub-Fund in this respect, as well as the identity of the recipients and any affiliation they may have with the Depositary, the Investment Manager or the Management Company, if applicable, may be available in the Annual Report and, to the extent relevant and practicable, in each Supplement.

#### **4.5.3 Financial indices**

Each Sub-Fund may use financial derivative instruments to replicate or gain exposure to one or more financial indices in accordance with its investment objective and policy. The underlying assets of financial indices may comprise eligible assets described in section 4.1 (Authorised investments) above and instruments with one or more characteristics of those assets, as well

as interest rates, foreign exchange rates or currencies, other financial indices and/or other assets, such as commodities or real estate.

For the purposes of this Prospectus, a 'financial index' is an index which complies, at all times, with the following conditions: the composition of the index is sufficiently diversified (each component of a financial index may represent up to 20% of the index, except that one single component may represent up to 35% of the index where justified by exceptional market conditions), the index represents an adequate benchmark for the market to which it refers, and the index is published in an appropriate manner. These conditions are further specified in and supplemented by regulations and guidance issued by the CSSF from time to time.

#### **4.5.4 Currency hedging at Share Class level**

For Share Classes, which are a Currency Hedged Share Class, the fluctuation risk of the price for those Share Classes in the Reference Currency of the relevant Share Class is hedged against the Reference Currency of the relevant Sub-Fund. Provision is made for the amount of the hedging to be between 95% and 105% of the Net Asset Value of the Share Class in foreign currency. Changes in the market value of the portfolio, as well as in subscriptions and redemptions of Share Classes in foreign currencies, can result in the hedging temporarily surpassing the aforementioned range. The Fund and the Investment Manager will then take all the necessary steps to bring the hedging back within the aforementioned limits. Given that there is no segregation of liabilities between Share Classes, there is a risk that, under certain circumstances, currency hedging transactions in relation to Share Classes which have "hedged" in their name could result in liabilities, which might affect the Net Asset Value of the other Share Classes of the same Sub-Fund.

#### **4.6 Efficient portfolio management techniques**

Each Sub-Fund may employ techniques and instruments relating to Transferable Securities and Money Market Instruments, such as securities lending transactions, repurchase agreements and buy/sell-back transactions, provided that such techniques and instruments are used for the purposes of efficient portfolio management, in accordance with the conditions set out in this section 4 and the investment objective and policy of the Sub-Fund, as set out in its Supplement. The use of such techniques and instruments should not result in a change of the declared investment objective of any Sub-Fund or substantially increase the stated risk profile of the Sub-Fund.

In order to limit the exposure of a Sub-Fund to the risk of default of the counterparty under a securities lending transactions, repurchase agreements and buy/sell-back transactions, the Sub-Fund will receive cash or other assets as collateral, as further specified in section 4.7 (Collateral policy) below.

Each Sub-Fund may incur costs and fees in connection with efficient portfolio management techniques. In particular, a Sub-Fund may pay fees to agents and other intermediaries, which may be affiliated with the Depositary, the Investment Manager or the Management Company, in consideration for the functions and risks they assume. The amount of these fees may be fixed or variable. Information on direct and indirect operational costs and fees incurred by each Sub-Fund in this respect, as well as the identity of the entities to which such costs and fees are paid and any affiliation they may have with the Depositary, the Investment Manager or the Management Company, if applicable, may be available in the Annual Report and, to the extent relevant and practicable, in each Supplement. All revenues arising from efficient portfolio

management techniques, net of direct and indirect operational costs and fees, will be returned to the Sub-Fund.

**At the time of this Prospectus, none of the Sub-Funds will enter into (i) repurchase or reverse repurchase agreements, (ii) securities or commodities lending and securities or commodities borrowings, (iii) buy/sell-back transactions or sell/buy-back transactions, (iv) margin lending transactions and (v) total return swaps. Should the Sub-Funds use any of these techniques, this Prospectus shall be updated accordingly.**

#### **4.6.1 Securities lending**

Securities lending transactions consist of transactions, whereby a lender transfers securities or instruments to a borrower, subject to a commitment that the borrower will return equivalent securities or instruments on a future date and/or when requested to do so by the lender, such transaction being considered as securities lending for the party transferring the securities or instruments and being considered as securities borrowing for the counterparty to which they are transferred.

Where specified in its Supplement, a Sub-Fund may enter into securities lending transactions as lender of securities or instruments. Securities lending transactions are, in particular, subject to the following conditions:

- (A) the counterparty must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (B) a Sub-Fund may only lend securities or instruments to a borrower either directly, through a standardized system organized by a recognized clearing institution or through a lending system organized by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those provided by EU law and specialized in this type of transaction; and
- (C) a Sub-Fund 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 or instruments lent or to terminate the agreement.

#### **4.6.2 Repurchase agreements and buy/sell-back transactions**

Repurchase agreements consist of transactions governed by an agreement whereby a party sells securities or instruments to a counterparty, subject to a commitment to repurchase them, or substituted securities or instruments of the same description, from the counterparty at a specified price on a future date specified, or to be specified, by the transferor. Such transactions are commonly referred to as repurchase agreements for the party selling the securities or instruments, and reverse repurchase agreements for the counterparty buying them.

Buy/sell-back transactions consist of transactions, not being governed by a repurchase agreement or a reverse repurchase agreement as described above, whereby a party buys or sells securities or instruments to a counterparty, agreeing, respectively, to sell to or buy back from that counterparty securities or instruments of the same description at a specified price on a future date. Such transactions are commonly referred to as buy/sell-back transactions for the party buying the securities or instruments, and sell/buy-back transactions for the counterparty selling them.

Where specified in its Supplement, a Sub-Fund may enter into repurchase agreements and/or buy/sell-back transactions as buyer or seller of securities or instruments. Such transactions are, in particular, subject to the following conditions:

- (A) the counterparty must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law; and
- (B) the Sub-Fund must be able, at any time, to terminate the agreement or recall the full amount of cash in a reverse repurchase agreement or buy/sell-back transaction (on either an accrued basis or a mark-to-market basis) or any securities or instruments subject to a repurchase agreement or sell/buy-back transaction. Fixed-term transactions that do not exceed seven days should be considered as arrangements on terms that allow cash or assets to be recalled at any time.

#### **4.7 Collateral policy**

This section sets out the policy adopted by the Board of Directors for the management of collateral received for the benefit of each Sub-Fund in the context of OTC financial derivatives instruments and efficient portfolio management techniques (securities lending transactions, repurchase agreements, and buy/sell-back transactions). All cash or assets received by a Sub-Fund in the context of efficient portfolio management techniques will be considered as collateral for the purposes of this section.

##### **4.7.1 Eligible collateral**

Collateral received for the benefit of a Sub-Fund may be used to reduce its counterparty risk exposure if it complies with the conditions set out in applicable laws and regulations. In particular, collateral received for the benefit of a Sub-Fund should comply with the following conditions:

- (A) collateral 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) collateral should be valued at least on a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place, as further specified below;
- (C) collateral 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) collateral should be sufficiently diversified in terms of countries, markets and issuers. The maximum exposure of a Sub-Fund to any given issuer included in the basket of collateral received is limited to 20% of the net assets of the Sub-Fund. When the Sub-Fund is exposed to different counterparties, collateral received should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, this limit may be exceeded and up to 100% of the collateral received by a Sub-Fund may consist in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by one or more of its local authorities, by a member state of the OECD or the Group of Twenty (G20) such as the USA, by the Republic of Singapore, by the Hong Kong Special Administrative Region of the People's Republic of China, or by a public international body of which one or more Member States are members, provided

that such securities or instruments are part of a basket of collateral comprised of securities or instruments of at least six different issues and that securities or instruments from any one issue do not account for more than 30% of the net assets of the Sub-Fund;

- (E) where there is a title transfer, collateral received should be held by the Depositary or one of its sub-custodians to which the Depositary has delegated the custody of such collateral. For other types of collateral arrangement (e.g., a pledge), 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;
- (F) collateral should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty; and
- (G) where applicable, collateral received should also comply with the control limits set out in section 4.4 (Control limits) above.

Subject to the above conditions, permitted forms of 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, any other member state of the OECD or their local public authorities, by supranational institutions and undertakings with an EU, regional or worldwide scope;
- (C) shares or units issued by money market UCI calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- (D) shares or units issued by other UCITS investing mainly in bonds and/or shares identified in items (E) and (F) below;
- (E) bonds issued or guaranteed by first class issuers offering adequate liquidity; and
- (F) shares admitted to or dealt in on a Regulated Market or on a stock exchange of a member state of the OECD, on the condition that these shares are included in a main index.

#### **4.7.2 Level of collateral**

The level of collateral required for OTC financial derivatives transactions and efficient portfolio management techniques will be determined as per the agreements in place with the individual counterparties, taking into account factors including the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions. At all times the counterparty exposure not covered by collateral will remain below the applicable counterparty risk limits set out in this Prospectus.

#### **4.7.3 Haircut policy**

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined for each asset class based on the haircut policy



adopted by the Board of Directors. 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 under normal and exceptional liquidity conditions.

#### **4.7.4 Stress tests**

Where a Sub-Fund receives collateral for at least 30% of its assets, regular stress tests will be carried out under normal and exceptional liquidity conditions to assess the liquidity risk attached to the collateral. The liquidity stress testing policy includes, without limitation, (i) design of stress test scenario analysis including calibration, certification and sensitivity analysis; (ii) empirical approach to impact assessment, including back-testing of liquidity risk estimates; (iii) reporting frequency and limit/loss tolerance thresholds; and (iv) mitigation actions to reduce loss, including haircut policy and gap risk protection.

#### **4.7.5 Reinvestment of collateral**

Non-cash collateral received for the benefit of a Sub-Fund may not be sold, re-invested or pledged, except where and to the extent permissible under Luxembourg laws and regulations. Cash collateral received for the benefit of a Sub-Fund can only be:

- (A) placed on deposit with a credit institution which has its registered office in a Member State or a credit institution located in a third-country which is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (B) invested in high-quality government bonds;
- (C) used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis; and/or
- (D) invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds issued by ESMA (CESR/10-049) as may be amended from time to time.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out above. Re-investment of cash collateral involves certain risks for the Sub-Fund, as described in section 5 (General risk factors) below.

Cash collateral can be reinvested in liquid assets permissible under Luxembourg laws and regulations, in particular the ESMA Guidelines 2014/937 and CSSF Circular 14/592 dated 30 September 2014. Re-invested cash collateral shall not carry any currency risk. Cash collateral can only be re-invested in risk-free assets which are eligible under the 2010 Law, *i.e.*, eligible assets which do not provide a yield greater than the risk-free rate. Any reinvestment of cash collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure, on an aggregate basis, of 20% of the Sub-Fund's Net Asset Value to any single issuer, subject to the derogation set forth below. When the Sub-Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.

The ESMA Guidelines 2014/937 and CSSF Circular 14/592 dated 30 September 2014 by way of derogation from the rule according to which a basket of collateral with an exposure to a given issuer cannot exceed 20% of the Sub-Fund's Net Asset Value, a UCITS may be fully collateralized in different transferable securities and money market instruments issued or guaranteed by a Member State, its local authorities, a third country (member state of the OECD) or a public international body to which one or more Member States belong, provided that they receive transferable securities from at least six different issues, but transferable securities from any single issue should not account for more than 30% of the Sub-Fund's Net Asset Value. The transferable securities and money market instruments covered by this derogation, must, as any collateral received be (*inter alia*) of high credit quality credit and highly liquid to be able to be used to reduce the Sub-Fund's counter party risk exposure in OTC financial derivative transactions and efficient portfolio management techniques.

The above provisions apply subject to any further guidelines issued from time to time by the ESMA amending and/or supplementing ESMA Guidelines 2014/937 and/or any additional guidance issued from time to time by the CSSF in relation to the above.

#### **4.7.6 Centrally cleared OTC derivatives**

The Fund may enter into OTC derivatives cleared through a clearinghouse that serves as a central counterparty. Generally, centrally-cleared OTC derivatives may be cleared under the agency model or the principal-to-principal model. Under the principal-to-principal model there is usually one transaction between the Fund and its clearing broker and another back-to-back transaction between the clearing broker and the central counterparty, whereas under the agency model there is one transaction between the Fund and the central counterparty. For these trades, the Fund will post and/or receive collateral for the benefit of a Sub-Fund in the form of margin payments, as agreed with the clearing broker in accordance with the rules of the applicable clearinghouse, including rules on acceptable forms of collateral, collateral level, valuation and haircuts. The Fund will ensure that variation margin receivable from the clearing broker is consistent with its collateral policy. Central clearing is designed to reduce counterparty credit risk and increase liquidity compared to bilaterally-cleared OTC derivatives, but it does not eliminate those risks completely, as described in section 4.5.2 (OTC financial derivative instruments).

### **4.8 Global exposure limits**

#### **4.8.1 General**

In accordance with Luxembourg laws and regulations, the Management Company has adopted and implemented a risk management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Sub-Fund.

The global exposure of a Sub-Fund to financial derivative instruments and efficient portfolio management techniques may not exceed the Net Asset Value of the Sub-Fund. Global exposure is calculated, at least on a daily basis, using either the commitment approach or the value-at-risk or "VaR" approach, as further explained below. Global exposure is a measure designed to limit either the incremental exposure and leverage generated by a Sub-Fund through the use of financial derivative instruments and efficient portfolio management techniques (where the Sub-Fund uses the commitment approach) or the market risk of the Sub-Fund's portfolio (where the Sub-Fund uses the VaR approach). The method used by each Sub-Fund to calculate global exposure is mentioned in its Supplement.

#### **4.8.2 Commitment approach**

Under the commitment approach, all financial derivative positions of the Sub-Fund are converted into the market value of the equivalent position in the underlying assets. Netting and hedging arrangements may be taken into account when calculating global exposure, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure. Under this approach, the global exposure of a Sub-Fund is limited to 100% of its Net Asset Value.

#### **4.8.3 VaR approach**

In financial mathematics and financial risk management, VaR is a widely used risk measure of the risk of loss on a specific portfolio of financial assets. For a given investment portfolio, probability and time horizon, VaR measures the potential loss that could arise over a given time interval under normal market conditions, and at a given confidence level. The calculation of VaR is conducted on the basis of a one-sided confidence interval of 99% and a holding period of 20 days. The exposure of the Sub-Fund is subject to periodic stress tests.

VaR limits are set using an absolute or relative approach. The Management Company and the Board of Directors will decide which VaR approach is the most appropriate methodology given the risk profile and investment strategy of the Sub-Fund. The VaR approach selected for each Sub-Fund using VaR is specified in its Supplement.

The absolute VaR approach is generally appropriate in the absence of an identifiable reference portfolio or benchmark for the Sub-Fund (for instance, where the Sub-Fund has an absolute return target). Under the absolute VaR approach a limit is set as a percentage of the Net Asset Value of the Sub-Fund. Based on the above calculation parameters, the absolute VaR of each Sub-Fund is limited to 20% of its Net Asset Value. The Management Company may set a lower limit if appropriate.

The relative VaR approach is generally appropriate for Sub-Funds where a leverage-free VaR benchmark or reference portfolio may be defined, reflecting the investment strategy of the Sub-Fund. The relative VaR of a Sub-Fund is expressed as a multiple of the VaR of the defined benchmark or reference portfolio and is limited to no more than twice the VaR on that benchmark or reference portfolio. The VaR benchmark or reference portfolio of the Sub-Fund, which may be different from the benchmark used for other purposes, is specified in its Supplement.

### **4.9 Leverage**

Unless otherwise indicated in its Supplement, a Sub-Fund may use leverage to increase its exposure through the use of financial derivative instruments. Leverage may be used at the discretion of the Investment Manager in accordance with the investment objective and policy of each Sub-Fund and its defined risk profile. Leverage involves certain risks for the Sub-Fund, as further described in section 5 (General risk factors) below. Leverage is monitored on a regular basis by the Management Company.

Under applicable laws and regulations, the level of leverage is defined as the sum of the absolute value of the notional amount of all financial derivative instruments used by the Sub-Fund, as well as any additional exposure generated by the reinvestment of cash collateral in relation to efficient portfolio management techniques. For each Sub-Fund using the VaR approach to calculate and monitor its global exposure, the expected level of leverage,

expressed as a percentage of the Net Asset Value of the Sub-Fund, is disclosed in the Supplement.

The “sum of notionals” methodology, which is mandatory under applicable laws and regulations if the VaR approach is used, does not allow for the offset of hedging transactions and other risk mitigation strategies involving financial derivative instruments, such as currency hedging or duration management. Similarly, the “sum of notionals” methodology does not allow for the netting of derivative positions and does not take into account the underlying assets’ volatility make any distinction between short term and long term assets. As a result, strategies that aim to reduce risks may contribute to an increased level of leverage for the Sub-Fund.

In order to take into account the specific use of financial derivative instruments and their contribution to the risks of the Sub-Fund, the expected level of leverage disclosed in the Supplement, based on the “sum of notionals” methodology, may be completed with the expected leverage figures calculated on the basis of the commitment approach, as described above, which takes into account hedging and netting arrangements.

#### **4.10 Breach of investment limits**

The Sub-Funds need not comply with the limits set out above in this section 4 when exercising subscription rights attached to Transferable Securities and Money Market Instruments which form part of its assets.

If the limits set out above in this section 4 are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective in its sales transactions the remedying of that situation, taking due account of the interest of investors.

## **5. GENERAL RISK FACTORS**

The performance of the Shares depends on the performance of the investments of the Sub-Fund, which may increase or decrease in value. The past performance of the Shares is not an assurance or guarantee of future performance. The value of the Shares at any time could be significantly lower than the initial investment and investors may lose a portion or even the entire amount originally invested.

Investment objectives express an intended result only. Unless otherwise specified in a Supplement, the Shares do not include any element of capital protection and the Fund gives no assurance or guarantee to any investors as to the performance of the Shares. Depending on market conditions and a variety of other factors outside the control of the Fund, investment objectives may become more difficult or even impossible to achieve. The Fund gives no assurance or guarantee to any investors as to the likelihood of achieving the investment objective of a Sub-Fund.

An investment in the Shares is only suitable for investors who have sufficient knowledge, experience and/or access to professional advisors to make their own financial, legal, tax and accounting evaluation of the risks of an investment in the Shares and who have sufficient resources to be able to bear any losses that may result from an investment in the Shares. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser as to possible financial, legal, tax and accounting consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, redemption, conversion or disposal of the Shares of the Fund.

Investors should also carefully consider all of the information set out in this Prospectus and the Supplement of the Sub-Fund before making an investment decision with respect to Shares of any Sub-Fund or Share Class. The following sections are of general nature and describe certain risks that are generally relevant to an investment in Shares of any Sub-Fund or Share Class. Other risks may be described in the Supplement. This section and the Supplements do not purport to be a complete explanation of all risks involved in an investment in the Shares of any Sub-Fund or Share Class and other risks may also be or become relevant from time to time.

### **5.1 Market risk**

Market risk is understood as the risk of loss for a Sub-Fund resulting from fluctuation in the market value of positions in its portfolio attributable to changes in market variables, such as general economic conditions, interest rates, foreign exchange rates, or the creditworthiness of the issuer of a financial instrument. This is a general risk that applies to all investments, meaning that the value of a particular investment may go down as well as up in response to changes in market variables. Although it is intended that each Sub-Fund will be diversified with a view to reducing market risk, the investments of a Sub-Fund will remain subject to fluctuations in market variables and the risks inherent in investing in financial markets.

#### **5.1.1 Economic risk**

The value of investments held by a Sub-Fund may decline in value due to factors affecting financial markets generally, such as real or perceived adverse economic conditions, changes in the general outlook for revenues or corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. The value of investments may also decline due to

factors affecting a particular, industry, area or sector, such as changes in production costs and competitive conditions. During a general downturn in the economy, multiple asset classes may decline in value simultaneously. Economic downturn can be difficult to predict. When the economy performs well, there can be no assurance that investments held by a Sub-Fund will benefit from the advance.

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

The performance of a Sub-Fund may be influenced by changes in the general level of interest rates. Generally, the value of fixed income instruments will change inversely with changes in interest rates: when interest rates rise, the value of fixed income instruments generally can be expected to fall and vice versa. Fixed income securities with longer-term maturities tend to be more sensitive to interest rate changes than shorter-term securities. In accordance with its investment objective and policy, a Sub-Fund may attempt to hedge or reduce interest rate risk, generally through the use of interest rate futures or other derivatives. However, it may not be possible or practical to hedge or reduce such risk at all times.

#### **5.1.3 Foreign exchange risk and currency risk**

Each Sub-Fund investing in securities denominated in currencies other than its Reference Currency may be subject to foreign exchange risk. As the assets of each Sub-Fund are valued in its Reference Currency, changes in the value of the Reference Currency compared to other currencies will affect the value, in the Reference Currency, of any securities denominated in such other currencies. Foreign exchange exposure may increase the volatility of investments relative to investments denominated in the Reference Currency. In accordance with its investment objective and policy, a Sub-Fund may attempt to hedge or reduce foreign exchange risk, generally through the use of derivatives. However, it may not be possible or practical to hedge or reduce such risk at all times.

In addition, a Share Class that is denominated in a Reference Currency other than the Reference Currency of the Sub-Fund exposes the investor to the risk of fluctuations between the Reference Currency of the Share Class and that of the Sub-Fund. This exposure is in addition to foreign exchange risk, if any, incurred by the Sub-Fund with respect to investments denominated in other currencies than its Reference Currency, as described above.

#### **5.1.4 Credit risk**

Sub-Funds investing in fixed income instruments will be exposed to the creditworthiness of the issuers of the instruments and their ability to make principal and interest payments when due in accordance with the terms and conditions of the instruments. The creditworthiness or perceived creditworthiness of an issuer may affect the market value of fixed income instruments. Issuers with higher credit risk typically offer higher yields for this added risk, whereas issuers with lower credit risk typically offer lower yields. Generally, government debt is considered to be the safest in terms of credit risk, while corporate debt involves a higher credit risk. Related to that is the risk of downgrade by a rating agency. Rating agencies are private undertakings providing ratings for a variety of fixed income instruments based on the creditworthiness of their issuers. The agencies may change the rating of issuers or instruments from time to time due to financial, economic, political, or other factors, which, if the change represents a downgrade, can adversely impact the market value of the affected instruments.

### **5.1.5 Volatility**

The volatility of a financial instrument is a measure of the variations in the price of that instrument over time. A higher volatility means that the price of the instrument can change significantly over a short time period in either direction. Each Sub-Fund may make investments in instruments or markets that are likely to experience high levels of volatility. This may cause the Net Asset Value per Share to experience significant increases or decreases in value over short periods of time.

### **5.1.6 Leverage**

Leverage refers to the use of borrowed funds or financial derivative instruments to increase exposure to an asset in excess of the capital amount invested in that asset. Each Sub-Fund is subject to strict restrictions on borrowings which are generally not permitted for investment purposes. However, in accordance with its investment objective and policy, a Sub-Fund may use financial derivative instruments to gain additional market exposure to underlying assets in excess of its Net Asset Value, thereby creating a leverage effect. While leverage presents opportunities for increasing gains of a Sub-Fund, it also has the effect of potentially increasing losses incurred by the Sub-Fund. The maximum expected level of leverage of each Sub-Fund calculating its global exposure under the VaR approach is disclosed in the Supplement. For regulatory purposes, leverage must be calculated by reference to the gross notional amounts of the derivatives used. This calculation method does not take into account the market risk and volatility of the underlying assets. A relatively high notional amount may be required in order to achieve the desired level of exposure to the underlying assets. This may be the case in particular for short-term interest rate derivatives to the extent their sensitivity to interest rate changes is low relative to other assets.

### **5.1.7 Short positions**

Certain Sub-Funds may use financial derivative instruments such as swaps, futures and forwards in order to obtain a short exposure to certain securities or other assets. A synthetic short position replicates the economic effect of a transaction in which a fund sells a security or asset it does not own but has borrowed, in anticipation that the market price of that security or asset will decline. When a Sub-Fund initiates such a synthetic short position in a security or asset that it does not own, it enters into a derivative-based transaction with a counterparty or broker-dealer and closes that transaction on or before its expiry date through the receipt or payment of any gains or losses resulting from the transaction. If the price of the security or asset on which the synthetic short position is written increases between the time of the initiation of the synthetic short position and the time at which the position is closed, the Sub-fund will incur a loss; conversely, if the price declines, the Sub-Fund will realize a gain. Any gain will be decreased and any loss increased by transactional costs and fees. Although a Sub-Fund's gain is limited to the price at which it opened the synthetic short position, its potential loss may be substantially higher. Stop loss policies are typically employed to limit losses. Each Sub-Fund is required to maintain sufficiently liquid assets to cover any obligations arising from its short positions at any time.

### **5.1.8 Small and mid-sized companies**

The stock prices of small and mid-sized companies tend to be more volatile than the stock prices of larger companies. Smaller companies may have limited resources and product ranges and therefore may be more sensitive to changes in market conditions. The stocks of

smaller companies are traded less frequently and in lower volumes than those of larger companies and this may contribute to greater stock price volatility.

#### **5.1.9 Emerging markets risk**

Political and economic structures in countries with emerging economies or stock markets may be undergoing significant evolution and rapid development, and such countries may lack the social, political and economic stability characteristics of more developed countries including a significant risk of currency value fluctuation. Such instability may result from, among other things, authoritarian governments, or military involvement in political and economic decision-making, including changes or attempted changes in governments through extra-constitutional means; popular unrest associated with demands for improved political, economic or social conditions; internal insurgencies; hostile relations with neighboring countries; and ethnic, religious and racial disaffections or conflict. Certain of such countries may have in the past failed to recognize private property rights and have at times nationalized or expropriated the assets of private companies. As a result, the risks from investing in those countries, including the risks of nationalization or expropriation of assets, may be heightened. In addition, unanticipated political or social developments may affect the values of a Sub-Fund's investments in those countries and the availability to the Sub-Fund of additional investments in those countries.

The small size and inexperience of the securities markets in certain countries and the limited volume of trading in securities may make a Sub-Fund's investments illiquid and more volatile than investments in more established markets, and a Sub-Fund may be required to establish special custodial or other arrangements before making certain investments. There may be little financial or accounting information available with respect to local issuers, and it may be difficult as a result to assess the value or prospects of an investment.

In addition, the settlement systems may be less developed than in more established markets, which could impede a Sub-Fund's ability to effect portfolio transactions and may result in the Sub-Fund investments being settled through a more limited range of counterparties with an accompanying enhanced credit risk. Moreover, the payment of redemptions proceeds in Sub-Funds that invest in emerging markets may be delayed. Certain countries may also operate margining or pre-payment systems whereby margin or the entire settlement proceeds for a transaction need to be posted prior to the settlement date which can give rise to credit and operational risks as well as potentially borrowing costs for the Sub-Fund.

In addition, in certain markets, local regulations may limit investment into local securities to certain qualifying foreign institutions and investors through licensing requirements and may also limit investment through quotas granted by local authorities. Potential investors should note that there is no guarantee that the Sub-Fund will benefit from quotas granted to such qualifying institutions and investors nor that, if it does, that it will always be available to the Sub-Fund. Withdrawal or failure to obtain a renewal of any such quota may have material adverse consequences to the Sub-Fund. A further consequence of investing via such quota may be that there is a limit on the amount that the Sub-Fund, and/or foreign investors as a whole, can own of the equity capital of a particular company. The actions of other foreign investors independent of the Sub-Fund can therefore impact the position of the Sub-Fund. Use of quotas often requires the transmission of funds through government designated service providers and accounts. Mandatory use of such providers may not provide the Sub-Fund with terms as advantageous as those which would be available if the selections were made on an open market basis.



## **5.2 Liquidity risk**

Liquidity refers to the speed and ease with which investments can be sold or liquidated or a position closed. On the asset side, liquidity risk refers to the inability of a Sub-Fund to dispose of investments at a price equal or close to their estimated value within a reasonable period of time. On the liability side, liquidity risk refers to the inability of a Sub-Fund to raise sufficient cash to meet a redemption request due to its inability to dispose of investments. In principle, each Sub-Fund will only make investments for which a liquid market exists or which can otherwise be sold, liquidated or closed at any time within a reasonable period of time. However, in certain circumstances, investments may become less liquid or illiquid due to a variety of factors including adverse conditions affecting a particular issuer, counterparty, or the market generally, and legal, regulatory or contractual restrictions on the sale of certain instruments. In addition, a Sub-Fund may invest in financial instruments traded over-the-counter (OTC), which often tend to be less liquid than instruments that are listed and traded on exchanges. Market quotations for less liquid or illiquid instruments may be more volatile than for liquid instruments and/or subject to larger spreads between bid and ask prices. Difficulties in disposing of investments may result in a loss for a Sub-Fund and/or compromise the ability of the Sub-Fund to meet a redemption request.

## **5.3 Counterparty risk**

Counterparty risk refers to the risk of loss for a Sub-Fund resulting from the fact that the counterparty to a transaction entered into by the Sub-Fund may default on its contractual obligations. There can be no assurance that an issuer or counterparty will not be subject to credit or other difficulties leading to a default on its contractual obligations and the loss of all or part of the amounts due to the Sub-Fund. This risk may arise at any time after the assets of a Sub-Fund are deposited, extended, committed, invested or otherwise exposed through actual or implied contractual agreements. For instance, counterparty risk may arise when a Sub-Fund has deposited cash with a financial institution, or invests into debt securities and other fixed income instruments. Counterparty risk may also arise when a Sub-Fund enters into OTC financial derivative instruments, or enters into securities lending transactions, repurchase agreements and buy/sell-back transactions, as further described below.

## **5.4 Potential conflicts of interest**

The Investment Manager may effect transactions in which, the Investment Manager has, directly or indirectly, an interest which may involve a potential conflict with the Investment Manager's duty to the Fund. The Investment Manager shall not be liable to account to the Fund for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Investment Manager's fees, unless otherwise provided, be abated. The Investment Manager will ensure that such transactions are effected on terms, which are not less favourable to the Fund than if the potential conflict had not existed. Such potential conflicting interests or duties may arise because the Investment Manager may have invested directly or indirectly in the Fund. The prospect of the performance fee may lead the Investment Manager to make investments that are riskier than would otherwise be the case.

## **5.5 Operational risk**

Operational risk means the risk of loss for the Fund resulting from inadequate internal processes and failures in relation to people and systems of the Fund, the Management Company and/or its agents and service providers, or from external events, and includes legal and documentation risk and risk resulting from the trading, settlement and valuation procedures operated on behalf of the Fund.

### **5.5.1 Custody risk**

Assets of the Fund are safe kept by the Depositary and investors are exposed to the risk of the Depositary not being able to fully meet its obligation to reconstitute in a short time frame all of the assets of the Fund in the case of bankruptcy of the Depositary. The assets of the Fund will be identified in the Depositary's books as belonging to the Fund. Securities held by the Depositary will be segregated from other assets of the Depositary, which mitigates but does not exclude the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash, which increases the risk of non-restitution in case of bankruptcy. The Depositary does not keep all the assets of the Fund itself but uses a network of sub-custodians which may not be part of the same group of companies as the Depositary. Investors are exposed to the risk of bankruptcy of the sub-custodians in the same manner as they are to the risk of bankruptcy of the Depositary.

A Sub-Fund may invest in markets where custodial and/or settlement systems are not fully developed. Where a Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by a Sub-Fund in investing and holding investments in such markets will be generally higher than in organised securities markets. The assets of the Sub-Fund that are traded in such markets and which, have been entrusted to such sub-custodians may be exposed to risk in circumstances where the Depositary will have no liability.

### **5.5.2 Valuation**

Certain Sub-Funds may hold investments for which market prices or quotations are not available or representative, or which are not quoted, listed or traded on an exchange or regulated market. In addition, in certain circumstances, investments may become less liquid or illiquid. Such investments will be valued at their probable realization value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors. Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or liquidation prices of investments.

### **5.5.3 Laws and regulations**

The Fund may be subject to a number of legal and regulatory risks, including contradictory interpretations or applications of laws, incomplete, unclear and changing laws, restrictions on general public access to regulations, practices and customs, ignorance or breaches of laws on the part of counterparties and other market participants, incomplete or incorrect transaction documents, lack of established or effective avenues for legal redress, inadequate investor

protection, or lack of enforcement of existing laws. Difficulties in asserting, protecting and enforcing rights may have a material adverse effect on the Sub-Funds and their operations.

#### **5.5.4 Tax considerations**

The Fund may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. Where the Fund invests in securities that are not subject to withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Fund may not be able to recover such tax and so any such change could have an adverse effect on the Net Asset Value per Share.

The tax information provided in the “Taxation” section is based, to the best knowledge of the Board of Directors, upon tax law and practice as at the date of this Prospectus. Tax legislation, the tax status of the Fund, the taxation of shareholders and any tax reliefs, and the consequences of such tax status and tax reliefs, may change from time-to-time. Any change in the taxation legislation in any jurisdiction where a Sub-Fund is registered, marketed or invested could affect the tax status of the Sub-Fund, affect the value of the Sub-Fund’s investments in the affected jurisdiction and affect the Sub-Fund’s ability to achieve its investment objective and/or alter the post-tax returns to shareholders. Where a Sub-Fund invests in derivatives, the preceding sentence may also extend to the jurisdiction of the governing law of the derivative contract and/or the derivative counterparty and/or to the market(s) comprising the underlying exposure(s) of the derivative.

The availability and value of any tax reliefs available to shareholders depend on the individual circumstances of shareholders. The information in the “Taxation” section is not exhaustive and does not constitute legal or tax advice. Investors are urged to consult their tax advisors with respect to their tax situations and the tax effects of an investment in the Fund.

Where a Sub-Fund invests in a jurisdiction where the tax regime is not fully developed or is not sufficiently certain, the relevant Sub-Fund, the Management Company, the Investment Manager and the Depositary shall not be liable to account to any shareholder for any payment made or suffered by the Fund in good faith to a fiscal authority for taxes or other charges of the Fund or the relevant Sub-Fund notwithstanding that it is later found that such payments need not or ought not have been made or suffered. Conversely, where through fundamental uncertainty as to the tax liability, adherence to best or common market practice (to the extent that there is no established best practice) that is subsequently challenged or the lack of a developed mechanism for practical and timely payment of taxes, the relevant Sub-Fund pays taxes relating to previous years, any related interest or late filing penalties will likewise be chargeable to the Sub-Fund. Such late paid taxes will normally be debited to the Sub-Fund at the point the decision to accrue the liability in the Sub-Fund accounts is made.

##### **a) FATCA**

The Fund may be subject to regulations imposed by foreign regulators, in particular, the USA laws and regulations known as FATCA. FATCA provisions generally impose a reporting obligation to the US Internal Revenue Services of non-US financial institutions that do not comply with FATCA and US Persons’ (within the meaning of FATCA) direct and indirect ownership of non-US accounts and non-US entities. Failure to provide the requested information will result in a 30% withholding tax applying to certain US source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce US source interest or dividends. The Fund will be treated as a Foreign Financial

Institution within the meaning of FATCA. As such, the Fund may require all investors to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned regulations.

Notwithstanding any other provision of this Prospectus, to the extent permitted by Luxembourg law, the Fund shall have the right to: (i) withhold on any payment to investors an amount equal to any taxes or similar charges required by applicable laws and regulations to be withheld in respect of any shareholding in the Fund, (ii) require any investor or beneficial owner of Shares to promptly provide such personal data as may be required by the Fund in its discretion in order to comply with applicable laws and regulations and/or determine the amount to be withheld; (iii) divulge any such personal data to any tax authority, as may be required by applicable laws and regulations or requested by such authority; (iv) delay payments to any investor, including any dividend or redemption proceeds, until the Fund holds sufficient information to comply with applicable laws and regulations and/or determine the amount to be withheld.

#### b) Common Reporting Standard

The Fund may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax Matters and its Common Reporting Standard ("**CRS**") as set out in the Luxembourg law on the Common Reporting Standard (the "**CRS Law**").

Under the terms of the CRS Law, the Fund is likely to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection provisions as set out in the Fund documentation, the Fund will be required to annually report to the Luxembourg tax authorities personal and financial information related, *inter alia*, to the identification of, holdings by and payments made to (i) investors that are reportable persons under the CRS Law, and (ii) Controlling Persons (as defined below) of certain non-financial entities which are themselves reportable persons. This information, as exhaustively set out in the CRS Law, will include personal data related to the reportable persons (the "**CRS Information**").

The Fund's ability to satisfy its reporting obligations under the CRS Law will depend on each investor providing the Fund with the required CRS Information, as explained above, along with the required supporting documentary evidence. In this context, the investors are hereby informed that, as data controller, the Fund will process such CRS Information for the purposes as set out in the CRS Law. The investors undertake to inform their controlling persons, if applicable, of the processing of their CRS Information by the Fund.

For the purposes of this section, "Controlling Person" means the natural persons who exercise control over an entity. In the case of a trust, the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term "Controlling Persons" must be interpreted in a manner consistent with the Financial Action Task Force Recommendations.

Investors are further informed that the CRS Information related to reportable persons within the meaning of the CRS Law will be disclosed to the Luxembourg tax authorities annually for the purposes set out in the CRS Law. In particular, reportable persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the

Luxembourg tax authorities. Similarly, investors undertake to inform the Fund within thirty (30) days of receipt of these statements should any personal data not be accurate. The investors further undertake to immediately inform the Fund of and provide the Fund with all supporting documentary evidence of any changes related to the CRS Information after occurrence of such changes. Any investor that fails to comply with the Fund's CRS Information or documentation requests may be held liable for penalties imposed on the Fund and attributable to such investor's failure to provide the Information or subject to disclosure of the CRS Information by the Fund to the Luxembourg tax authorities.

#### **5.5.5 Segregation of Sub-Funds**

The Fund is a single legal entity incorporated as an "umbrella fund" comprised of separate Sub-Funds. Under Luxembourg law, each Sub-Fund represents a segregated pool of assets and liabilities. By operation of the law, the rights and claims of creditors and counterparties of the Fund arising in respect of the creation, operation or liquidation of a Sub-Fund will be limited to the assets allocated to that Sub-Fund. However, while these provisions are binding in a Luxembourg court, these provisions have not been tested in other jurisdictions, and a creditor or counterparty might seek to attach or seize assets of a Sub-Fund in satisfaction of an obligation owed in relation to another Sub-Fund in a jurisdiction which would not recognise the principle of segregation of liability between Sub-Funds. Moreover, under Luxembourg law, there is no legal segregation of assets and liabilities between Share Classes of the same Sub-Fund. In the event that, for any reason, assets allocated to a Share Class become insufficient to pay for the liabilities allocated to that Share Class, the assets allocated to other Share Classes of the Sub-Fund will be used to pay for those liabilities. As a result, the Net Asset Value of the other Share Classes may also be reduced.

#### **5.5.6 Sustainability Risk**

Sustainability Risk is principally linked to climate-related events resulting from climate change (physical risks) or to the society's response to climate change (transition risks), which may result in unanticipated losses that could affect a Sub-Fund's investments and financial condition. Social events (e.g., inequality, inclusiveness, labour relations, investment in human capital, accident prevention, changing customer behavior, etc.) or governance shortcomings (e.g., recurrent significant breach of international agreements, bribery issues, products quality and safety, selling practices, etc.) may also translate into Sustainability Risks.

### **5.6 Certain financial instruments and investment techniques**

#### **5.6.1 Equity risk**

Some Sub-Funds will be subject to the risks associated with equities, the values of which in general fluctuate in response to the activities of individual companies, the general market and economic conditions. In particular, investors should be aware that equity and equity-related investments are subordinate in the right of payment to other corporate securities, including debt securities.

#### **5.6.2 OTC financial derivative instruments**

In general, there is less government regulation and supervision of transactions in OTC markets than of transactions entered into on organized exchanges. OTC derivatives are executed directly with the counterparty rather than through a recognized exchange and clearing house.

Counterparties to OTC derivatives are not afforded the same protections as may apply to those trading on recognized exchanges, such as the performance guarantee of a clearing house.

The principal risk when engaging in OTC derivatives (such as non-exchange traded options, forwards, swaps or contracts for difference) is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations as required by the terms of the instrument. OTC derivatives may expose a Sub-Fund to the risk that the counterparty will not settle a transaction in accordance with its terms, or will delay the settlement of the transaction, because of a dispute over the terms of the contract (whether or not *bona fide*) or because of the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. Counterparty risk is generally mitigated by the transfer or pledge of collateral in favour of the Sub-Fund. The value of the collateral may fluctuate, however, and it may be difficult to sell, so there are no assurances that the value of collateral held will be sufficient to cover the amount owed to a Sub-Fund.

The Fund may enter into OTC derivatives cleared through a clearinghouse that serves as a central counterparty. Central clearing is designed to reduce counterparty risk and increase liquidity compared to bilaterally-cleared OTC derivatives, but it does not eliminate those risks completely. The central counterparty will require margin from the clearing broker, which will in turn require margin from the Fund. There is a risk of loss by a Fund of its initial and variation margin deposits in the event of default of the clearing broker, with which the Fund has an open position or if margin is not identified and correctly reported to the particular Fund, in particular where margin is held in an omnibus account maintained by the clearing broker with the central counterparty. In the event that the clearing broker becomes insolvent, the Fund may not be able to transfer or "port" its positions to another clearing broker.

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 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 and counterparty risk in respect of OTC derivatives which are not subject to mandatory clearing. Ultimately, these requirements are likely to include the exchange and segregation of collateral by the parties, including by the Fund. While some of the obligations under EMIR have come into force, a number of the requirements are subject to phase-in periods 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. ESMA has published an opinion calling for the UCITS Directive to be amended to reflect the requirements of EMIR and in particular the EMIR clearing obligation. However, it is unclear whether, when and in what form such amendments would take effect. Accordingly, it is difficult to predict the full impact of EMIR on the Fund, 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 the Sub-Funds to adhere to their respective investment policies and achieve their investment objectives.

Investments in OTC derivatives may be subject to the risk of differing valuations arising out of different permitted valuation methods. Although the Fund has implemented appropriate valuation procedures to determine and verify the value of OTC derivatives, certain transactions are complex and valuation may only be provided by a limited number of market participants

who may also be acting as the counterparty to the transactions. Inaccurate valuation can result in inaccurate recognition of gains or losses and counterparty exposure.

Unlike exchange-traded derivatives, which are standardized with respect to their terms and conditions, OTC derivatives are generally established through negotiation with the other party to the instrument. While this type of arrangement allows greater flexibility to tailor the instrument to the needs of the parties, OTC derivatives may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if the agreement is deemed not to be legally enforceable or not documented correctly. There may also be a legal or documentation risk that the parties may disagree as to the proper interpretation of the terms of the agreement. However, these risks are generally mitigated, to a certain extent, by the use of industry-standard agreements such as those published by the International Swaps and Derivatives Association (ISDA).

### **5.6.3 Securities lending, repurchase agreements and buy/sell-back transactions**

Securities lending transactions, repurchase agreements and buy/sell-back transactions involve certain risks and there can be no assurance that the objective sought to be obtained from the use of such techniques will be achieved.

The principal risk when engaging in securities lending transactions, repurchase agreements and buy/sell-back transactions is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations to return securities or cash to the Sub-Fund as required by the terms of the transaction. Counterparty risk is generally mitigated by the transfer or pledge of collateral in favour of the Sub-Fund. However, there are certain risks associated with collateral management, including difficulties in selling collateral and/or losses incurred upon realization of collateral, as described below.

Securities lending transactions, repurchase agreements and buy/sell-back transactions also entail liquidity risks due, *inter alia*, to locking cash or securities positions in transactions of excessive size or duration relative to the liquidity profile of the Sub-Fund or delays in recovering cash or securities paid to the counterparty. These circumstances may delay or restrict the ability of the Fund to meet redemption requests. The Sub-Fund may also incur operational risks such as, *inter alia*, non-settlement or delay in settlement of instructions, failure or delays in satisfying delivery obligations under sales of securities, and legal risks related to the documentation used in respect of such transactions.

### **5.6.4 Collateral management**

Counterparty risk arising from investments in OTC financial derivative instruments and securities lending transactions, repurchase agreements and buy/sell-back transactions is generally mitigated by the transfer or pledge of collateral in favour of the Sub-Fund. However, transactions may not be fully collateralized. Fees and returns due to the Sub-Fund may not be collateralized. If a counterparty defaults, the Sub-Fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Sub-Fund could realize a loss due, *inter alia*, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the ability of the Sub-Fund to meet redemption requests.

A Sub-Fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the

value of such investments would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty as required by the terms of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.



## 6. MANAGEMENT AND ADMINISTRATION

### 6.1 The Board of Directors

The members of the Board of Directors will be elected by the general meeting of shareholders subject to the approval of the CSSF. The Board of Directors is vested with the broadest powers to act on behalf of the Fund and to take any actions necessary or useful to fulfil the Fund's corporate purpose, subject to the powers expressly assigned by law or the Articles of Incorporation to the general meeting of shareholders.

The Board of Directors is responsible for conducting the overall management and business affairs of the Fund in accordance with the Articles of Incorporation. In particular, the Board of Directors is responsible for defining the investment objective and policy of the Sub-Funds and their risk profile, subject to the principle of risk diversification, and for the overall supervision of the management and administration of the Fund, including the selection and supervision of the Management Company and the general monitoring of the performance and operations of the Fund.

The Board of Directors has adopted and implemented a Code of Conduct which sets out the general governance principles and rules of conduct which the directors seek to apply in carrying out their duties.

For the current composition of the Board of Directors, please refer to the Directory.

### 6.2 The Management Company

The Fund is managed by Lemanik Asset Management S.A. (the “**Management Company**”) which is authorised and regulated by the CSSF and subject to the provisions of Chapter 15 of the 2010 Law.

Lemanik Asset Management S.A. was incorporated on 1 September 1993 as a public limited company (*société anonyme*) under Luxembourg law, for an indefinite period.

Its share capital currently stands at three million one hundred ninety-six thousand seven hundred euros (EUR 3,196,700.-).

The Management Company is in charge of the collective management of the Fund's portfolio. Its main business activity is to provide collective portfolio management services to the Fund and other funds and perform the functions of a UCITS management company in accordance with the 2010 Law.

The relationship between the Fund and the Management Company is subject to the terms of the Management Company Services Agreement dated 7 May 2019. Under the terms of the Management Company Services Agreement, the Management Company is responsible for the investment management and administration of the Fund as well as the marketing of the Shares, subject to the overall supervision of the Board of Directors. The Management Company is in charge of the day-to-day business activities of the Fund. The Management Company has authority to act on behalf of the Fund within its function.

The Fund has appointed the Management Company to provide assistance to the Fund for the supervision and due diligence duties on the Depositary.

For the purpose of a more efficient conduct of its business, the Management Company may delegate to third parties the power to carry out some of its functions on its behalf, in accordance with applicable laws and regulations of Luxembourg, as applicable with the prior consent of the Fund. The delegated functions shall remain under the supervision and responsibility of the Management Company and the delegation shall not prevent the Management Company from acting, or the Fund from being managed, in the best interests of the investors. The delegation to third parties is subject to the prior approval of the CSSF.

The Management Company Services Agreement has no fixed duration and each party may, in principle, terminate the agreement on not less than three (3) months' prior written notice. The Management Company Services Agreement may also be terminated on shorter notice in certain circumstances. The Management Company Services Agreement contains provisions exempting the Management Company from liability and indemnifying the Management Company in certain circumstances. However, the liability of the Management Company towards the Fund will not be affected by any delegation of functions by the Management Company.

### ***Remuneration Policy***

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules, this Prospectus or the Articles of Incorporation nor impair compliance with the Management Company's obligation to act in the best interest of the Fund (the "**Remuneration Policy**").

The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company, the Fund or the Sub-Funds.

Details of the Remuneration Policy, including the persons in charge of determining the fixed and variable remunerations of staffs, a description of the key remuneration elements and an overview of how remuneration is determined, is available on the website [Remuneration-policy.pdf \(lemanikgroup.com\)](http://www.lemanikgroup.com/remuneration-policy.pdf).

- (A) A paper copy of the Remuneration Policy is available free of charge to the shareholders upon request.
- (B) The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Fund and the shareholders and includes measures to avoid conflicts of interest.
- (C) In particular, the Remuneration Policy will ensure that:
  - a) the staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
  - b) the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total

remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;

- c) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;
- d) the assessment of performance is set in a multi-year framework in order to ensure that the assessment process is based on the longer-term performance of the Fund and its employees and that the actual payment of performance-based components of remuneration is spread over the same period;
- e) the variable remuneration to individuals is paid in a manner that does not facilitate avoidance of the requirement of the 2010 Law; and
- f) the remuneration in relation to the cancellation of a contract will be defined to the extent of the duties performed and avoiding the reward of failure or bad performance.

In context of delegation, the Management Company will ensure that the delegate has in place a remuneration policy and practices which are consistent with the requirements of articles 111 *bis* and 111 *ter* of the 2010 Law, and article 14a of the UCITS Directive.

### **6.3 The Investment Manager**

Daiwa Asset Management (Singapore) Ltd has been appointed as Investment Manager by the Management Company pursuant to an Investment Management Agreement.

Daiwa Asset Management (Singapore) Ltd is a public company limited by shares incorporated under the laws of Singapore on 3 January 1994. The Investment Manager is authorised for the purpose of asset management and regulated by the Monetary Authority of Singapore under *local law or regulation*. The Investment Manager is a 100% subsidiary of Daiwa Asset Management Co. Ltd. Its main business activity is asset management.

The relationship between the Fund, the Management Company and the Investment Manager is subject to the terms of the Investment Management Agreement. Under the terms of the Investment Management Agreement, the Investment Manager has full discretion, subject to the overall review and control of the Management Company and, ultimately, the Board of Directors, to manage the assets of each Sub-Fund on a discretionary basis, in accordance with the investment objective and policy of the Sub-Fund and any additional investment restrictions or guidelines imposed by the Board of Directors. Within this function, the Investment Manager has authority to act on behalf of the Fund.

The Investment Management Agreement has no fixed duration and each party may, in principle, terminate the agreement on not less than three (3) months' prior written notice. The Investment Management Agreement may also be terminated on shorter notice in certain circumstances. The Investment Management Agreement may be terminated by the Management Company with immediate effect if this is deemed by the Management Company to be in the interest of the investors.

The liability of the Investment Manager towards the Management Company and the Fund will not be affected by any delegation of functions by the Investment Manager.

## 6.4 The Sub-Investment Manager

Subject to the compliance with applicable laws, and the prior consent of the Management Company the Investment Manager may select and rely upon third-party sub-investment managers as well as affiliated sub-investment managers within its group of companies for investment decisions and management with respect to a Sub-Fund and is able to draw upon the investment management, investment advice, research and investment expertise of such selected sub-investment managers with respect to the selection and management of the assets of a Sub-Fund. The Investment Manager is entitled to appoint as its delegate any sub-investment manager, including any affiliate within its group of companies, provided that the Investment Manager's liability to the Fund for all matters so delegated shall not be affected by such delegation. The fees payable to any such delegate will not be payable out of the net assets of the relevant Sub-Fund(s) but will be payable by the Investment Manager out of its Management Fee in an amount agreed between the Investment Manager and the sub-investment manager from time to time.

Daiwa Asset Management Co. Ltd. has been appointed as Sub-Investment Manager for the Daiwa Solutions Optimizer Japanese Equity Fund, the Daiwa High Conviction Japanese Equity Fund, the Daiwa Japan Strategic Value Fund, Daiwa Small/Mid-Cap Emerging ASEAN Equity Fund, Daiwa Asian Equity Fund and the Daiwa Core Strategy Japanese Equity Fund pursuant to a Sub-Investment Management Agreement.

Daiwa Asset Management Co. Ltd. is a limited liability company incorporated under the laws of Japan on 12 December 1959. The Sub-Investment Manager is authorised for the purpose of asset management and regulated by the Financial Services Agency under *local law or regulation*.

## 6.5 The Depositary and Paying Agent

CACEIS Bank, Luxembourg Branch is acting as the Fund's depositary (the "**Depositary**") in accordance with a depositary agreement dated 7 May 2019 as amended from time to time (the "**Depositary Agreement**") and the relevant provisions of the 2010 Law and the UCITS Rules.

CACEIS Bank, Luxembourg branch is acting as a branch of CACEIS Bank, a public limited liability company (société anonyme) incorporated under the laws of France with a share capital of 1 280 677 691,03 Euros having its registered office located at 89-91, rue Gabriel Peri, 92120 Montrouge, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Nanterre. CACEIS Bank is an authorised credit institution supervised by the European Central Bank ("ECB") and the Autorité de contrôle prudentiel et de résolution ("ACPR"). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg.

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

The Depositary has been entrusted with the custody and/or, as the case may be, recordkeeping and ownership verification of the Sub-Funds' assets, and it shall fulfil the obligations and duties provided for by Part I of the 2010 Law. In particular, the Depositary

shall ensure an effective and proper monitoring of the Fund's cash flows.

In due compliance with the 2010 Law, the Depositary shall:

- (i) Ensure that the sale, issue, re-purchase, redemption and cancellation of Shares of the Fund are carried out in accordance with the applicable national law and the 2010 Law or the Articles of Incorporation;
- (ii) Ensure that the value of the Shares is calculated in accordance with the 2010 Law, the Articles of Incorporation and the procedures laid down in the UCITS Directive;
- (iii) carry out the instructions of the Fund or the Management Company acting on behalf of the Fund, unless they conflict with the 2010 Law or the Articles of Incorporation;
- (iv) ensure that in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits; and
- (v) ensure that an Fund's income is applied in accordance with the 2010 Law and the Articles of Incorporation.

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

In compliance with the provisions of the UCITS Directive, the Depositary may, under certain conditions, entrust part or all of the assets which are placed under its custody and/or recordkeeping to correspondents or third party custodians as appointed from time to time. The Depositary's liability shall not be affected by any such delegation, unless otherwise specified, but only within the limits as permitted by the 2010 Law.

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

- (i) identifying and analysing potential situations of conflicts of interest;
- (ii) recording, managing and monitoring the conflict of interest situations either in:

- relying on the permanent measures in place to address conflicts of interest such as maintaining separate legal entities, segregation of duties, separation of reporting lines, insider lists for staff members; or
- implementing a case-by-case management to (i) take the appropriate preventive measures such as drawing up a new watch list, implementing a new Chinese wall, making sure that operations are carried out at arm's length and/or informing the concerned shareholders of the Fund, or (ii) refuse to carry out the activity giving rise to the conflict of interest.

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

The Fund and the Depositary may terminate the Depositary Agreement at any time by giving ninety (90) days' notice in writing. The Fund may, however, dismiss the Depositary only if a new depositary bank is appointed within two (2) months to take over the functions and responsibilities of the Depositary. After its dismissal, the Depositary must continue to carry out its functions and responsibilities until such time as the entire assets of the Sub-Funds have been transferred to the new depositary bank.

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

## 6.6 The UCI Administrator

Pursuant to an administration agency agreement dated 7 May 2019 (the “**Administration Agreement**”), CACEIS Bank, Luxembourg Branch, with its registered office at 5, allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B209310, has been appointed as central administrative agent and registrar and transfer agent (the “**UCI Administrator**”) with the consent of the Fund.

The relationship between the Fund, the Management Company and the UCI Administrator is subject to the terms of the UCI Administration Agreement. Under the terms of the Administration Agreement, the UCI Administrator will carry out all general administrative duties related to the administration of the Fund required by Luxembourg law, calculate the Net Asset Value per Share, maintain the accounting records of the Fund, 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 Fund, the UCI Administrator is also responsible for performing the client communication function (comprising the production and delivery of relevant information and documentation including confidential documents intended for Shareholders as specified under the Administration Agreement) and collecting the required information and performing verifications on investors to comply with applicable AML/CFT Rules (as further described below in section

7.11). The responsibility as regards compliance with the provisions of the AML/CFT Rules (as further described below in section 7.11) in Luxembourg remains entirely with the Fund.

The UCI Administrator is not responsible for any investment decisions of the Fund or the effect of such investment decisions on the performance of the Fund.

The Administration Agreement has no fixed duration and each party may, in principle, terminate the agreement on not less than ninety (90) calendar days' prior written notice. The Administration Agreement may also be terminated on shorter notice in certain circumstances, for instance where one party commits a material breach of its obligations. The Administration Agreement may be terminated by the Management Company with immediate effect if this is deemed by the Management Company to be in the interest of the investors. The Administration Agreement contains provisions exempting the UCI Administrator from liability and indemnifying the UCI Administrator in certain circumstances. However, the liability of the UCI Administrator towards the Management Company and the Fund will not be affected by any delegation of functions by the UCI Administrator.

CACEIS Bank, Luxembourg Branch may outsource, for the performance of its activities, IT and operational functions related to its activities as UCI Administrator, in particular as registrar and transfer agent activities including shareholders and investor services, with other entities of the group CACEIS, located in Europe or in third countries, and notably in United Kingdom, Canada and Malaysia. In this context, CACEIS Bank, Luxembourg Branch may be required to transfer to the outsourcing provider data related to the investor, such as name, address, date and place of birth, nationality, domicile, tax number, identity document number (in case of legal entities: name, date of creation, head office, legal form, registration numbers on the company register and/or with the tax authorities and persons related to the legal entity such as investors, economic beneficiaries and representatives), etc.. In accordance with Luxembourg law, CACEIS Bank, Luxembourg Branch has to disclose a certain level of information regarding the outsourced activities to the Fund, which will communicate these information to the investors. The Fund will communicate to the investors any material changes to the information disclosed in this paragraph prior to their implementation.

The list of countries where the group CACEIS is located is available on the Internet site [www.caceis.com](http://www.caceis.com). We draw your attention to the fact that this list could change over time.

With the consent of the Fund, the Management Company reserves the right to change the administration arrangements described above by agreement with the UCI Administrator and/or to appoint another service provider in Luxembourg to carry out the functions of administration agent. Investors will be notified in due course.

## **6.7 The Auditor**

The Fund has appointed PricewaterhouseCoopers as its independent auditor (*réviseur d'entreprises agréé*) within the meaning of the 2010 Law. The Auditor is elected by the general meeting of shareholders. The Auditor will inspect the accounting information contained in the Annual Report and fulfil other duties prescribed by the 2010 Law.

## **6.8 The Global Distributor**

The Management Company has appointed, with the consent of the Fund, Daiwa Asset Management (Europe) Ltd. as the Global Distributor of the Fund pursuant to the Global Distribution Agreement.

Daiwa Asset Management (Europe) Ltd. is a private limited company incorporated under the laws of England and Wales on 11 August 1986. The Global Distributor is authorised and regulated by the Financial Conduct Authority in the United Kingdom under local law and regulation. The Global Distributor is 100% subsidiary of Daiwa Asset Management Co. Ltd.

The relationship between the Fund, the Management Company and the Global Distributor is subject to the terms of the Global Distribution Agreement. Under the terms of the Global Distribution Agreement, the Global Distributor is responsible for the marketing and distribution of the Shares in Luxembourg and other jurisdictions approved by the Board of Directors. The Global Distributor has the authority to appoint distributors and sales agents on behalf of the Fund to market and distribute the Shares.

The Global Distribution Agreement has no fixed duration and each party may, in principle, terminate the agreement on not less than three (3) months' prior written notice. The Global Distribution Agreement may also be terminated on shorter notice in certain circumstances, for instance where one party commits a material breach of its obligations. The Global Distribution Agreement may be terminated by the Management Company with immediate effect if this is deemed by the Management Company to be in the interest of the investors. The Global Distribution Agreement contains provisions exempting the Global Distributor from liability and indemnifying the Global Distributor in certain circumstances. However, the liability of the Global Distributor towards the Management Company and the Fund will not be affected by any delegation of functions by the Global Distributor.

## **6.9 Conflicts of interest**

The Board of Directors, the Management Company, the Investment Manager, the Depositary, the UCI Administrator and the other service providers of the Fund, and/or their respective affiliates, members, employees or any person connected with them may be subject to various conflicts of interest in their relationships with the Fund.

As further described in the Articles of Incorporation, any director of the Fund who has, directly or indirectly, an interest in a transaction submitted to the approval of the Board of Directors which conflicts with the Fund's interest, must inform the Board of Directors. The director may not take part in the discussions on and may not vote on the transaction. Where, by reason of a conflicting interest, the number of directors required in order to validly deliberate is not met, the board of directors may submit the decision on this specific item to the general meeting of shareholders. The Board of Directors has also adopted and implemented a conflicts of interest policy in accordance with its Code of Conduct.

The Management Company has adopted and implemented a conflicts of interest policy and has made appropriate organizational and administrative arrangements to identify and manage conflicts of interests so as to minimize the risk of the Fund's interests being prejudiced, and if they cannot be avoided, ensure that the Fund is treated fairly.



#### **6.10 Best execution**

Both the Management Company and the Investment Manager have adopted a “best execution” policy with the objective of obtaining the best possible result for the Fund when executing decisions to deal on behalf of the Fund or placing orders to deal on behalf of the Fund with other entities for execution. Further information on the best execution policies may be obtained from the internet website of the Management Company or upon request to the Investment Manager.

## **7. SHARES**

### **7.1 Shares, Sub-Funds and Share Classes**

#### **7.1.1 Shares**

The share capital of the Fund is represented by fully paid up Shares of no par value. The share capital of the Fund is at all times equal to the Net Asset Value of the Fund, which is the total Net Asset Value of all Sub-Funds expressed in the Reference Currency of the Fund. The share capital of the Fund must at all times be at least equal to the minimum required by the 2010 Law, which is currently EUR 1,250,000.-.

The Shares will be issued in registered form only. Written confirmation of registration will be issued upon request and at the expense of the requesting shareholder. The registration of a shareholder in the register of shareholders of the Fund evidences the shareholder's ownership right in the Fund.

Shares may also be eligible for clearing and settlement by Clearstream and/or other recognised securities clearing and settlement systems. In such case, Shares may be held and transferred through securities accounts maintained within such systems in accordance with applicable laws and regulations, and the operating rules of the systems.

The Fund will recognize only one single shareholder per Share. In case a Share is owned by several persons, they must appoint a single representative who will represent them towards the Fund. The Fund has the right to suspend the exercise of all rights attached to that Share until such representative has been appointed.

The Shares carry no preferential or pre-emptive rights: the Fund is authorised without limitation to issue an unlimited number of fully paid up Shares on any Valuation Day without reserving to existing investors a preferential or pre-emptive right to subscribe for the Shares to be issued.

Each Share entitles the shareholder to one (1) vote at all general meetings of shareholders of the Fund and at all meetings of the Sub-Fund or Share Class concerned.

Fractions of Shares will be issued to two (2) decimal places (rounded up to three (3) decimal places). Such fractional Shares will be entitled to participate on a *pro rata* basis in the net assets attributable to the Sub-Fund or Share Class to which they belong in accordance with their terms, as set out in this Prospectus. Fractions of Shares do not confer any voting rights on their holders. However, if the sum of the fractional Shares held by the same shareholder in the same Share Class represents one or more entire Shares, such shareholder will benefit from the corresponding voting right attached to the number of entire Shares.

Shares are each entitled to participate in the net assets allocated to the relevant Sub-Fund or Share Class in accordance with their terms, as set out in the Supplements. Shares will be issued on each Subscription Day immediately after the time of valuation and entitled to participate in the net assets of the Sub-Fund or Share Class as of that point, as described in more detail in section 7.4 (Subscription for Shares) below. Shares will be redeemed on each Redemption Day at the time of valuation and entitled to participate in the net assets of the Sub-Fund or Share Class until and including that point, as described in more detail in section 7.5 (Redemption of Shares) below.

Shares redeemed will generally be cancelled unless the Fund decides otherwise.

### **7.1.2 Sub-Funds**

The Fund is a single legal entity incorporated as an umbrella fund comprised of separate Sub-Funds. Each Share issued by the Fund is a share in a specific Sub-Fund. Each Sub-Fund has a specific investment objective and policy as further described in its Supplement. A separate portfolio of assets is maintained for each Sub-Fund and invested for its exclusive benefit in accordance with its investment objective and policy.

With regard to third parties, in particular towards the Fund's creditors, each Sub-Fund shall be exclusively responsible for all liabilities attributable to it. As a consequence, the assets of each Sub-Fund may only be used to meet the debts, liabilities and obligations attributable to that Sub-Fund. In the event that, for any reason, the liabilities arising in respect of the creation, operation and liquidation of a Sub-Fund exceed the assets allocated to it, creditors will have no recourse against the assets of any other Sub-Fund to satisfy such deficit. Assets and liabilities are allocated to each Sub-Fund in accordance with the provisions of the Articles of Incorporation, as set out in section 8.2 (Valuation procedure) below.

Each Sub-Fund may be established for an unlimited or limited duration as specified in its Supplement. In the latter case, upon expiry of the term, the Fund may extend the duration of the Sub-Fund once or several times. Investors will be notified at each extension. At the expiry of the duration of a Sub-Fund, the Fund will redeem all the Shares in that Sub-Fund. The Supplement will indicate the duration of each Sub-Fund and its extension, where applicable.

Additional Sub-Funds may be established by the Board of Directors from time to time without the consent of investors in other Sub-Funds. A new Supplement will be added to this Prospectus for each new Sub-Fund established and shall be approved by the CSSF before its launch.

### **7.1.3 Share Classes**

The Sub-Funds may offer several Share Classes. Each Share Class within a Sub-Fund may have different features such as the fee structure, minimum subscription or holding amounts, currency, different hedging techniques or distribution policy or other distinctive features, or be offered or reserved to different types of investors. Investors will be able to choose the Share Class with the features most suitable to their individual circumstances.

In particular, the Sub-Funds may offer Currency Hedged Share Classes. The Fund may use various techniques and instruments, such as forward contracts and currency swaps, in accordance with the provisions of the Prospectus, intended to limit the impact of exchange rate movements between the Reference Currency of the Sub-Fund and that of a Currency Hedged Share Class on the performance of such Share Class. The costs and any benefit of currency hedging transactions will be allocated solely to the Currency Hedged Share Class to which the hedging relates. Such Share Classes may be issued as hedged Share Classes and will be referred to as “-hedged” Share Classes

Currency Hedged Share Classes involve certain risks, as described in section 5 (General risk factors) above.

Each Share Class may be created for an unlimited or limited duration. In the latter case, upon expiry of the term, the Fund may extend the duration of the Share Class once or several times. Investors will be notified at each extension. At the expiry of the duration of a Share Class, the Fund will redeem all the Shares in that Share Class. Additional Share Classes may be

established in any Sub-Fund from time to time without the approval of investors. Such new Share Classes may be issued on terms and conditions that differ from the existing Share Classes. The list of active Share Classes currently available for subscription in each jurisdiction may be obtained from the Management Company upon request and on the following website <https://www.daiwa-am.co.jp/english/>.

#### **7.1.4 Issue price of the Share Classes**

The issue price for each Share Class shall be USD 10.- or the equivalent in EUR or GBP depending on the Reference Currency of the relevant Share Class.

However, the issue price for a Share Class denominated in JPY shall be JPY 10,000.-.

#### **7.1.5 Changes to Sub-Funds and Share Classes**

The rights and restrictions attached to Shares may be modified from time to time, subject to the provisions of the Articles of Incorporation. Any changes to the Articles of Incorporation will require a resolution of the general meeting of shareholders, as further described in section 10.2 (Meetings of shareholders) below.

Subject to the above, the Board of Directors may change the characteristics of any existing Sub-Fund, including its objective and policy, or any existing Share Class, without the consent of investors. In accordance with applicable laws and regulations, investors in the Sub-Fund or Share Class will be informed about the changes and, where required, will be given prior notice of any proposed material changes in order for them to request the redemption of their Shares should they disagree. This Prospectus will be updated as appropriate.

### **7.2 Dividend distribution policy**

Each Sub-Fund may offer distributing Shares and non-distributing Shares. Shares may confer the right to dividend distributions (Distribution Shares) or not (Accumulation Shares). Distribution Shares and Accumulation Shares issued within the same Sub-Fund will be represented by different Share Classes. References to “Acc” or “Dis” refer to Accumulation Shares or Distribution Shares.

Accumulation Shares capitalize their entire earnings whereas Distribution Shares pay dividends.

For all Accumulation Shares, no dividends will be paid, declared or distributed. The gross income and net realised and unrealised capital gains will be accumulated and re-invested according to the investment policy of the relevant Sub-Fund.

Whenever dividends are distributed to holders of Distribution Shares, their Net Asset Value per Share will be reduced by an amount equal to the amount of the dividend per Share distributed, whereas the Net Asset Value per Share of Accumulation Shares will remain unaffected by the distribution made to holders of Distribution Shares.

The Fund shall determine how the earnings of Distribution Shares shall be distributed and may declare distributions from time to time, at such time and in relation to such periods as the Fund shall determine, in the form of cash or Shares, in accordance with the dividend distribution policy adopted for such Distribution Shares as described below. The dividend distribution policy may vary between Distribution Shares within the same or different Sub-Funds. Dividend

distributions are not guaranteed with respect to any Share Class. In any event, no distribution may be made if, as a result, the total Net Asset Value of the Fund would fall below the minimum share capital required by the 2010 Law which is currently EUR 1,250,000.-.

Regarding Distributing Shares of a Sub-Fund, the Board of Directors intends to distribute on an annual basis part or all of the total net income, in particular, dividends regarding equity securities invested in by the Sub-Fund, subject to the principle of equal treatment of investors in the Sub-Fund and the minimum capital requirements set forth in the Prospectus. Annual distribution shall normally become payable no later than six (6) months after the end of the accounting year to which such dividends relate.

If requested by an investor, dividends will be reinvested in Shares of the same Share Class and investors will be advised of the details by a dividend statement.

No interest shall be paid on dividend distributions declared by the Fund which have not been claimed. Dividends not claimed within five years of their declaration date will lapse and revert to the relevant Share Class.

### **7.3 Eligible Investors**

Shares may only be acquired or held by investors who satisfy all eligibility requirements for a specific Sub-Fund or Share Class, if any, as specified for the Sub-Fund or Share Class in the Supplement (an Eligible Investor). Certain Sub-Funds or Share Classes may indeed be reserved to specified categories of investors such as Institutional Investors, investors investing through a specified distribution channel or investors who are residents of or domiciled in specific jurisdictions.

The Board of Directors has decided that any investor not qualifying as an Eligible Investor will be considered as a Prohibited Person, in addition to those persons described in section 7.10 (Prohibited Persons) below. The Fund may decline to issue any Shares and to accept any transfer of Shares, where it appears that such issue or transfer would or might result in Shares being acquired or held by, on behalf or for the account or benefit of, Prohibited Persons. The Fund may compulsorily redeem all Shares held by, on behalf or for the account or benefit of, Prohibited Persons in accordance with the procedure set out in this Prospectus (see section 7.10 (Prohibited Persons) below).

### **7.4 Subscription for Shares**

Applications for subscriptions can be submitted for each Subscription Day provided that a complete application is submitted by the Cut-Off Time for that Subscription Day. Applications will be processed, if accepted, at the Subscription Price applicable to that Subscription Day. The Subscription Price (plus any Subscription Fee) must be settled by the end of the Subscription Settlement Period. The subscription procedure is further described below. Shares will be issued on the Subscription Day and entitled to participate in the Net Asset Value of the Share Class from their issue. The Subscription Day, Cut-Off Time, and Subscription Settlement Period for each Sub-Fund or Share Class are specified in the Supplement.

#### **7.4.1 Subscription application**

Shares in any new Sub-Fund or Share Class may be available for subscription during an Initial Offer and will be issued on the first Subscription Day following the Initial Offer at the Initial Offer Price. Information on the Initial Offer and the Initial Offer Price of any new Sub-Fund or Share

Class is set out in section 7.8.2 (Minimum subscription and holding amounts) and be available from the Global Distributor and/or a Distributor upon request and on the following website <https://www.daiwa-am.co.jp/english/>. The Fund may reschedule the Initial Offer and/or amend the Initial Offer Price.

Shares will be available for subscription on each Subscription Day at a Subscription Price equal to the Net Asset Value per Share for that Subscription Day. The Net Asset Value per Share for the Subscription Day at which an application will be processed is unknown to the investors when they place their subscription applications.

The Fund may charge a Subscription Fee on subscriptions for Shares, as set out in section 9.1 (Subscription Fee and Redemption Fee) below, which will be added to the Subscription Price. The Subscription Fee is equal to a percentage of the Subscription Price or such other amount specified for each Sub-Fund or Share Class in the Supplement, where applicable.

The Fund will only process subscription applications that it considers clear and complete. Applications will be considered complete only if the Fund has received all information and supporting documentation it deems necessary to process the application. The Fund may delay the acceptance of unclear or incomplete applications until reception of all necessary information and supporting documentation in a form satisfactory to the Fund. Unclear or incomplete applications may lead to delays in their execution. The Fund will not accept liability for any loss suffered by applicants as a result of unclear or incomplete applications. No interest will be paid to investors on subscription proceeds received by the Fund prior to receiving clear and complete applications.

Applications must be submitted to the UCI Administrator by the Cut-Off Time for the Subscription Day, as specified in the Supplement, in order for such applications to be processed, if accepted, at the Subscription Price applicable to that Subscription Day. Different Cut-Off Times may apply for applications submitted by investors in different time zones, provided that the applicable Cut-Off Time must always be earlier than the time when the applicable Net Asset Value is calculated. Investors should refer to the local sales documents for their jurisdiction to find out which Cut-Off Time is applicable to them.

Applications received after the Cut-Off Time will be treated as deemed applications received by the Cut-Off Time for the next Subscription Day. However, the Fund may accept subscription applications received after the Cut-Off Time subject to certain conditions, as set out in section 7.9 (Late trading, market timing and other prohibited practices) below.

The Fund reserves the right to accept or refuse any application in whole or in part at its discretion. Without limitation, the Fund may refuse an application for subscription where the Fund determines that the Shares would or might be held by, on behalf or for the account or benefit of, Prohibited Persons. In such event, subscription proceeds received by the Fund will be returned to the applicant as soon as practicable, at the risks and costs of the applicant, without interest or penalty.

The issue of Shares of a Sub-Fund or Share Class shall be suspended whenever the determination of the Net Asset Value per Share of such Sub-Fund or Share Class is suspended by the Fund, as described in section 8.4 (Temporary suspension of the Net Asset Value calculation) below. The issue of Shares of a Share Class may also be suspended at the discretion of the Board of Directors, in the best interest of the Fund, notably under other exceptional circumstances.

#### **7.4.2 Settlement of subscription**

The Subscription Price (plus any Subscription Fee) must be paid in the Reference Currency of the Share Class or, at the request of the investor, in any other currency accepted by the Fund. In the latter case, the Fund will have the subscription proceeds in the other currency converted into the Reference Currency of the Sub-Fund or Share Class, at the risks and costs of the investor, taking into account prevailing currency exchange rates. The Fund may charge a fee for this conversion service. The Fund will process the subscription application by reference to the net proceeds of the conversion into the Reference Currency of the Sub-Fund or Share Class.

To subscribe to Shares, applicants must contact their banks, distributors, or the UCI Administrator for information on specific currency Cut-Off Time. In order to pay for Share subscriptions, the Subscription Price (plus any Subscription Fee) should be remitted net of all local transaction charges, and the payment must be received by the Fund before the end of the Subscription Settlement Period, as specified in the Supplement. To avoid any possible delays, applicants may include a copy of the remittance proof with their application. If the full subscription amount is not paid before the specified Cut-Off Time, the applicant may be subject to interest or overdraft charges, which shall be borne by the applicant.

If the payment of the Subscription Price (plus any Subscription Fee) has not been received by the end of the Subscription Settlement Period, any pending application for Shares may be rejected or, if the application had previously been accepted by the Fund, any allocation of Shares made on the basis of the application may be cancelled by a compulsory redemption of the Shares at the applicable Redemption Price (less any Redemption Fee). The UCI Administrator will inform the applicant that the application has been rejected or the subscription cancelled, as applicable, and the money received after the end of the Subscription Settlement Period, if any, will be returned to the applicant at its risks and costs, without interest or penalty.

The Fund reserves the right to require indemnification from the applicant against any losses, costs or expenses arising as a result of any failure to settle the Subscription Price (plus any Subscription Fee) by the end of the Subscription Settlement Period. The Fund may pay such losses, costs or expenses out of the proceeds of any compulsory redemption described above and/or redeem all or part of the investor's other Shares, if any, in order to pay for such losses, costs or expenses.

#### **7.4.3 Subscription in kind**

The Fund may agree to issue Shares as consideration for a "contribution in kind" of assets with an aggregate value equal to the Subscription Price (plus any Subscription Fee), provided that such assets comply with the investment objective and policy of the Sub-Fund and any restrictions and conditions imposed by applicable laws and regulations. In accepting or rejecting such a contribution at any given time, the Fund shall take into account the interest of other investors of the Sub-Fund and the principle of fair treatment. Any contribution in kind will be valued independently in a special report issued by the Auditor or any other independent auditor (*réviseur d'entreprises agréé*) agreed by the Fund. The Fund and the contributing investor will agree on specific settlement procedures. Any costs incurred in connection with a contribution in kind, including the costs of issuing a valuation report, shall be borne by the contributing investor or by such other third party as agreed by the Fund or in any other way which the Board of Directors considers fair to all investors of the Sub-Fund.

## **7.5 Redemption of Shares**

Applications for redemptions can be submitted by investors for each Redemption Day provided that a complete application is submitted by the Cut-Off Time for that Redemption Day. Applications will be processed, if accepted, at the Redemption Price applicable to that Redemption Day. The Redemption Price (less any Redemption Fee) will normally be paid by the end of the Redemption Settlement Period. The redemption procedure is further described below. Shares will be redeemed on the Redemption Day and entitled to participate in the net assets of the Sub-Fund or Share Class until their redemption. The Redemption Day, Cut-Off Time, and Redemption Settlement Period for each Sub-Fund or Share Class are specified in the Supplement.

### **7.5.1 Redemption application**

Investors may apply for redemption of all or any of their Shares on each Redemption Day at a Redemption Price equal to the Net Asset Value per Share for that Redemption Day. The Net Asset Value per Share for the Redemption Day at which an application will be processed is unknown to the investors when they place their redemption applications.

The Fund may charge a Redemption Fee on redemptions of Shares, as set out in section 9.1 (Subscription Fee and Redemption Fee) below, which will be deducted from the payment of the Redemption Price. The Redemption Fee is equal to a maximum percentage of the Redemption Price or such other amount as specified for each Sub-Fund or Share Class in the Supplement, where applicable.

The Fund will only process redemption applications that it considers clear and complete. Applications will be considered complete only if the Fund has received all information and supporting documentation it deems necessary to process the application. Unclear or incomplete applications may lead to delays in their execution. The Fund will not accept liability for any loss suffered by applicants as a result of unclear or incomplete applications.

Applications must be submitted to the UCI Administrator by the Cut-Off Time for the Redemption Day, as specified in the Supplement, in order for such applications to be processed, if accepted, at the Redemption Price applicable to that Redemption Day. Different Cut-Off Times may apply for applications submitted by investors in different time zones, provided that the applicable Cut-Off Time must always be earlier than the time when the applicable Net Asset Value is calculated. Investors should refer to the local sales documents for their jurisdiction to find out which Cut-Off Time is applicable to them.

Applications received after the Cut-Off Time will be treated as deemed applications received by the Cut-Off Time for the next Redemption Day. However, the Fund may accept redemption applications received after the Cut-Off Time subject to certain conditions, as set out in section 7.9 (Late trading, market timing and other prohibited practices) below.

The redemption of Shares of a Sub-Fund or Share Class shall be suspended whenever the determination of the Net Asset Value per Share of such Sub-Fund or Share Class is suspended by the Fund, as described in section 8.4 (Temporary suspension of the Net Asset Value calculation) below. The redemption of Shares of a Sub-Fund or Share Class may also be suspended in other exceptional cases where the circumstances and the best interest of the investors so require.



### **7.5.2 Settlement of redemption**

Redemption proceeds equal to the full amount of the Redemption Price (less any Redemption Fee) will normally be paid by the end of the Redemption Settlement Period specified in the Supplement. Different settlement procedures may apply in certain jurisdictions in which Shares are distributed due to constraints under local laws and regulations. Investors should refer to the local sales documents for their jurisdiction or contact their local paying agent for further information. The Fund will not accept responsibility for any delays or charges incurred at any receiving bank or clearing system.

Payment of redemption proceeds will be made by wire transfer on the bank account of the redeeming investor and at its risks and costs. Redemption proceeds will be paid in the Reference Currency of the Sub-Fund or the Share Class or, at the request of the investor, in any other currency accepted by the Fund. In the latter case, the Fund will have the net redemption proceeds converted into the other currency at the risks and costs of the investor, taking into account prevailing currency exchange rates. The Fund may charge a fee for this conversion service. The Fund will pay to the investor the net proceeds of the conversion into the other currency.

The Fund reserves the right to postpone the payment of redemption proceeds after the end of the normal Redemption Settlement Period when there is insufficient liquidity or in other exceptional circumstances. If redemption proceeds cannot be paid by the end of the Redemption Settlement Period, the payment will be made as soon as reasonably practicable thereafter. The Fund may also delay the settlement of redemptions until reception of all information and supporting documentation deemed necessary to process the application, as described above. In any event, no redemption proceeds will be paid unless and until cleared funds equal to the full amount of the Subscription Price (plus any Subscription Fee) due but not yet paid for the Shares to be redeemed has been received by the Fund. No interest will be paid to investors on redemption proceeds paid during or after the end of the Redemption Settlement Period.

### **7.5.3 Redemption in kind**

The Fund may, in order to facilitate the settlement of substantial redemption applications or in other exceptional circumstances, propose to an investor a “redemption in kind” whereby the investor receives a portfolio of assets of the Sub-Fund of equivalent value to the Redemption Price (less any Redemption Fee). In such circumstances the investor must specifically consent to the redemption in kind and may always request a cash redemption payment instead. In proposing or accepting a request for redemption in kind at any given time, the Fund shall take into account the interest of other investors of the Sub-Fund and the principle of fair treatment. Where the investor accepts a redemption in kind, he will receive a selection of assets of the Sub-Fund. Any redemption in kind will be valued independently in a special report issued by the Auditor or any other independent auditor (*réviseur d'entreprises agréé*) agreed by the Fund. The Fund and the redeeming investor will agree on specific settlement procedures. Any costs incurred in connection with a redemption in kind, including the costs of issuing a valuation report, shall be borne by the redeeming investor or by such other third party as agreed by the Fund or in any other way which the Board of Directors considers fair to all investors of the Sub-Fund.

Upon request of an investor, the Investment Manager may agree to establish an account outside of the Fund, in the name of the investor, into which the portfolio of assets can be transferred. The account will be used to sell the assets and pay the sales proceeds to the

redeeming investor in cash. Any costs and expenses relating to the opening and maintenance of the account will be borne by the redeeming investor. Investors may incur brokerage and/or local tax charges on the sale of the assets. There may be a difference between the net amount of the sales proceeds paid to the investor and the Redemption Price (less any Redemption Fee) for the Shares redeemed, due to market conditions and/or the difference between the prices used to calculate the Net Asset Value and bid prices received on the sale of the assets.

## **7.6 Conversion of Shares**

Applications for conversions of Shares of any Share Class (called the Original Shares) into Shares of another Share Class of the same or another Sub-Fund (called the New Shares) can be submitted for each Conversion Day provided that a complete application is submitted by the Cut-Off Time for that Conversion Day. The number of New Shares issued upon a conversion will be based on the respective Net Asset Values per Share of the Original Shares and the New Shares for the Conversion Day (which, for the avoidance of doubt, may be a different day for the Original Shares and the New Shares). The Original Shares will be redeemed and the New Shares will be issued on the Conversion Day. The conversion procedure is further described below.

### **7.6.1 Conversion application**

Unless set out otherwise in the Supplement, investors may apply for conversion of Original Shares into New Shares on each Conversion Day. However, the right to convert the Original Shares is subject to compliance with any investor eligibility requirements applicable to the New Shares. In addition, conversion applications are subject to the provisions on the minimum initial or additional subscription amounts applicable to the New Shares and the minimum holding amount applicable to the Original Shares.

The number of New Shares issued upon a conversion will be based upon the respective Net Asset Values of the Original Shares and the New Shares for the Conversion Day. These Net Asset Values are unknown to the investors when they place their conversion application.

The Fund may charge a Conversion Fee on conversions of Shares, as set out in section 9.1 (Subscription Fee and Redemption Fee) below and specified in the Supplement. For the avoidance of doubt, no Subscription Fee or Redemption Fee will apply on conversions in addition to the Conversion Fee, if any. The Fund will only process conversion applications that it considers clear and complete. Applications will be considered complete only if the Fund has received all information and supporting documentation it deems necessary to process the application. The Fund may delay the acceptance of unclear or incomplete applications until reception of all necessary information and supporting documentation in a form satisfactory to the Fund. Unclear or incomplete applications may lead to delays in their execution. The Fund will not accept liability for any loss suffered by applicants as a result of unclear or incomplete applications.

Applications must be submitted to the UCI Administrator by the Cut-Off Time for the Conversion Day, as specified in the Supplement, in order for such applications to be processed, if accepted, at a conversion rate based on the respective Net Asset Values of the Original Shares and the New Shares on the Conversion Day. Different Cut-Off Times may apply for applications submitted by investors in different time zones, provided that the applicable Cut-Off Time must always be earlier than the time when the applicable Net Asset Value is calculated. Investors should refer to the local sales documents for their jurisdiction to find out which Cut-Off Time is applicable to them.

Applications received after the Cut-Off Time will be treated as deemed applications received by the Cut-Off Time for the next Conversion Day. However, the Fund may accept conversion applications received after the Cut-Off Time subject to certain conditions, as set out in section 7.9 (Late trading, market timing and other prohibited practices) below.

The Fund reserves the right to reject any application for conversion of Shares into New Shares, in whole or in part, including, without limitation, where the Fund decides to close the Sub-Fund or Share Class to new subscriptions or new investors. In any event, no conversion application will be processed unless and until cleared funds equal to the full amount of the Subscription Price (plus any Subscription Fee) for the Original Shares has been received by the Fund.

The conversion of Shares shall be suspended whenever the determination of the Net Asset Value per Share of the Original Shares or the New Shares is suspended by the Fund in accordance with section 8.4 (Temporary suspension of the Net Asset Value calculation) below, or when the redemption of Original Shares or the subscription for New Shares is suspended in accordance with the Articles of Incorporation and this Prospectus.

### **7.6.2 Conversion rate**

The rate at which the Original Shares are converted into New Shares is determined on the basis of the following formula:

$$A = (B \times C \times D) / E$$

where:

- A is the number of New Shares to be allocated;
- B is the number of Original Shares to be converted into New Shares;
- C is the Net Asset Value per Share of the Original Shares for the Conversion Day;
- D is the exchange rate, as determined by the Fund, between the Reference Currency of the Original Shares and that of the New Shares. Where the Reference Currencies are the same, D equals one (1); and
- E is the Net Asset Value per Share of the New Shares for the Conversion Day.

A Conversion Fee may be applied, if and to the extent set out in the Supplement. The Conversion Fee is equal to the positive difference, if any, between the Subscription Fee applicable to the New Shares and the Subscription Fee paid on the Original Shares, or such lower amount as specified for each Share Class in the Supplement, where applicable.

## **7.7 Transfer of Shares**

### **7.7.1 Conditions and limitations on transfer of Shares**

Shares are freely transferable subject to the restrictions set out in the Articles of Incorporation and this Prospectus. In particular, the Fund may deny giving effect to any transfer of Shares if it determines that such transfer would result in the Shares being held by, on behalf or for the account or benefit of, Prohibited Persons.

Subject to the above, the transfer of Shares will normally be given effect by the Fund by way of declaration of transfer entered in the register of shareholders of the Fund following the delivery to the UCI Administrator of an instrument of transfer duly completed and executed by the transferor, in a form accepted by the Fund.

The Fund will only give effect to Share transfers that it considers clear and complete. The UCI Administrator may require from the transferor and/or the transferee all of the information and supporting documentation it deems necessary to give effect to the transfer. Investors are advised to contact the UCI Administrator prior to requesting a transfer to ensure that they have all the correct documentation for the transaction. The Fund may delay the acceptance of unclear or incomplete transfer orders until reception of all necessary information and supporting documentation in a form satisfactory to the Fund. Unclear or incomplete transfer orders may lead to delays in their execution. The Fund will not accept liability for any loss suffered by transferors and/or transferees as a result of unclear or incomplete transfer orders.

Shares which are eligible for clearing and settlement by Clearstream and/or other recognized securities clearing and settlement systems may also be transferred through securities accounts maintained within such systems in accordance with applicable laws and regulations, and the operating rules of the systems.

#### **7.7.2 Trading of Shares on a stock exchange**

Shares in certain Share Classes may be listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange or other market segments or stock exchanges as the Fund may determine from time to time. The Supplement will specify if Shares are or are intended to be listed. Although the Shares must be freely negotiable and transferable upon their listing and admission to trading on such stock exchanges (and trades carried out on such stock exchanges cannot be cancelled by the Fund) the restrictions of ownership and conditions on holding Shares (as set out in this Prospectus and the Articles of Incorporation) will nevertheless apply to any person to which Shares are transferred on such stock exchanges. The holding at any time of any Shares by, on behalf of or for the account or benefit of, a Prohibited Person may result in the compulsory redemption of such Shares in accordance with the provisions of this Prospectus and the Articles of Incorporation.

Listed Shares will be eligible for clearing and settlement by Clearstream.

The listing and admission to trading on such stock exchanges does not constitute a warranty or representation by the stock exchange as to the competence of the service providers to or any other party connected with the Fund or the suitability of the Fund for investment or for any other purpose.

### **7.8 Special considerations**

#### **7.8.1 Minimum subscription and holding amounts**

The subscription for Shares may be subject to a minimum initial subscription amount and/or additional subscription amount, as specified for each Share Class in the table below. The Fund may reject any application for subscription for or conversion into Shares of a Share Class which does not meet the applicable minimum initial subscription amount or additional subscription amount for that Share Class, if any.

In addition, the holding of Shares may be subject to a minimum holding amount, as specified for each Share Class in the relevant Supplement. The Fund may treat any application for redemption or conversion of part of a holding of Shares in a Share Class as a deemed application for redemption or conversion of the entire holding of the redeeming investor in that Share Class if, as a result of such application, the Net Asset Value of the Shares retained by the investor in that Share Class would fall below the applicable minimum holding amount. Alternatively, the Fund may grant a grace period to the investor so as to allow him to increase his holding to at least the minimum holding amount.

The Fund may further deny giving effect to any transfer of Shares if, as a result of such transfer, the Net Asset Value of the Shares retained by the transferor in a Share Class would fall below the minimum holding amount for that Share Class, or if the Net Asset Value of the Shares acquired by the transferee in a Share Class would be less than the minimum initial or additional subscription amounts, as applicable. In such cases, the Fund will notify the transferor that it will not give effect to the transfer of the Shares.

Alternatively, the Fund has the discretion, from time to time, to waive any applicable minimum initial subscription amount, minimum additional subscription amount and/or minimum holding amount provided that investors are treated fairly. In particular, the Fund may waive all or part of such requirements for investments made by certain nominees and other professional intermediaries.

#### **7.8.2 Minimum or maximum level of assets under management**

The Board of Directors may decide to cancel the launch of a Sub-Fund or Share Class before the end of the Initial Offer where that Sub-Fund or Share Class has not reached the minimum or expected level of assets under management for such Sub-Fund or Share Class considered by the Board of Directors to be the minimum or expected level of assets under management such Sub-Fund or Share Class needs to reach to be operated in an economically efficient manner. In such event, applications for subscription will be refused and subscription proceeds previously received by the Fund will be returned to the applicant.

Where applications for redemptions or conversions out of a Sub-Fund or Share Class on a particular Redemption Day or Conversion Day represent the total number of Shares in issue in that Sub-Fund or Share Class, or the remaining number of Shares in issue after such redemptions or conversions would represent a total Net Asset Value below the minimum level of assets under management considered by the Board of Directors to be the minimum level of assets under management required for such Sub-Fund or Share Class to be operated in an efficient manner, the Board of Directors may decide to terminate and liquidate the Sub-Fund or Share Class in accordance with the procedure set out in section 10.9 (Liquidation) below. In such a case, all remaining Shares of the Sub-Fund or Share Class will be redeemed.

The Board of Directors may also decide to close a Sub-Fund or Share Class to new subscriptions or new investors where that Sub-Fund or Share Class has reached or is about to reach its maximum or expected level of assets under management, where accepting new subscriptions or investors would be detrimental to the performance of the Sub-Fund or Share Class, or in other circumstances determined by the Board of Directors. In such events, applications for subscription will be refused, in whole or in part, and subscription proceeds previously received by the Fund will be returned to the applicant.

### **7.8.3 Suspension of issue, redemption or conversion of Shares**

The issue, redemption or conversion of Shares in a Share Class shall be suspended whenever the determination of the Net Asset Value per Share of such Share Class is suspended by the Fund in accordance with section 8.4 (Temporary suspension of the Net Asset Value calculation) below and in other circumstances specified in the Articles of Incorporation and this Prospectus.

Suspended subscriptions, redemptions and conversions will be treated as deemed applications for subscriptions, redemptions or conversions in respect of the first Subscription Day, Redemption Day or Conversion Day following the end of the suspension period unless the investors have withdrawn their applications for subscription, redemption or conversion by written notification received by the Fund before the end of the suspension period.

### **7.8.4 Deferral of redemption or conversion of Shares**

If on any given Redemption Day or Conversion Day, applications for redemption or conversion of Shares out of a Sub-Fund or Share Class represent in aggregate more than ten percent (10%) of the Net Asset Value of the Sub-Fund or Share Class, the Fund may decide that part (on a *pro rata* basis) or all of such requests for redemption or conversion will be deferred to the next or subsequent Redemption Days or Conversion Days for a period generally not exceeding ten (10) Business Days until the application is processed in full. On a next or subsequent Redemption Day or Conversion Day, deferred redemption or conversion requests will be met in priority to requests submitted in respect of such Redemption Day or Conversion Day.

The Fund also reserves the right to postpone the payment of redemption proceeds after the end of the normal Redemption Settlement Period in accordance with the provisions set out in section 7.5 (Redemption of Shares) above.

As an alternative to deferring applications for redemptions, the Fund may propose to an investor, who accepts, to settle a redemption application, in whole or in part, by a distribution in kind of certain assets of the Sub-Fund or Share Class in lieu of cash, subject to the conditions set out in section 7.5 (Redemption of Shares) above.

## **7.9 Late trading, market timing and other prohibited practices**

The Fund does not permit late trading practices as such practices may adversely affect the interests of investors. In general, late trading is to be understood as the acceptance of a subscription, redemption or conversion order for Shares after the Cut-Off Time for a Subscription Day, Redemption Day or Conversion Day and the execution of such order at a price based on the Net Asset Value applicable to such same day. However, as mentioned above, the Fund may accept subscription, conversion or redemption applications received after the Cut-Off Time, in circumstances where the subscription, redemption or conversion applications are dealt with on an unknown Net Asset Value basis, provided that it is in the interest of the Sub-Fund and that investors are fairly treated. In particular, the Fund may waive the Cut-Off Time where an intermediary submits the application to the UCI Administrator after the Cut-Off Time provided that such application has been received by the intermediary from the investor in advance of the Cut-Off Time.

Subscriptions and conversions of Shares should be made for investment purposes only. The Fund does not permit market timing or other excessive trading practices. Market timing is to

be understood as an arbitrage method by which an investor systematically subscribes and redeems or converts Shares of the same Sub-Fund or Share Class within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value. Excessive, short-term (market timing) trading practices may disrupt portfolio management strategies and harm fund performance. To minimize harm to the Fund and other investors, the Fund has the right to reject any subscription or conversion order, from any investor who is engaging or is suspected of engaging in excessive trading, or has a history of excessive trading, or if an investor's trading, in the opinion of the Board of Directors, has been or may be disruptive to the Fund. In making this judgment, the Board of Directors may consider trading done in multiple accounts under common ownership or control.

The Fund also has the power to compulsorily redeem all Shares held by, on behalf or for the account or benefit of, an investor who is or has been engaged in, or is suspected of being engaged in, late trading, market timing or other excessive trading, in accordance with the procedure set out in this Prospectus. The Board of Directors considers such persons as Prohibited Persons.

The Fund will not be held liable for any loss resulting from rejected orders or compulsory redemptions.

#### **7.10 Prohibited Persons**

The Articles of Incorporation give powers to the Board of Directors to restrict or prevent the legal or beneficial ownership of Shares or prohibit certain practices such as late trading and market timing by any person (individual, corporation, partnership or other entity), if in the opinion of the Board of Directors such ownership or practices may (i) result in a breach of any provisions of the Articles of Incorporation, the Prospectus or the laws or regulations of any jurisdiction, or (ii) require the Fund, the Management Company or the Investment Manager to be registered under any laws or regulations whether as an investment fund or otherwise, or cause the Fund to be required to comply with any registration requirements in respect of any of its Shares, whether in the USA or in any other jurisdiction, or (iii) may cause the Fund, the Management Company or the Investment Manager or the investors any legal, regulatory, taxation, administrative or financial disadvantages which they would not have otherwise incurred (a Prohibited Person).

The Shares have not been registered under any US stock exchange law. The Fund represents and warrants that its Shares are not and will not be offered, sold or delivered to US Persons.

The Board of Directors has also decided that any person not qualifying as an Eligible Investor will be considered as a Prohibited Person.

Furthermore, the Board of Directors has decided that any person who is or has been engaged in, or is suspected of being engaged in, late trading, market timing or other excessive trading, directly or indirectly, as described in section 7.9 (Late trading, market timing and other prohibited practices) above, will be considered as a Prohibited Person.

The Fund may decline to issue any Shares and to accept any transfer of Shares, where it appears that such issue or transfer would or might result in Shares being acquired or held by, on behalf or for the account or benefit of, Prohibited Persons. The Fund may require at any time any investor or prospective investor to provide the Fund with any representations, warranties, or information, together with supporting documentation, which the Fund may

consider necessary for the purpose of determining whether the issue or transfer would result in Shares being held by, on behalf or for the account or benefit of, a Prohibited Person.

The Fund may compulsorily redeem all Shares held by, on behalf or for the account or benefit of, Prohibited Persons or investors who are found to be in breach of, or have failed to provide, the abovementioned representations, warranties or information in a timely manner. In such cases, the Fund will notify the investor of the reasons which justify the compulsory redemption of Shares, the number of Shares to be redeemed and the indicative Redemption Day on which the compulsory redemption will occur. The Redemption Price shall be determined in accordance with section 7.5 (Redemption of Shares) above.

The Fund may also grant a grace period to the investor for remedying the situation causing the compulsory redemption, for instance by transferring the Shares to one or more investors who are not Prohibited Persons and do not act on behalf or for the account or benefit of, Prohibited Persons, and/or propose to convert the Shares held by any investor who fails to satisfy the investor eligibility requirements for a Share Class into Shares of another Share Class available for such investor.

The Fund reserves the right to require the investor to indemnify the Fund against any losses, costs or expenses arising as a result of any Shares being held by, on behalf or for the account or benefit of, a Prohibited Person or investors who are found to be in breach of, or have failed to provide, the abovementioned representations, warranties or information in a timely manner. The Fund may pay such losses, costs or expenses out of the proceeds of any compulsory redemption described above and/or redeem all or part of the investor's other Shares, if any, in order to pay for such losses, costs or expenses.

#### **7.11 Prevention of money laundering and counter terrorist financing**

Pursuant to international rules and Luxembourg laws and regulations related to AML/CFT (comprising but not limited to the 2004 Law, the Grand Ducal Regulation dated 1 February 2010 providing details on certain provisions of the 2004 Law, as amended, CSSF Regulation 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing, as amended, relevant CSSF Circulars in the field of AML/CFT, as well as the set of rules formed by European Directives on the preventions of the use of the financial system for the purpose of money laundering and terrorist financing, as amended from time to time, and the Financial Action Task Force ("**FATF**") recommendations, as amended from time to time, as well as any governmental decrees, regulations, orders or circulars issued by the competent national – or supranational authorities concerning AML/CFT and in force from time to time (collectively referred to as the "**AML/CFT Rules**")), obligations have been imposed on all professionals of the financial sector to prevent the use of UCIs for money laundering and financing of terrorism purposes. In this context, amongst others, subscribers for Shares will be required to provide to the Fund at least the information and documentation set out in the Subscription Form, depending on their legal form (individual, corporate or other category of subscriber) noting that that these information and documents may not in all cases be regarded as exhaustive and that such can be changed from time to time, including *inter alia* in case of any legal and regulatory changes related to AML/CFT or changes of the business practices of the Fund.

As a result of such provisions, in accordance with the AML/CFT Rules, the UCI Administrator on behalf of the Fund must in particular identify and verify the identity of the subscribers (as well as of any person purporting to act on behalf of or for such subscriber is so authorised and of any beneficial owners of the subscriber) on the basis of documents, data or information obtained from a reliable and independent source. In this context, the Fund, the Distributor(s)



and/or the UCI Administrator (as the case may be) by effecting customer due diligence measures and by monitoring the business relationship on an ongoing basis require prospective subscribers to provide them with any information, confirmation and documentation deemed necessary in their reasonable judgment, applying a risk-based approach, to establish and verify the identity and the profile of an investor, the nature and the intended purpose of the business relationship and the origin of subscription proceeds. In any case, the Fund, the Distributor(s) and/or the UCI Administrator (as the case may be) have the right to request from a prospective or current investor at any time additional or updated information and documents deemed necessary from time to time (pursuant also to on-going due diligence requirements) to comply with the AML/CFT Rules, in particular until being reasonably satisfied that they understand the identity and economic purpose of the subscriber. Furthermore, any investor is required to notify the Fund, the Distributor(s) and/or the UCI Administrator (as the case may be) of any change of its information as set out in the Subscription Form and, as the case may be, prior to the occurrence of any change in the identity of any beneficial owner of Shares. In the event of delay or failure to provide proper information, confirmation or documentation for the above-mentioned purposes in a timely manner, the Fund and/or the UCI Administrator (as the case may be) are entitled to take, amongst others, the following measures: (i) refusing to accept the subscription for Shares in the Fund or similarly, when Shares are issued, that they cannot be redeemed or converted until full details of registration and AML/CFT documents have been completed, (ii) the withholding of redemption proceeds by the Fund or (iii) the withholding of outstanding dividend payments. Any costs (including account maintenance costs) which are related to non-cooperation of such shareholder will be borne by the respective shareholder. None of the Fund, the Distributor(s) and/or the UCI Administrator (as the case may be) has any liability to an investor for delays or failure to process subscriptions, redemptions, conversions or dividend payments as a result of the investor providing no or only incomplete documentation. The Fund, the Distributor(s) and/or the UCI Administrator (as the case may be) moreover reserve all rights and remedies available under applicable law to ensure their compliance with the AML/CFT Rules.

Pursuant to articles 3 (7) and 4 (1) of the 2004 Law the Fund is also required to apply precautionary measures regarding the assets of the Fund. The Fund should assess, using its risk based approach, the extent to which the offering of its products and services presents potential vulnerabilities to placement, layering or integration of criminal proceeds into the financial system. Pursuant to the Law of 19 December 2020 on the implementation of restrictive measures in financial matters, the application of international financial sanctions must be enforced by any Luxembourg natural or legal person, as well as any other natural or legal person operating in or from the Luxembourg territory. As a result, prior investing in assets, the Fund must, as a minimum, screen the name of such assets or of the issuer against the target financial sanctions lists.

Pursuant to the Luxembourg Law of 13 January 2019 on the register of beneficial owners (the "**RBO Law**"), the Fund is required to collect, hold accurate and up-to-date and make available certain information on its "beneficial owner(s)" (as defined in the 2004 Law) and relevant supporting evidence. Such information includes, as further specified in the RBO Law, among others, first and last name, nationality, country of residence, personal or professional address, national identification number and information on the nature and the scope of the beneficial ownership interest held by each beneficial owner in the Fund. The Fund is further required, among others, (i) to make such information available upon request to certain Luxembourg national authorities (including the CSSF, the *Commissariat aux Assurances*, the *Cellule de Renseignement Financier*, Luxembourg tax and other national authorities as defined in the RBO Law) and upon motivated request of other professionals of the financial sector subject to the AML/CFT Rules, and (ii) to register such information and supporting evidence in a publicly available central register of beneficial owners.

## **8. VALUATION AND NET ASSET VALUE CALCULATION**

The Net Asset Value of each Sub-Fund and Share Class is determined by performing a valuation of the assets and liabilities of the Fund and allocating them to the Sub-Funds and Share Classes, in order to calculate the Net Asset Value per Share of each Share Class of each Sub-Fund. The method for the valuation of the assets and liabilities, the allocation to the Sub-Funds and Share Classes, and the calculation of the Net Asset Value is set out in the Articles of Incorporation and is also described in this section of the Prospectus.

### **8.1 Calculation of the Net Asset Value**

The Net Asset Value per Share shall be determined by the UCI Administrator as of each Valuation Day (as specified for each Sub-Fund in the Supplement) and at least twice a month. It shall be calculated by dividing the Net Asset Value of the Share Class of a Sub-Fund by the total number of Shares of such Share Class in issue as of that Valuation Day. The Net Asset Value per Share shall be expressed in the Reference Currency of the Share Class and normally calculated to two (2) decimal places (rounded up to three (3) decimal places).

The Net Asset Value of a Share Class is equal to the value of the assets allocated to such Share Class within a Sub-Fund less the value of the liabilities allocated to such Share Class, both being calculated as of each Valuation Day according to the valuation procedure described below.

The Net Asset Value of a Sub-Fund is equal to the value of the assets allocated to such Sub-Fund less the value of the liabilities allocated to such Sub-Fund, both calculated as of each Valuation Day in the Reference Currency of the Sub-Fund according to the valuation procedure described below.

The Net Asset Value of the Fund will at all times be equal to the sum of the Net Asset Values of all Sub-Funds expressed in the Reference Currency of the Fund. The Net Asset Value of the Fund must at all times be at least equal to the minimum share capital required by the 2010 Law which is currently EUR 1,250,000.-, except during the first six (6) months after the approval of the Fund by the CSSF.

### **8.2 Valuation procedure**

#### **8.2.1 General**

The assets and liabilities of the Fund will be valued in accordance with the Articles of Incorporation and the provisions outlined below.

The Board of Directors may apply other valuation principles or alternative methods of valuation that it considers appropriate in order to determine the probable realization value of any asset if applying the rules described below appears inappropriate or impracticable.

The Board of Directors may adjust the value of any asset if the Board of Directors determines that such adjustment is required to reflect its fair value taking into account its denomination, maturity, liquidity, applicable or anticipated interest rates or dividend distributions or any other relevant considerations.

If, after the time of determination of the Net Asset Value but before publication of the Net Asset Value for a Valuation Day, there has been a material change affecting the exchanges or

markets on which a substantial portion of the investments of a Sub-Fund are quoted, listed or traded, the Board of Directors may cancel the first valuation and carry out a second valuation in order to safeguard the interest of investors. In such a case, the Net Asset Value used for processing subscription, redemption and conversion applications for that Valuation Day will be based on the second calculation.

For the purpose of calculating the Net Asset Value in accordance with the valuation principles set out below, the Board of Directors has authorised the UCI Administrator to rely in whole or in part upon valuations provided by available pricing sources for the relevant asset, including data vendors and pricing agencies (such as Bloomberg or Reuters), fund administrators, brokers, dealers and valuation specialists, provided that such pricing sources are considered reliable and appropriate and provided that there is no manifest error or negligence in such valuations. In the event that valuations are not available or valuations may not correctly be assessed using such pricing sources, the UCI Administrator will rely upon valuation methods and determinations provided by the Board of Directors.

The Board of Directors and the UCI Administrator may consult with and seek the advice of the Investment Manager in valuing the Fund's assets. Where the Board of Directors considers it necessary, it may seek the assistance of a valuation committee whose task will be the prudent estimation of certain assets' values in good faith.

In the absence of fraud, willful default, willful misfeasance or negligence, any decision taken in accordance with the Articles of Incorporation and the Prospectus by the Board of Directors or any agent appointed by the Board of Directors in connection with the valuation of the Fund's assets and the calculation of the Net Asset Value of the Fund, a Sub-Fund or a Share Class, the Net Asset Value per Share will be final and binding on the Fund and on all investors, and neither the Board of Directors nor any agent appointed by the Board of Directors shall accept any individual liability or responsibility for any determination made or other action taken or omitted by them in this connection.

Should an error occur in the Net Asset Value - be it from a calculation error or resulting from an investment breach - it would be dealt with in accordance with the principles laid down in the relevant applicable laws and regulations, and in particular the CSSF circular applicable to such error or investment breach. If, following such an error, a compensation is required, investors are hereby informed that their shareholders' rights may be affected if they have subscribed in the Fund through a financial intermediary.

### **8.2.2 Assets of the Fund**

Subject to the rules on the allocation to Sub-Funds and Share Classes below, the assets of the Fund shall include the following:

- 1) all cash on hand or on deposit, including any outstanding accrued interest;
- 2) all bills and any types of notes or accounts receivable, including outstanding proceeds of any disposal of financial instruments;
- 3) all securities and financial instruments, including shares, bonds, notes, certificates of deposit, debenture stocks, options or subscription rights, warrants, money market instruments and all other investments belonging to the Fund;

- 4) all dividends and distributions payable to the Fund either in cash or in the form of stocks and shares (which will normally be recorded in the Fund's books as of the ex-dividend date, provided that the Fund may adjust the value of the security accordingly);
- 5) all outstanding accrued interest on any interest-bearing instruments belonging to the Fund, unless this interest is included in the principal amount of such instruments;
- 6) the formation expenses of the Fund or a Sub-Fund, to the extent that such expenses have not already been written off; and
- 7) all other assets of any kind and nature including expenses paid in advance.

### **8.2.3 Liabilities of the Fund**

Subject to the rules on the allocation to Sub-Funds and Share Classes below, the liabilities of the Fund shall include the following:

- 1) all loans, bills or accounts payable, accrued interest on loans (including accrued fees for commitment for such loans);
- 2) all known liabilities, whether or not already due, including all contractual obligations that have reached their term, involving payments made either in cash or in the form of assets, including the amount of any dividends declared by the Fund but not yet paid;
- 3) a provision for any tax accrued to the Valuation Day and any other provisions authorised or approved by the Fund; and
- 4) all other liabilities of the Fund of any kind recorded in accordance with applicable accounting rules, except liabilities represented by Shares. In determining the amount of such liabilities, the Fund will take into account all expenses, fees, costs and charges payable by the Fund as set out in section 9 (Fees and expenses) below.

Adequate provisions shall be made for unpaid administrative and other expenses of a regular or recurring nature based on an estimated amount accrued for the applicable period. Any off-balance sheet liabilities shall duly be taken into account in accordance with fair and prudent criteria.

### **8.2.4 Valuation principles**

In accordance with the Articles of Incorporation, the valuation of the assets of the Fund will be conducted as follows:

- 1) The value of any cash on hand or on deposit, bills or notes payable, accounts receivable, prepaid expenses, cash dividends and interest accrued but not yet received shall be equal to the entire nominal or face amount thereof, unless the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.
- 2) Transferable Securities and Money Market Instruments which are quoted, listed or traded on an exchange or regulated market will be valued, unless otherwise provided under paragraphs 3) and 6) below, at the last available market price or quotation, prior

to the time of valuation, on the exchange or regulated market where the securities or instruments are primarily quoted, listed or traded. Where securities or instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors will determine on which exchange or regulated market the securities or instruments are primarily quoted, listed or traded and the market prices or quotations on such exchange or regulated market will be used for the purpose of their valuation. Transferable Securities and Money Market Instruments for which market prices or quotations are not available or representative, or which are not quoted, listed or traded on an exchange or regulated market, will be valued at their probable realization value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

- 3) Notwithstanding paragraph 2) above, where permitted under applicable laws and regulations, Money Market Instruments may be valued using an amortisation method whereby instruments are valued at their acquisition cost as adjusted for amortisation of premium or accrual of discount on a constant basis until maturity, regardless of the impact of fluctuating interest rates on the market value of the instruments. The amortisation method will only be used if it is not expected to result in a material discrepancy between the market value of the instruments and their value calculated according to the amortisation method.
- 4) Financial derivative instruments which are quoted, listed or traded on an exchange or regulated market will be valued at the last available settlement price or, if such settlement price is not available, at the last available bid price, prior to the time of valuation, on the exchange or regulated market where the instruments are primarily quoted, listed or traded. Where instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors will determine on which exchange or regulated market the instruments are primarily quoted, listed or traded and the closing or settlement prices or quotations on such exchange or regulated market will be used for the purpose of their valuation. Financial derivative instruments for which closing or settlement prices or quotations are not available or representative will be valued at their probable realization value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.
- 5) Financial derivative instruments which are traded “over-the-counter” (OTC) will be valued daily at their fair market value, on the basis of valuations provided by the counterparty which will be approved or verified on a regular basis independently from the counterparty. Alternatively, OTC financial derivative instruments may be valued on the basis of independent pricing services or valuation models approved by the Board of Directors which follow international best practice and valuation principles. Any such valuation will be reconciled to the counterparty valuation on a regular basis independently from the counterparty, and significant differences will be promptly investigated and explained.
- 6) Notwithstanding paragraph 2) above, shares or units in target investment funds (including UCITS and UCI) will be valued at their latest available official net asset value, as reported or provided by or on behalf of the investment fund or at their latest available unofficial or estimated net asset value if more recent than the latest available official net asset value, provided that the Board of Directors is satisfied of the reliability of such unofficial net asset value. The Net Asset Value calculated on the basis of unofficial net asset values of the target investment fund may differ from the Net Asset Value which would have been calculated, on the same Valuation Day, on the basis of the official net

asset value of the target investment fund. Alternatively, shares or units in target investment funds which are quoted, listed or traded on an exchange or regulated market may be valued in accordance with the provisions of paragraph 2) above.

- 7) The value of any other asset not specifically referenced above will be the probable realization value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

#### **8.2.5 Allocation of assets and liabilities to Sub-Funds and Share Classes**

Assets and liabilities of the Fund will be allocated to each Sub-Fund and Share Class in accordance with the provisions of the Articles of Incorporation, as set out below, and the Supplement of the Sub-Fund.

- 1) The proceeds from the issue of Shares of a Sub-Fund or Share Class, all assets in which such proceeds are invested or reinvested and all income, earnings, profits or assets attributable to or deriving from such investments, as well as all increase or decrease in the value thereof, will be allocated to that Sub-Fund or Share Class and recorded in its books. The assets allocated to each Share Class of the same Sub-Fund will be invested together in accordance with the investment objective, policy, and strategy of that Sub-Fund, subject to the specific features and terms of issue of each Share Class of that Sub-Fund, as specified in its Supplement (see section 7.1 (Shares, Sub-Funds and Share Classes) above).
- 2) All liabilities of the Fund attributable to the assets allocated to a Sub-Fund or Share Class or incurred in connection with the creation, operation or liquidation of a Sub-Fund or Share Class will be charged to that Sub-Fund or Share Class and, together with any increase or decrease in the value thereof, will be allocated to that Sub-Fund or Share Class and recorded in its books. In particular and without limitation, the costs and any benefit of any Share Class specific feature will be allocated solely to the Share Class to which the specific feature relates.
- 3) Any assets or liabilities not attributable to a particular Sub-Fund or Share Class may be allocated by the Board of Directors in good faith and in a manner which is fair to investors generally and will normally be allocated to all Sub-Funds or Share Classes *pro rata* to their Net Asset Value.

Subject to the above, the Board of Directors may at any time vary the allocation of assets and liabilities previously allocated to a Sub-Fund or Share Class.

#### **8.2.6 Additional rules for assets and liabilities of the Fund**

In calculating the Net Asset Value of each Sub-Fund or Share Class the following principles will apply.

- 1) Each Share agreed to be issued by the Fund on each Subscription Day will be deemed to be in issue and existing immediately after the time of valuation on the Subscription Day. From such time and until the Subscription Price is received by the Fund, the assets of the Sub-Fund or Share Class concerned will be deemed to include a claim of that Sub-Fund or Share Class for the amount of any cash or other property to be received in respect of the issue of such Shares. The Net Asset Value of the Sub-Fund or Share

Class will be increased by such amount immediately after the time of valuation on the Subscription Day.

- 2) Each Share agreed to be redeemed by the Fund on each Redemption Day will be deemed to be in issue and existing until and including the time of valuation on the Redemption Day. Immediately after the time of valuation and until the Redemption Price is paid by the Fund, the liabilities of the Sub-Fund or Share Class concerned will be deemed to include a debt of that Sub-Fund or Share Class for the amount of any cash or other property to be paid in respect of the redemption of such Shares. The Net Asset Value of the Sub-Fund or Share Class will be decreased by such amount immediately after the time of valuation on the Redemption Day.
- 3) Following a declaration of dividends for Distribution Shares on a Valuation Day determined by the Fund to be the distribution accounting date, the Net Asset Value of the Sub-Fund or Share Class will be decreased by such amount as of the time of valuation on that Valuation Day.
- 4) Where assets have been agreed to be purchased or sold but such purchase or sale has not been completed at the time of valuation on a given Valuation Day, such assets will be included in or excluded from the assets of the Fund, and the gross purchase price payable or net sale price receivable will be excluded from or included in the assets of the Fund, as if such purchase or sale had been duly completed at the time of valuation on that Valuation Day, unless the Fund has reason to believe that such purchase or sale will not be completed in accordance with its terms. If the exact value or nature of such assets or price is not known at the time of valuation on the Valuation Day, its value will be estimated by the Fund in accordance with the valuation principles described above.
- 5) The value of any asset or liability denominated or expressed in a currency other than the Reference Currency of the Fund, Sub-Fund or Share Class will be converted, as applicable, into the Reference Currency of the Fund, Sub-Fund or Share Class at the prevailing foreign exchange rate at the time of valuation on the Valuation Day concerned which the Board of Directors considers appropriate.

### **8.2.7 Adjustments**

In certain circumstances, subscriptions, redemptions, and conversions in a Sub-Fund may have a negative impact on the Net Asset Value per Share. Where subscriptions, redemptions, and conversions in a Sub-Fund cause the Sub-Fund to buy and/or sell underlying investments, the value of these investments may be affected by bid/offer spreads, trading costs and related expenses including transaction charges, brokerage fees, and taxes. This investment activity may have a negative impact on the Net Asset Value per Share called “dilution”. In order to protect existing or remaining investors from the potential effect of dilution, the Fund may apply a “swing pricing” methodology as further explained below and in the Supplement of the relevant Sub-Fund, if applicable. The swing pricing methodology is not expected to apply at the same time to subscription and/or redemption orders in respect of the same Valuation Day, except in extraordinary market circumstances as determined by the Board of Directors.

The Fund may apply a so-called “swing pricing” methodology which adjusts the Net Asset Value per Share to account for the aggregate costs of buying and/or selling underlying investments. The Net Asset Value per Share will be adjusted by a certain percentage set by the Board of Directors from time to time for each Sub-Fund called the “swing factor” which

represents the estimated bid-offer spread of the assets in which the Sub-Fund invests and estimated tax, trading costs, and related expenses that may be incurred by the Sub-Fund as a result of buying and/or selling underlying investments (called the Swing Factor). As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, the Swing Factor may be different for net subscriptions and net redemptions in a Sub-Fund. Generally, the Swing Factor will not exceed one percent (1%) of the Net Asset Value per Share unless otherwise set out for each Sub-Fund in the Supplement. A periodical review will be undertaken in order to verify the appropriateness of the Swing Factor in view of market conditions.

The Board of Directors will determine if a partial swing or full swing is adopted. If a partial swing is adopted, the Net Asset Value per Share will be adjusted upwards or downwards if net subscriptions or redemptions in a Sub-Fund exceed a certain threshold set by the Board of Directors from time to time for each Sub-Fund (called the Swing Threshold). If a full swing is adopted, no Swing Threshold will apply. The Swing Factor will have the following effect on subscriptions or redemptions:

- 1) on a Sub-Fund experiencing levels of net subscriptions on a Valuation Day (i.e., subscriptions are greater in value than redemptions) (in excess of the Swing Threshold, where applicable) the Net Asset Value per Share will be adjusted upwards by the Swing Factor; and
- 2) on a Sub-Fund experiencing levels of net redemptions on a Valuation Day (i.e., redemptions are greater in value than subscriptions) (in excess of the Swing Threshold, where applicable) the Net Asset Value per Share will be adjusted downwards by the Swing Factor.

The volatility of the Net Asset Value of the Sub-Fund might not reflect the true portfolio performance (and therefore might deviate from the Sub-Fund's benchmark, where applicable) as a consequence of the application of swing pricing.

### **8.3 Publication of the Net Asset Value**

The publication of the Net Asset Values will take place on the relevant Valuation Day or the next Business Day following such Valuation Day, as provided for in the relevant Supplement. The Net Asset Value per Share of each Share Class within each Sub-Fund will be available from the UCI Administrator during normal business hours.

### **8.4 Temporary suspension of the Net Asset Value calculation**

The Board of Directors may temporarily suspend the calculation and publication of the Net Asset Value per Share of any Share Class in any Sub-Fund and/or where applicable, the issue, redemption and conversion of Shares of any Share Class in any Sub-Fund in the following cases:

- 1) when any exchange or regulated market that supplies the price of the assets of a Sub-Fund is closed, otherwise than on ordinary holidays, or in the event that transactions on such exchange or market are suspended, subject to restrictions, or impossible to execute in volumes allowing the determination of fair prices;
- 2) when the information or calculation sources normally used to determine the value of the assets of a Sub-Fund are unavailable;



- 3) during any period when any breakdown or malfunction occurs in the means of communication network or IT media normally employed in determining the price or value of the assets of a Sub-Fund, or which is required to calculate the Net Asset Value per Share;
- 4) when exchange, capital transfer or other restrictions prevent the execution of transactions of a Sub-Fund or prevent the execution of transactions at normal rates of exchange and conditions for such transactions;
- 5) when exchange, capital transfer or other restrictions prevent the repatriation of assets of a Sub-Fund for the purpose of making payments on the redemption of Shares or prevent the execution of such repatriation at normal rates of exchange and conditions for such repatriation;
- 6) when the legal, political, economic, military or monetary environment, or an event of force majeure, prevent the Fund from being able to manage the assets of a Sub-Fund in a normal manner and/or prevent the determination of their value in a reasonable manner;
- 7) when there is a suspension of the Net Asset Value calculation or of the issue, redemption or conversion rights by the investment fund(s) in which a Sub-Fund is invested;
- 8) when, for any other reason, the prices or values of the assets of a Sub-Fund cannot be promptly or accurately ascertained or when it is otherwise impossible to dispose of the assets of the Sub-Fund in the usual way and/or without materially prejudicing the interests of investors;
- 9) in the event of a notice to shareholders of the Fund convening an extraordinary general meeting of shareholders for the purpose of dissolving and liquidating the Fund or informing them about the termination and liquidation of a Sub-Fund or Share Class, and more generally, during the process of liquidation of the Fund, a Sub-Fund or Share Class;
- 10) during the process of establishing exchange ratios in the context of a merger, a contribution of assets, an asset or share split or any other restructuring transaction;
- 11) during any period when the dealing of the Shares of a Sub-Fund or Share Class on any relevant stock exchange where such Shares are listed is suspended or restricted or closed; and
- 12) in exceptional circumstances, whenever the Board of Directors considers it necessary in order to avoid irreversible negative effects on the Fund, a Sub-Fund or Share Class, in compliance with the principle of fair treatment of investors in their best interests.

In the event of exceptional circumstances which could adversely affect the interest of investors or where significant requests for subscription, redemption or conversion of Shares are received for a Sub-Fund or Share Class, the Board of Directors reserves the right to determine the Net Asset Value per Share for that Sub-Fund or Share Class only after the Fund has completed the necessary investments or divestments in securities or other assets for the Sub-Fund or Share Class concerned.

The issue, redemption and conversion of Shares in the any Share Class will also be suspended during any such period when the Net Asset Value of such Share Class is not calculated and published.

Any decision to suspend the calculation and publication of the Net Asset Value per Share and/or where applicable, the issue, redemption and conversion of Shares of a Share Class, will be published and/or communicated to investors as required by applicable laws and regulations in Luxembourg and other jurisdictions where the Shares are distributed.

The suspension of the calculation of the Net Asset Value and/or, where applicable, of the subscription, redemption and/or conversion of Shares in any Sub-Fund or Share Class will have no effect on the calculation of the Net Asset Value and/or, where applicable, of the subscription, redemption and/or conversion of Shares in any other Sub-Fund or Share Class.

Suspended subscription, redemption, and conversion applications will be treated as deemed applications for subscriptions, redemptions or conversions in respect of the first Subscription Day, Redemption Day or Conversion Day following the end of the suspension period unless the investors have withdrawn their applications for subscription, redemption or conversion by written notification received by the UCI Administrator before the end of the suspension period.

## **9. FEES AND EXPENSES**

### **9.1 Subscription Fee and Redemption Fee**

Subscriptions for Shares may be subject to a Subscription Fee and redemptions of Shares may be subject to a Redemption Fee both calculated as specified in the Supplement, where applicable. Conversions of Shares may be subject to a Conversion Fee calculated as specified in the Supplement, where applicable. For the avoidance of doubt, no Subscription Fee or Redemption Fee will apply on conversions in addition to the Conversion Fee, if any.

### **9.2 Management Company Fee**

The Management Company will be entitled to a maximum fee of 0.30% of the Net Asset Value of each Sub-Fund or Share Class and paid out of the assets of the Fund and allocated to each Sub-Fund and Share Class (as described in section 8.2.5 (Allocation of assets and liabilities to Sub-Funds and Share Classes) above) subject to a minimum fee of EUR 2,500.- per Sub-Fund per month. An additional fee of EUR 1,000.- per Sub-Fund will be charged for the value-at-risk approach. The Management Company Fee will accrue on each Valuation Day and will be payable monthly at the rate specified in the Supplement for each Sub-Fund or Share Class. The Management Company will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties.

The Management Company Fee will be part of the Fixed TER as per the section 9.11 below.

### **9.3 Investment Manager Fee**

The Investment Manager will be entitled to an annual Investment Manager Fee equal to a percentage of the average Net Asset Value of each Sub-Fund or Share Class consistent with market practice, subject to a minimum flat fee per Sub-Fund or Share Class and a maximum annual rate as set out in the Supplement for each Sub-Fund or Share Class. The Investment Manager Fee will accrue on each Valuation Day and will be payable quarterly out of the assets of the Fund and allocated to each Sub-Fund and Share Class (as described in section 8.2.5 (Allocation of assets and liabilities to Sub-Funds and Share Classes) above). The Investment Manager will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties.

The Investment Manager may from time to time, at its sole discretion, decide to waive or return to the Fund all or part of its annual Investment Manager Fee. Subject to applicable laws and regulations, the Investment Manager may also from time to time, at its sole discretion, enter into private arrangements with certain investors or financial intermediaries, affiliates and/or third-parties, whereby the Investment Manager will agree to pay an amount representing all or part of its annual Investment Manager Fee.

### **9.4 Fees of the Depositary and Paying Agent and the UCI Administrator**

The Fund will pay the Depositary and the UCI Administrator, acting as central administrative agent, an annual fee up to a maximum of 0.5% of Net Asset Value of each Sub-Fund and subject to an annual minimum fee of EUR 32,400.- per Sub-Fund.

Furthermore, each Sub-Fund will be charged by the UCI Administrator, acting as registrar and transfer agent, transaction fees related to the services effectively provided, subject to an annual minimum fee of EUR 24,000.- at the Fund level.

These fees are payable on a monthly basis and do not include any transaction related fees, and costs of sub-custodians or similar agents. The Depositary and the UCI Administrator are also entitled to be reimbursed of reasonable disbursements and out of pocket expenses which are not included in the above mentioned fees.

The amount paid by the Fund to the Depositary and the UCI Administrator will be mentioned in the Annual Report of the Fund.

The Depositary and Paying Agent and the UCI Administrator fees will be part of the Fixed TER as per the section 9.11 below.

### **9.5 Directors' fees and expenses**

The members of the Board of Directors are entitled to receive a fee in consideration for their function. However, members of the Board of Directors who are also directors, officers or employees of the initiator of the Fund or its affiliates will be requested to waive their fees. The Fund will also reimburse the members of the Board of Directors for appropriate insurance coverage and expenses and other costs incurred by the members of the Board of Directors in the performance of their duties, including reasonable out-of-pocket expenses, traveling costs incurred to attend meetings of the Board of Directors, and any costs of legal proceedings unless such costs are caused by intentional or grossly negligent conduct by the member of the Board of Directors in question. The Fund may also pay fees and expenses to members of any committee established by the Board of Directors, where applicable.

The Directors' fees and expenses will be part of the Fixed TER as per the section 9.11 below.

### **9.6 Operating and Administrative Expenses**

The Fund bears all ordinary costs and expenses incurred in the operation and administration of the Fund or any Sub-Fund or Share Class ("**Operating and Administrative Expenses**") including but not limited to costs and expenses incurred in connection with:

- 1) preparing, producing, printing, depositing, publishing and/or distributing any documents relating to the Fund, a Sub-Fund or Share Class that are required by applicable laws and regulations (such as the Articles of Incorporation, this Prospectus, KIIDs, financial reports and notices to investors) or any other documents and materials made available to investors (such as explanatory memoranda, statements, reports, factsheets and similar documents);
- 2) organizing and holding general meetings of shareholders and preparing, printing, publishing and/or distributing notices and other communications to shareholders;
- 3) professional advisory services (such legal, tax, accounting, compliance, auditing and other advisory services) taken by the Fund or the Management Company on behalf of the Fund;
- 4) investment services taken and/or data obtained by the Fund or the Management Company on behalf of the Fund (including fees and expenses incurred in obtaining investment research, systems and other services or data utilized for portfolio and risk management purposes);

- 5) the authorisation of the Fund, the Sub-Funds and Share Classes, regulatory compliance obligations and reporting requirements of the Fund (such as administrative fees, filing fees, insurance costs and other types of fees and expenses incurred in the course of regulatory compliance), and all types of insurance obtained on behalf of the Fund and/or the members of the Board of Directors;
- 6) initial and ongoing obligations relating to the registration and/or listing of the Fund, a Sub-Fund or Share Class and the distribution of Shares in Luxembourg and abroad (such as fees charged by and expenses payable to financial regulators, distributors, correspondent banks, representatives, listing agents, paying agents, fund platforms, and other agents and/or service providers appointed in this context, as well as advisory, legal, and translation costs);
- 7) memberships or services provided by international organizations or industry bodies such as the Association of the Luxembourg Fund Industry (ALFI);
- 8) taxes, charges and duties payable to governments and local authorities (including the Luxembourg annual subscription tax (*taxe d'abonnement*) and any other taxes payable on assets, income or expenses) and any value added tax (VAT) or similar tax associated with any fees and expenses paid by the Fund; and
- 9) the reorganisation or liquidation of the Fund, a Sub-Fund or Share Class.

## **9.7 Transaction costs**

Each Sub-Fund bears the costs and expenses arising from buying and selling portfolio assets and entering into other transactions in securities or other financial instruments, such as brokerage fees and commissions and all other fees, expenses, commissions, charges, premiums and interest paid to banks, brokers, execution agents or securities lending agents and/or incurred in participating in any securities lending, repurchase and buy/sell-back programs, collateral management fees and associated costs and charges, exchange fees, taxes, levies and stamp duties chargeable in connection with transactions in securities or other financial, and any other transaction-related expenses approved by the Investment Manager.

## **9.8 Extraordinary costs and expenses**

In order to safeguard the interests of the Fund and its investors, the Fund or any Sub-Fund may bear any extraordinary costs and expenses including, without limitation, costs and expenses related to litigation and regulatory investigations (including penalties, fines, damages and indemnifications) and the full amount of any tax, levy, duty or similar charge imposed on the Fund or Sub-Fund that would not be considered as ordinary Operating and Administrative Expenses.

## **9.9 Formation costs and expenses**

The costs and expenses incurred in connection with the formation of the Fund amount to approximately EUR 200,000.-. Daiwa Asset Management Co. Ltd. or another entity of Daiwa Asset Management Co. Ltd. supported them as per the section 9.10 below.

Subject to section 9.10 below, formation costs and expenses of each new Sub-Fund may be borne by such Sub-Fund and may be amortized over a period of up to five (5) years. Subject

to section 9.10 below, new Sub-Funds created after the incorporation and launch of the Fund may participate in the non-amortized formation costs and expenses of the Fund.

#### **9.10 Allocation of costs**

Daiwa Asset Management Co. Ltd. or another entity of Daiwa Asset Management Co. Ltd. may at its discretion decide to bear certain charges, fees and expenses which are attributable to the Fund and/or a particular Sub-Fund for a determined period of time. The portion of the charges, fees and expenses to be borne by Daiwa Asset Management Co. Ltd. or such other entity of Daiwa Asset Management Co. Ltd. may vary from year to year.

Unless provided otherwise in the relevant Supplement for each Sub-Fund, Daiwa Asset Management Co. Ltd or another entity of the Daiwa Asset Management group will bear the setup/onboarding fees as well as the minimum fees of the Management Company, the Depositary and the UCI Administrator in relation to each Sub-Fund.

Information in relation to the portion of charges, fees and expenses borne by Daiwa Asset Management Co. Ltd. or such other entity of Daiwa Asset Management Co. Ltd. shall be disclosed in the Annual Report/Semi-Annual Report.

#### **9.11 Fixed total expense ratio**

The aggregate amount per annum charged for fees and expenses incurred for the services shall be fixed at a certain percentage rate of the average Net Asset Value of each Sub-Fund or Share Class (the “**Fixed TER**”).

Each Sub-Fund may apply a Fixed TER disclosed in the relevant supplement. The Fixed TER provides greater certainty for shareholders than actual expenses, as to the amount of ordinary expenses incurred by the Sub-Fund and thus a better view on its performance.

The Fixed TER is fixed in the sense that Daiwa Asset Management Co. Ltd. or another entity of Daiwa Asset Management Co. Ltd. will either (i) bear any excess of the actual ordinary operating expenses to the Fixed TER or (ii) be entitled to retain any amount of Fixed TER in excess of the actual ordinary operating expenses.

The Fixed TER is used to calculate ongoing charges included in the relevant KIID and is disclosed in the Annual Report/Semi-Annual Report.

The Fixed TER is accrued on a daily basis and payable by the Sub-Fund monthly to an expense account managed by the UCI Administrator. Such expense account is opened in the name of Daiwa Asset Management Co. Ltd. which will cover, reconcile and monitor all the expenses included in the Fixed TER as detailed below.

The Fixed TER of each Sub-Fund may be amended by the Board of Directors with the consent of the Management Company. In case of increase of the Fixed TER, one month prior notice will be given to shareholders, during which they may redeem the Shares they hold in the concerned Share Class free of charge.

The Fixed TER covers expenses directly incurred by the Sub-Fund as well as day-to-day administrative and related additional management services, including:

- 1) Management Company fee and expenses;

- 2) Depositary and Paying Agent fees and expenses;
- 3) UCI Administrator fees and expenses;
- 4) Domiciliary Agent fees and expenses;
- 5) principal and local paying agent's fees and expenses;
- 6) Auditor's fees and expenses;
- 7) Directors' fees and expenses;
- 8) ordinary legal fees and expenses;
- 9) the Luxembourg annual subscription tax (*taxe d'abonnement*);
- 10) all listing costs: initial registration and on-going maintenance fee for the listing or admission to trading of the Shares on any stock exchanges and any publication costs incurred in connection with such listing or admission to trading; and
- 11) miscellaneous fees including the cost of publication of the Net Asset Value per Share, rating fees, postage, telephone, facsimile transmission and other electronic means of communication, registration costs, expenses for preparing, printing and distributing the Prospectus, translation costs, KIIDs or any offering document, financial reports and other documents made available to shareholders and fees payable to permanent representatives and other agents of the Fund.

No double-charging of Fixed TER will occur. The avoidance of a double charge is achieved by the Fixed TER being netted off by a rebate to the Sub-Fund of the Fixed TER (or equivalent) charged to the underlying UCITS or other UCIs managed by the Investment Manager and any other entity of Daiwa Asset Management Co. Ltd. Where the Sub-Funds invest in UCITS and other UCIs managed by other investment managers, the Fixed TER may not be subject to the above-mentioned rebate process.

The Fixed TER does not cover any cost or expense incurred by a Sub-Fund in respect of the following costs, which will be borne and paid out of the assets of the Sub-Fund in addition to the Fixed TER:

- 1) Investment Manager Fee;
- 2) brokerage charges and non-custody related transactions;
- 3) correspondent and other banking charges;
- 4) any current and future tax, levy, duty or similar charge which may be due on the assets and/or on the income of the Fund, the Sub-Funds or their assets, excluding the Luxembourg annual subscription tax (*taxe d'abonnement*);
- 5) extraordinary expenses including litigation expenses and interest, administration and maintenance fees linked to platforms and others which are accessible to all investors, redemption charges, the cost of exceptional and/or ad-hoc measures, including particularly tax experts, consulting, appraisals, non-routine filing or legal proceedings

undertaken to protect shareholders' interests, any expense linked to non-routine arrangements made by any third party in the interests of the investors and all similar charges and expenses that would not be considered as ordinary expenses by the Fund or the Management Company. Extraordinary expenses are accounted for on a cash basis and are paid when incurred or invoiced from the net assets of the Sub-funds to which they are attributable; and

- 6) in the case of a Sub-Fund investing in another UCITS or UCI, any fees and expenses, in particular to the extent permitted the fees payable to the depositary(ies), transfer agent(s), investment manager(s) and other agents and also subscription and redemption charges, which are generated both at the level of the Sub-Fund and of the target funds in which the Sub-Fund invests.

For all actual expenses borne by the Fund and all other expenses not included in the Fixed TER, which cannot be allotted to one specific Sub-Fund or Share Class, will be charged to the different Sub-Funds or Share Classes proportionately to their respective net assets or allocated in such way as the Fund or the Management Company will determine prudently and in good faith.



## **10. GENERAL INFORMATION**

### **10.1 Reports and financial statements**

The financial statements of the Fund will be prepared in accordance with Luxembourg GAAP.

The financial year of the Fund will begin on 1 January of each year and end on 31 December of the same year. Each year, the Fund will issue an Annual Report as of the end of the previous financial year comprising, *inter alia*, the audited financial statements of the Fund and each Sub-Fund and a report of the Board of Directors on the activities of the Fund. The Fund will also issue a Semi-Annual Report as of 30 June of the current financial year. The first financial year will end on 31 December 2019 and the first Annual Report will be issued as of 31 December 2019. The first Semi-Annual Report will be issued as of 30 June 2019.

The Annual Report shall be made available to investors within four (4) months following the end of the reporting period and the Semi-Annual Report will be made available to investors within two (2) months following the end of the reporting period. Investors may obtain, upon request, a copy of the latest financial reports from the Management Company free of charge and on the following website <https://www.daiwa-am.co.jp/english/>.

The Reference Currency of the Fund is the USD. The Annual Report will comprise consolidated accounts of the Fund expressed in USD as well as individual information on each Sub-Fund expressed in the Reference Currency of such Sub-Fund.

### **10.2 Meetings of shareholders**

The annual general meeting of shareholders will be held within six (6) months of the end of each financial year in Luxembourg in order to approve the financial statements of the Fund for the previous financial year. The annual general meeting of shareholders will be held at the registered office of the Fund, or at such alternative location in Luxembourg as may be specified in the convening notice of such meeting.

Other general meetings of shareholders may be held at such place and time as indicated in the convening notice in order to decide on any other matters relating to the Fund. General meetings of shareholders of any Sub-Fund or any Share Class within a Sub-Fund may be held at such time and place as indicated in the convening notice in order to decide on any matters which relate exclusively to such Sub-Fund or Share Class.

Notices of all general meetings may be made through announcements filed with the Luxembourg Trade and Companies Register and be published at least fifteen (15) days before the meeting on the RESA and a Luxembourg newspaper and sent at least eight (8) calendar days before the meeting to all registered shareholders by ordinary mail (*lettre missive*); or if the addressees have individually accepted to receive the convening notices by another means of communication ensuring access to the information, by such means of communication. Alternatively, convening notices will be sent to registered shareholders by registered mail only at least eight (8) calendar days prior to the meeting. Convening notices will also be published and/or communicated to investors as required by applicable laws and regulations in other jurisdictions where the Shares are distributed may be published on the following website <https://www.daiwa-am.co.jp/english/>. Notices will include the agenda and will specify the date, time and place of the meeting, the conditions of admission, and the quorum and voting requirements.

The requirements as to attendance, quorum, and majorities at all general meetings will be those laid down in the Articles of Incorporation and in the 1915 Law. All shareholders may attend general meetings in person or by appointing another person as his proxy in writing or by facsimile, electronic mail or any other similar means of communication accepted by the Fund. A single person may represent several or even all shareholders of the Fund, a Sub-Fund or Share Class. Each Share entitles the shareholder to one (1) vote at all general meetings of shareholders of the Fund, and at all meetings of the Sub-Fund or Share Class concerned to the extent that such Share is a Share of such Sub-Fund or Share Class.

Shareholders holding together at least ten percent (10%) of the share capital or the voting rights may submit questions in writing to the board of directors relating to transactions in connection with the management of the Fund as well as companies controlled by the Fund, with respect to the latter.

The Board of Directors may suspend the voting rights of any shareholder in breach of his obligations as described in this Prospectus or the Articles of Incorporation.

### **10.3 Investors' rights**

Upon the issue of the Shares, the person whose name appears on the register of Shares will become a shareholder of the Fund in relation to the relevant Sub-Fund and Share Class. The Fund draws the investors' attention to the fact that, where an investor invests in the Fund through an intermediary acting in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights, such as the right to participate in general meetings of shareholders, directly against the Fund. Investors are advised to seek advice in relation to their rights.

The Articles of Incorporation are governed by, and construed in accordance with, the laws currently into force in Luxembourg. The subscription document is expressed to be governed by, and construed in accordance with, the laws currently into force in Luxembourg, and contains a choice of international competence of the courts of Luxembourg.

There are no legal instruments in Luxembourg required for the recognition and enforcement of judgments rendered by a Luxembourg court. If a foreign, *i.e.*, non-Luxembourg court, on the basis of mandatory domestic provisions, renders a judgment against the Fund, the rules of the Brussels I (Recast) (regarding judgments from EU Member States) or the rules of the Lugano Convention or of the private international law of Luxembourg (regarding judgments from non-EU Member States) concerning the recognition and enforcement of foreign judgments apply. Investors are advised to seek advice, on a case-by-case basis, on the available rules concerning the recognition and enforcement of judgments.

### **10.4 Changes to this Prospectus**

The Board of Directors, in close cooperation with the Management Company, may from time to time amend this Prospectus to reflect various changes it deems necessary and in the best interest of the Fund, such as notably implementing changes to laws and regulations, changes to a Sub-Fund's objective and policy or changes to fees and costs charged to a Sub-Fund or Share Class. Any amendment of this Prospectus will require approval by the CSSF. In accordance with applicable laws and regulations, investors in the Sub-Fund or Share Class will be informed about the changes and, where required, will be given prior notice of any proposed material changes in order for them to request the redemption of their Shares should they disagree.

## 10.5 Documents available

Investors may, upon request, obtain a copy of the Articles of Incorporation, this Prospectus, the applicable KIID, the latest Annual Report or Semi-Annual Report. The agreements referred to in this Prospectus may be inspected during usual business hours on any Business Day at the registered office of the Fund.

The Management Company and the Investment Manager have adopted a “best execution” policy with the objective of obtaining the best possible result for the Fund when executing decisions to deal on behalf of the Fund or placing orders to deal on behalf of the Fund with other entities for execution. Further information on the best execution policy may be obtained from the Management Company or the Investment Manager upon request.

The Management Company has a strategy for determining when and how voting rights attached to ownership of a Sub-Fund’s investments are to be exercised for the exclusive benefit of the Sub-Fund. A summary of this strategy as well as the details of the actions taken on the basis of this strategy in relation to each Sub-Fund may be obtained from the Management Company upon request and on the following website: [www.lemanikgroup.com](http://www.lemanikgroup.com) (direct link to the policy: <http://lux.lemanikgroup.com/corporate#policies-voting-rights>).

## 10.6 Complaints

Any investor having a complaint to make about the operations of the Fund may file a complaint by writing to the Management Company. Details on the complaints handling procedure may be obtained from the Management Company upon request and on the following website: [www.lemanikgroup.com](http://www.lemanikgroup.com) (direct link to the policy: <http://lux.lemanikgroup.com/corporate#policies-complaints-handling>).

## 10.7 Data protection

In accordance with the data protection laws applicable to the Grand Duchy of Luxembourg including the Law of 1<sup>st</sup> August 2018 on the organization of the National Commission for Data Protection and the general regime on data protection, as may be amended or replaced and the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC (the GDPR) (collectively hereinafter the “**Data Protection Laws**”), the Fund acting as data controller (the **Data Controller**) hereby informs the investors and/or the prospective investors (or if the investors and/or prospective investors are legal entities, informs their contact person(s), employee(s), trustee(s), agent(s), representative(s) and/or beneficial owner(s)) (the “**Data Subjects**”), that certain of their Personal Data (as defined below) as provided to the Fund or its delegates (such as name, gender, residential and correspondence address, date of birth, place of birth, nationality, country of domicile, details of existing financial connection with the country of the shareholder’s birth if no longer resident, telephone number(s), email address, fax number, tax identification number, US residence and citizenship status, identification documents, address verification documents, employment details, politically exposed person details, the purpose of the shareholder’s investment, bank and financial details and any personal data the processing of which is required in order to comply with regulatory requirements, including tax law and foreign laws ) (the “**Personal Data**”) may be collected, recorded, stored, adapted, transferred or otherwise processed, by electronic or other means for the purposes set out below.

Investors who are legal persons undertake and guarantee to process Personal Data and to supply such Personal Data to the Fund in compliance with the Data Protection Laws, including, where appropriate, informing the relevant Data Subjects of the contents of the present section, in accordance with Articles 12, 13 and/or 14 of the GDPR.

Personal Data supplied by the investor are processed in order to enter into and execute the subscription of Shares, for the legitimate interests of the Fund and to comply with the legal obligations imposed on the Fund. In particular, the Personal Data may be processed for the purpose of managing the holding of Shares and complying with the Fund's legal obligations which includes (i) maintaining the register of shareholders, (ii) processing subscriptions, conversions and redemptions of Shares, (iii) account and distribution fee administration, (iv) complying with applicable AML/CFT Rules and other legal obligations, such as performing controls in respect of late trading and market timing practices, (v) complying with Luxembourg and foreign legal obligations such as the performance of the customer due diligence duties under the AML/CFT Rules, the AML/CFT identification, the tax identification under applicable regulation such as FATCA and CRS, (vi) client relationship management and (vii) commercial prospection.

The "legitimate interests" pursued by the Fund referred to above are:

- the processing purposes described in points (vii) to (viii) of the above paragraph of this clause;
- the provision of the proof, in the event of a dispute, of a transaction or any commercial communication; as well as in connection with any proposed purchase, merger or acquisition of any part of the Fund's business; and
- exercising the business of the Fund in accordance with reasonable market standards.

In the context of the above mentioned purposes, the Fund may delegate the processing of the Personal Data, in compliance and within the limits of the applicable laws and regulations, to other entities such as the Management Company, the Investment Manager, the Sub-Investment Managers, the UCI Administrator, the Depositary and Paying Agent, , the Domiciliary Agent, the Auditor, the Fund's sponsor, the authorized distributors and legal adviser (the "**Recipients**").

Subject to the Fund's approval, the Recipients may decide, under their own responsibility, to sub-delegate the processing of the Personal Data, and transfer for such purpose Personal Data, to parent companies, affiliates, foreign offices or third party agents (the "**Sub-Recipients**").

The Recipients and Sub-Recipients may, as the case may be, process the Personal Data as data processors (when processing Personal Data upon the Data Controller's instructions) or as distinct data controllers (when processing Personal Data for their own purposes, namely fulfilling their own legal obligations ).

Recipients and Sub-Recipients may or not be located in the European Economic Area in countries which data protection laws do not offer an adequate level of protection, in particular India, the USA, Malaysia or Hong Kong. In which case, transfers to such countries shall be made on the basis of adequate contractual arrangements, which may take the form of the European Commission Standard Contractual Clauses. Please contact the Data Controller or, where the Recipients disclose the Personal Data to the Sub-Recipients and where relevant,

the Recipient to obtain a copy of such Standard Contractual Clauses at the registered office of the Fund.

The Data Controller may also transfer Personal Data to third parties such as governmental or regulatory agencies including tax authorities, in or outside the European Union, in accordance with applicable laws and regulations. In particular, such Personal Data may be disclosed to the Luxembourg tax authorities, which in turn may, acting as data controller, disclose it to foreign tax authorities, courts and bodies as required by law or requested or to affiliates for internal investigations and reporting.

Under certain conditions set out by the Data Protection Laws, Data Subjects have the right to:

- request access to their Personal Data (*i.e.*, the right to obtain from the Fund confirmation as to whether or not Personal Data is being processed, to be provided with certain information about the Fund's processing of Personal Data, to access such data, and to obtain a copy of the Personal Data undergoing processing (subject to exceptions));
- request the correction of their Personal Data where it is inaccurate or incomplete (*i.e.*, the right to require from the Fund that inaccurate or incomplete Personal Data be updated or corrected accordingly);
- object to the processing of their Personal Data (*i.e.*, the right to object, on grounds relating to his/her particular situation, to processing of Personal Data which is based on the performance of a task carried out in the public interest or the legitimate interests of the Fund. The Fund shall stop such processing unless it can either demonstrate compelling legitimate grounds for the processing that override his/her interests, rights and freedoms or that it needs to process the data for the establishment, exercise or defense of legal claims);
- request erasure of their Personal Data (*i.e.*, the right to require that Personal Data be erased in certain circumstances, including where it is no longer necessary for the Fund to process this data in relation to the purposes for which it collected or processed);
- request for restriction of the use of their Personal Data (*i.e.*, the right to obtain that the processing of Personal Data should be restricted to storage of such data unless consent of the shareholder has been obtained); and
- request for Personal Data portability (*i.e.*, the right to have the data transferred to him/her/it or another controller in a structured, commonly used and machine-readable format, where this is technically feasible).

The investors may exercise the above rights by letter addressed to the Data Controller at the following address: [thirdparty.funds@lemanik.lu](mailto:thirdparty.funds@lemanik.lu)

The investors are also informed of the existence of their right to lodge a complaint with the National Commission for Data Protection (the “**CNPD**”) at the following address: 1, Avenue du Rock'n'Roll, L-4361 Esch-sur-Alzette, Grand Duchy of Luxembourg; or with any competent data protection supervisory authority in their EU Member State of residence. or, in case the Data Subjects reside outside Luxembourg, with the locally competent supervisory authority. The investors may, at their discretion, refuse to communicate the Personal Data to the Fund. In this case however, the Fund may reject their request for subscription for Shares if the relevant Personal Data is necessary to the subscription of these Shares.

## **10.8 Merger and reorganisation**

### **10.8.1 Merger of the Fund or a Sub-Fund with other UCITS**

The Board of Directors may decide to proceed with a merger (within the meaning of the 2010 Law) of the Fund with one or several other Luxembourg or foreign UCITS or sub-funds thereof. The Board of Directors may also decide to proceed with a merger (within the meaning of the 2010 Law) of one or several Sub-Funds with one or several other Sub-Funds within the Fund or with one or several other Luxembourg or foreign UCITS or sub-funds thereof. In accordance with the provisions of the 2010 Law, a merger does not require the prior consent of the shareholders except where the Fund is the absorbed entity, which thus ceases to exist as a result of the merger. In such case, the general meeting of shareholders of the Fund must decide on the merger and its effective date. The general meeting will decide by resolution taken with no quorum requirement and adopted by a simple majority of the votes validly cast.

Notwithstanding the powers conferred on the Board of Directors by the preceding paragraph, the investors of the Fund or any Sub-Fund, as applicable, may also decide on any of the mergers described above as well as on the effective date thereof by resolution taken by the general meeting of shareholders of the Fund or Sub-Fund. The convening notice will explain the reasons for and the process of the proposed merger.

In any case, the merger will be subject to the conditions and procedures imposed by the 2010 Law, in particular concerning the common draft terms of the merger to be established by the Board of Directors and the information to be provided to investors.

### **10.8.2 Absorption of another UCI by the Fund or a Sub-Fund**

The Board of Directors may also decide to proceed with the absorption by the Fund or one or several Sub-Funds of one or several sub-funds of another Luxembourg or a foreign UCI (other than a UCITS) irrespective of their form, or any Luxembourg or foreign UCI (other than a UCITS) constituted under a non-corporate form. The exchange ratio between the Shares and the shares or units of the absorbed UCI or sub-funds thereof will be calculated on the basis of the Net Asset Value per share or unit as of the effective date of the absorption.

Notwithstanding the powers conferred on the Board of Directors by the preceding paragraph, the investors of the Fund or any Sub-Fund, as applicable, may also decide on any of the absorptions described above as well as on the effective date thereof by resolution taken by the general meeting of shareholders of the Fund or Sub-Fund. The convening notice will explain the reasons for and the process of the proposed absorption.

The Fund may absorb another Luxembourg or foreign UCI (other than a UCITS) incorporated under a corporate form in compliance with the 1915 Law and any other applicable laws and regulations.

### **10.8.3 Reorganisation of Share Classes**

The Board of Directors may decide to reorganize Share Classes, as further described below, in the event that, for any reason, the Board of Directors determines that:

- (i) the Net Asset Value of a Share Class has decreased to, or has not reached, the minimum level determined by the Board of Directors for that Share Class to be operated in an efficient manner;

- (ii) changes in the legal, economic or political environment would justify such reorganisation; or
- (iii) a product rationalization would justify such reorganisation.

In such a case, the Board of Directors may decide to re-allocate the assets and liabilities of any Share Class to those of one or several other Share Classes, and to re-designate the Shares of the Share Class concerned as Shares of such other Share Class or Share Classes (following a split or consolidation of Shares, if necessary, and the payment to investors of the amount corresponding to any fractional entitlement).

Notwithstanding the powers conferred on the Board of Directors by the preceding paragraph, investors may also decide on such reorganisation by resolution taken by the general meeting of shareholders of the Share Classes in the conditions outlined in the Articles of Incorporation. The convening notice will explain the reasons for and the process of the proposed reorganisation.

Investors will be informed of the reorganisation by way of a notice. The notice will be published and/or communicated to investors as required by applicable laws and regulations in Luxembourg and other jurisdictions where the Shares are distributed and published on the following website: <https://www.daiwa-am.co.jp/english/>. The notice will explain the reasons for and the process of the reorganisation.

## **10.9 Liquidation**

### **10.9.1 Termination and liquidation of Sub-Funds or Share Classes**

The Board of Directors may decide to compulsorily redeem all the Shares of any Sub-Fund or Share Class and thereby terminate and liquidate any Sub-Fund or Share Class in the event that, for any reason, the Board of Directors determines that:

- (i) the Net Asset Value of a Sub-Fund or Share Class has decreased to, or has not reached, the minimum level determined by the Board of Directors for that Sub-Fund or Share Class to be operated in an efficient manner;
- (ii) changes in the legal, economic or political environment would justify such liquidation; or
- (iii) a product rationalization would justify such liquidation.

Investors will be informed of the decision to terminate a Sub-Fund or Share Class by way of a notice. The notice will be published and/or communicated to investors as required by applicable laws and regulations in Luxembourg and other jurisdictions where the Shares are distributed and published on the following website: <https://www.daiwa-am.co.jp/english/>. The notice will explain the reasons for and the process of the termination and liquidation.

Notwithstanding the powers conferred on the Board of Directors by the preceding paragraph, the investors of any Sub-Fund or Share Class, as applicable, may also decide on such termination by resolution taken by the general meeting of shareholders of the Sub-Fund or Share Class in the conditions outlined in the Articles of Incorporation and have the Fund redeem compulsorily all the Shares of the Sub-Fund or Share Class at the Net Asset Value

per Share for the applicable Valuation Day. The convening notice will explain the reasons for and the process of the proposed termination and liquidation.

Actual realization prices of investments, realization expenses and liquidation costs will be taken into account in calculating the Net Asset Value applicable to the compulsory redemption. Investors in the Sub-Fund or Share Class concerned will generally be authorised to continue requesting the redemption or conversion of their Shares prior to the effective date of the compulsory redemption, unless the Board of Directors determines that it would not be in the best interest of investors in that Sub-Fund or Share Class or could jeopardize the fair treatment of investors.

All Shares redeemed will generally be cancelled. Redemption proceeds which have not been claimed by investors upon the compulsory redemption will be deposited in escrow at the *Caisse de Consignation* in Luxembourg in accordance with applicable laws and regulations. Proceeds not claimed within the statutory period will be forfeited in accordance with applicable laws and regulations.

The termination and liquidation of a Sub-Fund or Share Class will have no influence on the existence of any other Sub-Fund or Share Class. The decision to terminate and liquidate the last Sub-Fund existing in the Fund will result in the dissolution and liquidation of the Fund in accordance with the provisions of the Articles of Incorporation.

#### **10.9.2 Dissolution and liquidation of the Fund**

The Fund is incorporated for an unlimited period. It may be dissolved at any time with or without cause by a resolution of the general meeting of shareholders adopted in compliance with applicable laws. The capital of the Fund must reach one million two hundred and fifty thousand euros (EUR 1,250,000.-) within a period of six (6) months following the authorisation of the Fund.

The compulsory dissolution of the Fund may be ordered by Luxembourg competent courts in circumstances provided by the 2010 Law and the 1915 Law.

As soon as a decision to dissolve the Fund is taken, the issue, redemption or conversion of Shares in all Sub-Funds will be prohibited. The liquidation will be carried out in accordance with the provisions of the 2010 Law and 1915 Law. Liquidation proceeds which have not been claimed by investors at the time of the closure of the liquidation will be deposited in escrow at the *Caisse de Consignation* in Luxembourg. Proceeds not claimed within the statutory period will be forfeited in accordance with applicable laws and regulations.

#### **10.10 Sustainability Risks**

Unless specifically indicated for each Sub-Fund in the relevant Supplement, Sub-Funds are not Environmental, Social or Governance (ESG) products in the sense of SFDR and related regulation, in particular, (i) they do not promote any environmental and/or social and/or governance characteristics, or a combination of those characteristics, in the sense of Article 8 of SFDR, and (ii) do not have any sustainable investment objectives, in the sense of Article 9 of SFDR. Unless specifically indicated for each Sub-Fund in the relevant Supplement, the investments underlying the Sub-Funds do not take into account the EU criteria for environmentally sustainable economic activities, and the Sub-Funds do not consider principal adverse impacts.



The Fund and various Sub-Funds may however be directly or indirectly affected by the Sustainability Risks, which are taking into consideration by the Fund and the Sub-Funds.

The impacts following the occurrence of a Sustainability Risk may be numerous and vary depending on the specific risk, region and asset class. The Sustainability Risks generally revolve around the following themes:

- corporate governance malpractices (e.g., board structure, executive remuneration);
- shareholder rights (e.g., election of directors, capital amendments);
- changes to regulation (e.g., greenhouse gas emissions restrictions, governance codes);
- physical threats (e.g., extreme weather, climate change, water shortages);
- brand and reputational issues (e.g., poor health & safety records, cyber security breaches);
- supply chain management (e.g., increase in fatalities, lost time injury rates, labour relations); and
- work practices (e.g., observation of health, safety and human rights provisions).

In general, where a Sustainability Risk occurs in respect of an asset, there will be a negative impact on, or entire loss of, its value. As such, for a company in which a Sub-Fund invests, this may be because of damage to its reputation resulting in a consequential fall in demand for its products or services, loss of key personnel, exclusion from potential business opportunities, increased costs of doing business and/or increased cost of capital. A company may also suffer the impact of fines and other regulatory sanctions. The time and resources of the company's management team may be diverted from furthering its business into dealing with the Sustainability Risk event, including changes to business practices and dealing with investigations and litigation. Sustainability Risks events may also give rise to loss of assets and/or physical loss including damage to real estate and infrastructure. The utility and value of assets held by companies to which the relevant Sub-Fund is exposed may also be adversely impacted by a Sustainability Risk event.

A Sustainability Risk event may arise and impact a specific investment or may have a broader impact on an economic sector, geographical or political region or country. For instance, sector and geographic Sustainability Risk events may have an impact on the investment value of the sovereign fixed income exposure of a Sub-Fund.

It is expected that the Sub-Funds may be exposed to a various range of Sustainability Risks resulting from their individual strategy and exposures to specific sectors, issuers and asset classes.

Sustainability Risks in relation to each of the Sub-Funds are integrated into the risk management process of the Management Company. On a quarterly basis, using external data from third-party providers, the Management Company will create a Sustainability Risk Report with ESG Scoring and Climate Risk Reporting for each Sub-Fund. The Management Company will monitor a variety of factors on the invested assets, such as availability of information and ESG Rating at investee company level, carbon and water footprints, screening of controversies on environmental, social and governance aspects. The assessment of Sustainability Risks is complex and can be difficult to obtain and may be incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

Given the high level of diversification and risk-spreading of the Sub-Funds, and except otherwise mentioned in the relevant Sub-Fund's Supplement, it is not anticipated that the Sustainability Risks to which each Sub-Fund may be exposed cause a material impact on their respective returns.

Where deemed relevant, additional information and details on the Sub-Funds' Sustainability Risk(s) will be included in the relevant Supplement. Additional information about SFDR as applicable to the Fund, as the case may be, will be found on the SFDR page of the website of the Management Company [www.lemanikgroup.com](http://www.lemanikgroup.com) and [UCITS / Daiwa Asset Management \(daiwa-am.co.jp\)](http://UCITS / Daiwa Asset Management (daiwa-am.co.jp)).

## 11. TAXATION

### 11.1 General

The following summary is based on the law and practice applicable in the Grand Duchy of Luxembourg as at the date of this Prospectus and is subject to changes in law (or interpretation) later introduced, whether or not on a retroactive basis. Investors should inform themselves of, and when appropriate, consult their professional advisors with regards to the possible tax consequences of subscription for buying, holding, exchanging, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.

It is expected that the Fund's shareholders will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarise the taxation consequences for each investor subscribing, converting, holding or redeeming or otherwise acquiring or disposing of Shares. These consequences will vary in accordance with the law and practice currently in force in a shareholder's country of citizenship, residence, domicile or incorporation and with a shareholder's personal circumstances. Investors should be aware that the residence concept used under the respective headings applies for Luxembourg tax assessment purposes only. Any reference in this section 11 to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only.

Shareholders should also note that a reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*). Shareholders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax and the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax, to the solidarity surcharge and to a temporary tax (*impôt d'équilibrage budgétaire*). Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply in addition.

### 11.2 The Fund

Under current law and practice, the Fund is not liable to any Luxembourg income or net wealth tax, nor are dividends paid by the Fund subject to any Luxembourg withholding tax.

However, the Fund is liable in Luxembourg to a subscription tax (*taxe d'abonnement*) of 0.05% *per annum* of its net assets, such tax being payable quarterly and calculated on the Net Asset Value of the respective Sub-Fund at the end of the relevant quarter. A reduced tax rate of 0.01% *per annum* of the net assets will be applicable to (i) undertakings whose sole object is the collective investment in Money Market Instruments and the placing of deposits with credit institutions, (ii) undertakings whose sole object is the collective investment in deposits with credit institution and (iii) individual compartments of UCIs with multiple compartments referred to in the 2010 Law 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.

An exemption from subscription tax applies in the following cases:

- (a) for the value of the assets represented by shares or units held in other UCIs to the extent such shares or units have already been subject to the subscription tax provided by the amended law of 13 February 2007 on specialised investment funds, the 2010 Law or by the law of 23 July 2016 on reserved alternative investment funds;
- (b) for UCIs, as well as individual sub-funds of UCIs with multiple sub-funds:
  - i. the securities of which are reserved for institutional investors; and
  - ii. the exclusive object of which is the collective investment in Money Market Instruments and the placing of deposits with credit institutions; and
  - iii. the weighted residual portfolio maturity of which does not exceed 90 days; and
  - iv. that have obtained the highest possible rating from a recognised rating agency;
- (c) for UCIs, the securities of which are reserved for (i) institutions for occupational retirement provision, or similar investment vehicles, set up on one or several employers' initiative for the benefit of their employees and (ii) companies of one or several employers investing the funds they hold, in order to provide their employees with retirement benefits;
- (d) UCIs as well as individual sub-funds of umbrella UCIs with multiple sub-funds whose main objective is the investment in microfinance institutions; or
- (e) for UCIs as well as individual compartments of UCIs with multiple compartments (i) whose securities are listed or traded on at least one stock exchange or another regulated market operating regularly, recognised and open to the public and (ii) whose exclusive object is to replicate the performance of one or more indices.

No stamp duty or other tax is generally payable in Luxembourg on the issue of Shares for cash by the Fund. Any amendments to the Articles of Association are as a rule subject to a fixed registration duty of EUR 75.-.

No tax is payable in Luxembourg on realised or unrealised capital appreciation of the assets of the Fund. Although the Fund's realised capital gains, whether short term or long term, are not expected to become taxable in another country, shareholders must be aware and recognise that such a possibility is not totally excluded. The regular income of the Fund from some of its securities as well as interest earned on cash deposits and capital gains in certain countries may be liable to withholding taxes at varying rates, which normally cannot be recovered. Withholding and other taxes levied at source, if any, are not recoverable. Whether the Fund may benefit from a double tax treaty concluded by Luxembourg must be determined on a case-by-case basis.

### **11.2.1 Withholding tax**

Under current Luxembourg tax law, the Fund is not liable to withholding taxes on dividends or distribution of liquidation proceeds to the shareholders under the Shares.

### **11.2.2 Value added tax**

The Fund is considered in Luxembourg as a taxable person for value added tax (VAT) purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the Fund could potentially trigger VAT and require the VAT registration of the Fund in Luxembourg. As a result of such VAT registration, the Fund will be in a position to fulfil its duty to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

No VAT liability arises in principle in Luxembourg in respect of any payments by the Fund to its investors, to the extent such payments are linked to their subscription to the Shares and do, therefore, not constitute the consideration received for taxable services supplied.

## **11.3 Shareholders**

### **11.3.1 Luxembourg tax residency**

A shareholder will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding and/or disposing of Shares or the execution, performance or enforcement of its rights thereunder.

### **11.3.2 Income tax - Luxembourg residents**

Luxembourg resident shareholders are not liable to any Luxembourg income tax on reimbursement of the share capital contributed to the Fund.

### **11.3.3 Luxembourg Resident Individuals**

Any dividends and other payments derived from the Shares received by Luxembourg resident individuals, who act in the course of either their private wealth or their professional or business activities are subject to income tax at the progressive ordinary rates.

Capital gains realised upon the sale, disposal or redemption of Shares by Luxembourg resident individual shareholders acting in the course of the management of their private wealth are not subject to Luxembourg income tax, provided this sale, disposal or redemption takes place more than six months after the Shares were acquired and provided the Shares do not represent a substantial shareholding. A shareholding is considered as a substantial shareholding in limited cases, in particular if (i) the shareholder has held, either alone or together with his/her spouse or partner and/or his/her minor children, either directly or indirectly, at any time within the five years preceding the realisation of the gain, more than 10% of the share capital of the Fund or (ii) the shareholder acquired free of charge, within the five years preceding the transfer, a participation that constituted a substantial participation in the hands of the alienator (or alienators, in case of successive transfers free of charge within the same five year period). Capital gains realised on a substantial participation more than six months after the acquisition thereof are subject to income tax according to the half-global rate method (*i.e.*, the average rate applicable to the total income is calculated according to progressive income tax rates and

half of the average rate is applied to the capital gains realised on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shareholding.

Capital gains realised upon the disposal of the Shares by a resident individual shareholder, who acts in the course of the management of his professional/business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

#### **11.3.4 Luxembourg resident corporations**

Luxembourg resident corporate shareholders (*sociétés de capitaux*) must include any profits derived, as well as any gain realised on the sale, disposal or redemption of Shares, in their taxable profits for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

#### **11.3.5 Luxembourg residents benefiting from a special tax regime**

Luxembourg resident shareholders which benefit from a special tax regime, such as (i) UCI subject to the 2010 Law, (ii) specialised investment funds governed by amended the law of 13 February 2007, (iii) reserved alternative investment fund vehicle (opting for the treatment as a specialised investment fund) governed by the law of 23 July 2016 and (iv) family wealth management companies governed by the amended law of 11 May 2007, are tax exempt entities in Luxembourg and are thus not subject to any Luxembourg income tax.

#### **11.3.6 Income tax - Luxembourg non-residents**

Shareholders, who are non-residents of Luxembourg and which have neither a permanent establishment nor a permanent representative in Luxembourg to which the Shares are attributable are generally not subject to any income capital gains in Luxembourg.

Corporate shareholders which are non-residents of Luxembourg but which have a permanent establishment or a permanent representative in Luxembourg to which or whom the Shares are attributable must include any income received, as well as any gain realised on the sale, disposal or redemption of Shares in their taxable income for Luxembourg tax assessment purposes. The same inclusion applies to individuals, acting in the course of the management of a professional or business undertaking, who have a permanent establishment or a permanent representative in Luxembourg to which or whom the Shares are attributable. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

Investors should consult their professional advisors regarding the possible tax or other consequences of buying, holding, transferring or selling Shares under the laws of their countries of citizenship, residence or domicile.

#### **11.3.7 Net Wealth Tax**

Luxembourg resident shareholders, and non-resident shareholders having a permanent establishment or a permanent representative in Luxembourg to which or whom the Shares are attributable, are subject to Luxembourg net wealth tax on such Shares, unless the shareholder is (i) a resident or non-resident individual taxpayer, (ii) a UCI governed by the Law of 2010, (iii)

a securitisation company governed by the amended law of 22 March 2004 on securitisation, (iv) a reserved alternative investment fund vehicle governed by the law of 23 July 2016, (v) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (vi) a specialised investment fund governed by the amended law of 13 February 2007, or (vii) a family wealth management company governed by the amended law of 11 May 2007.

However, (i) a Luxembourg resident securitization company governed by the amended law of 22 March 2004 on securitization, (ii) a professional pension institution governed by the amended law of 13 July 2005, (iii) a reserved alternative investment fund vehicle (opting for the treatment as a venture capital vehicle) governed by the law of 23 July 2016 (iv) and a Luxembourg resident company governed by the amended law of 15 June 2004 on venture capital vehicles shall be subject to the minimum net wealth tax charge according to the amended law of 16 October 1934 on net wealth tax.

### **11.3.8 Other Taxes**

Under Luxembourg tax law, where an individual shareholder is a resident of Luxembourg for tax purposes at the time of his death, the Shares are included in his taxable basis for inheritance tax purposes. On the contrary, no estate or inheritance tax is levied on the transfer of Shares upon death of an individual shareholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes at the time of his death.

Luxembourg gift tax may be levied on a gift or donation of Shares if embodied in a Luxembourg notarial deed or otherwise registered in Luxembourg.

## **11.4 Exchange of information**

### **11.4.1 FATCA**

Capitalized terms used in this section should have the meaning as set forth in the IGA, unless provided otherwise herein.

FATCA provisions impose a reporting to the U.S. Internal Revenue Service of US Persons' (within the meaning of FATCA) direct and indirect ownership of non-U.S. accounts and non-U.S. entities.

As part of the process of implementing FATCA, Luxembourg entered into a Model I IGA, in order to facilitate compliance of entities like the Fund, with FATCA and avoid US withholding tax. Under the IGA, some Luxembourg entities like the Fund will have to provide the Luxembourg tax authorities with information on the identity, the investments of the shareholders and the income received by their shareholders. The Luxembourg tax authorities will then automatically pass the information on to the U.S. Internal Revenue Service.

However, the reporting obligations are not required in case the Fund can rely on a specific exemption contained in the IGA. In this respect, the Fund expects to be treated as a Non-Reporting Financial Institution under the Collective Investment Vehicle category within the meaning of the IGA, given that all of the Shares are expected to be held by or through FATCA Eligible Investors.

Accordingly, the Fund should not be required to report information on its shareholders and their investment in the Fund under the IGA.

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

- withhold any taxes or similar charges that it is legally required to withhold by applicable laws and regulations in respect of any shareholding in the Fund;
- require any shareholder or beneficial owner of the Shares to promptly furnish such personal data as may be required by the Fund in its discretion in order to comply with applicable laws and regulations and/or to promptly determine the amount of withholding to be retained;
- divulge any such personal information to any tax or authority, as may be required by applicable laws or regulations or requested by such authority; and
- delay payments of any dividend or redemption proceeds to a shareholder until the Fund holds sufficient information to comply with applicable laws and regulations or determine the correct amount to be withheld.

To ensure that the Fund regularly satisfies the aforementioned investors' restrictions, shareholders may be requested to provide the Fund with the information, along with the required supporting documentary evidence. In this context, as further detailed above under the "Data Protection" clause of this Agreement, the shareholders are hereby informed that the Fund is responsible for the processing of their Personal Data and each shareholder has notably a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Fund are to be processed in accordance with the Data Protection Law.

In case the Non-Reporting Financial Institution status of the Fund changed to a Reporting Financial Institution status, the shareholders will be notified of the change and the Prospectus amended accordingly.

The shareholders undertake to inform the Fund within thirty (30) days of receipt of any statement that would affect its status including inaccurate personal data. The shareholders further undertake to immediately inform the Fund of, and provide the Fund with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

Any shareholder that fails to comply with the Fund's Information or documentation requests may be held liable for any taxes or penalties imposed on the Fund and attributable to such shareholder's failure to provide the documentation.

All prospective investors are advised to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Fund and on the Fund and Sub-Funds.

#### **11.4.2 Exchange of information – Common Reporting Standard**

Capitalized terms used in this section should have the meaning as set forth in the CRS Law as defined below, unless provided otherwise herein.

The Fund may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters (the "**Standard**") and its Common Reporting Standard (the "**CRS**")



as set out in the Luxembourg law dated 18 December 2015 implementing the CRS in Luxembourg (the “**CRS Law**”).

Under the terms of the CRS Law, the Fund is likely to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection provisions as set out in the Fund documentation, the Fund will be required to annually report to the Luxembourg tax authority personal and financial information related, *inter alia*, to the identification of, holdings by and payments made to (i) certain shareholders as per the CRS Law (the “**Reportable Persons**”) and (ii) Controlling Persons of certain non-financial entities (“**NFEs**”) which are themselves Reportable Persons. This information, as exhaustively set out in Annex I of the CRS Law (the “**Information**”), will include Personal Data related to the Reportable Persons.

The Fund’s ability to satisfy its reporting obligations under the CRS Law will depend on each shareholder providing the Fund with the Information, along with the required supporting documentary evidence. In this context, as further detailed above under the “Data Protection” clause of this Agreement, the shareholders are hereby informed that, as Data Controller, the Fund will process the Information for the purposes as set out in the CRS Law.

The shareholders undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Fund.

The shareholders are further informed that the Information related to Reportable Persons within the meaning of the CRS Law will be disclosed to the Luxembourg tax authorities annually for the purposes set out in the CRS Law. In particular, Reportable Persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the Luxembourg tax authorities.

Similarly, the shareholders undertake to inform the Fund within thirty (30) days of receipt of these statements should any included personal data be not accurate. The shareholders further undertake to immediately inform the Fund of, and provide the Fund with all supporting documentary evidence of any changes related to the Information after occurrence of such changes within thirty (30) days.

Any shareholder that fails to comply with the Fund’s Information or documentation requests may be held liable for penalties imposed on the Fund and attributable to such shareholder’s failure to provide the Information or subject to disclosure of the Information by the Fund to the Luxembourg tax authorities.

## 12. CO-MANAGEMENT AND POOLING

To ensure effective management, the Board of Directors may decide to authorise the Investment Manager to manage all or part of the assets of one or more Sub-Funds with other Sub-Funds in the Fund (technique of pooling) or to co-manage all or part of the assets, except for a cash reserve, if necessary, of one or more Sub-Funds of the Fund with assets of other Luxembourg UCI or of one or more sub-funds of other Luxembourg UCI (hereinafter called "Party(ies) to co-managed assets") for which the Depositary was appointed the depositary bank. These assets will be managed in accordance with the respective investment policy of the Parties to co-managed assets, each of which pursuing identical or comparable objectives. Parties to co-managed assets will only participate in co-managed assets as stipulated in their respective prospectus and in accordance with their respective investment restrictions. Parties to co-managed assets have the right to leave the co-management regime at any time.

Each Party to co-managed assets will participate in co-managed assets in proportion to the assets contributed thereto by it. Assets will be allocated to each Party to co-managed assets in proportion to its contribution to co-managed assets. The entitlements of each Party to co-managed assets apply to each line of investment in the aforesaid co-managed assets.

The aforementioned co-managed assets will be formed by the transfer of cash or, if necessary, other assets from each Party to co-managed assets. Thereafter, the Board of Directors may regularly make subsequent transfers to co-managed assets. The assets can also be transferred back to a Party to co-managed assets for an amount not exceeding the participation of the said Party to co-managed assets.

Dividends, interest and other distributions deriving from income generated by co-managed assets will accrue to the Parties to co-managed assets in proportion to their respective investments. Such income may be kept by the Party to co-managed assets or reinvested in the co-managed assets.

All charges and expenses incurred in respect of co-managed assets will be applied to these assets. Such charges and expenses will be allocated to each Party to co-managed assets in proportion to its respective entitlement in the co-managed assets.

In the case of infringement to investment restrictions affecting a Sub-Fund, when such a Sub-Fund takes part in co-management and even though the manager has complied with the investment restrictions applicable to the co-managed assets in question, the Board of Directors shall ask the Investment Manager to reduce the investment in question proportionally to the participation of the Sub-Fund concerned in the co-managed assets or, if necessary, reduce its participation in the co-managed assets so that investment restrictions for the Sub-Fund are observed.

When the Fund is liquidated or when the Board of Directors decides - without prior notice - to withdraw the participation of the Fund or a Sub-Fund from co-managed assets, the co-managed assets will be allocated to Parties to co-managed assets proportionally to their respective participation in the co-managed assets.

**Investors must be aware of the fact that such co-managed assets are employed solely to ensure effective management, and provided that all Parties to co-managed assets have the same depositary bank. Co-managed assets are not distinct legal entities and are not directly accessible to investors. However, the assets and liabilities of each Sub-Fund will be constantly separated and identifiable.**

**SUPPLEMENT 1:**  
**DAIWA SOLUTIONS OPTIMIZER JAPANESE EQUITY FUND**

**1. Launch date**

The Daiwa Global Funds – Daiwa Solutions Optimizer Japanese Equity Fund (the “**Sub-Fund**”) was originally launched on 29 May 2019 as Daiwa Global Funds – Small/Mid Cap Japanese Equity Fund, then relaunched a first time on 20 July 2020 as Daiwa Global Funds – Daiwa Social Thematic Japanese Equity Fund, and relaunched a second time on or around 9 March 2021 with an amended investment objective and policy, for an unlimited period of time.

**2. Reference currency**

The Reference Currency of the Sub-Fund is JPY.

**3. Investment objective**

The Sub-Fund aims to generate long-term capital growth through a portfolio of listed equities issued primarily by Japanese companies, as further described below.

**4. Investment policy and specific restrictions**

In order to achieve its investment objective, the Sub-Fund will invest primarily in equity securities issued by companies listed in Japan.

The above-mentioned securities shall be listed on an Other Regulated Market in Japan.

In constructing the portfolio, the Investment Manager may invest in companies it believes have the ability to answer society-wide issues in Japan, which it believes will ultimately enable for continuous growth for the long term. Among the companies which addressing such efforts, the Investment Manager will select stocks through analyzing each individual company and the investment environment with an emphasis on a thorough bottom-up approach.

The Sub-Fund may also invest on an ancillary basis in equity-related ETFs and collective investment schemes that suits the investment policy of the Sub-Fund, REITs, listed equity index futures as well as ancillary liquid assets, as described below.

The Sub-Fund may use listed index futures, which qualify as eligible financial indices as per UCITS rules, such as TOPIX Futures and Nikkei 225 Futures or any similar listed index futures, for hedging and efficient portfolio management purposes, in particular, to rebalance the portfolio in case of large subscriptions and redemptions. No specific fees, other than normal transaction costs and fees, will be charged to the Sub-Fund as a result of this rebalancing. Any

index rebalancing costs are already priced into the applicable futures transaction costs and fees.

The Sub-Fund may hold ancillary liquid assets (*i.e.*, bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41(1) of the 2010 Law, or for a period of time strictly necessary in case of unfavourable market conditions. Under exceptionally unfavorable market conditions (for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008), the Sub-Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions, hold ancillary liquid assets up to 100% of its net assets on a temporary basis for a period of time strictly necessary, if considered to be in the best interest of its investors.

In order to (i) achieve its investment goals, (ii) for treasury purposes, and/or (iii) in case of unfavourable market conditions, the Sub-Fund may invest in cash equivalent (*i.e.*, bank deposits excluding bank deposits at sight, Money Market Instruments, or money market funds) pursuant to the applicable investment restrictions. Under normal market conditions, the cash equivalents levels of the Sub-Fund will be lower than 10% of the net assets of the Sub-Fund. Under unfavourable market conditions, the Sub-Fund will be able to hold up to 20% of its net assets in cash equivalents.

The Sub-Fund is not permitted to invest in aggregate more than 10% of its net assets in shares or units of UCITS or other UCI. Investments in equity-related ETFs and collective investment schemes referred to above shall be comprised in this limit.

The Sub-Fund is actively managed. The Investment Manager will therefore not track any index and/or have any constraints in relation to the allocation of the portfolio, based on the change in the composition of any index. Should investors in the Sub-Fund wish to measure the performance of the Sub-Fund for comparison purposes, then the Investment Manager would suggest using the TOPIX Total Return Index.

## **5. Investor profile**

The Sub-Fund is intended for investors seeking long term capital growth offered through investments in equities issued by Japanese companies.

The Sub-Fund is intended as a long term investment. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## **6. Global exposure and expected level of leverage**

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

## **7. Valuation**

Each Business Day is a Valuation Day. The Net Asset Value per Share will be calculated as of 4 pm CET on each Valuation Day and published on the same Valuation Day.

With respect to this Sub-Fund, a Business Day is any day which is defined as a Business Day in the Prospectus and on which banks are open the whole day for non-automated business in Japan.

## **8. Subscriptions**

Investors may apply to subscribe for Shares on each Valuation Day, *i.e.*, a Subscription Day. The Cut-Off Time for subscription applications is 4 pm CET one (1) Business Day prior to the applicable Valuation Day. Subscription applications must be settled by the end of the Subscription Settlement Period, which is in principle within three (3) Business Days following the relevant Valuation Day. If the investors' settlement currency is different from USD, such investors must contact their banks, distributors, or the UCI Administrator for information on specific currency cut-off time.

## **9. Redemptions**

Investors may apply to redeem Shares on each Valuation Day, *i.e.*, a Redemption Day. The Cut-Off Time for redemption applications is 4 pm CET one (1) Business Day prior to the applicable Valuation Day. Redemption applications will normally be settled by the end of the Redemption Settlement Period, which is within four (4) Business Days following the relevant Valuation Day.

## **10. Share Classes and hedging**

The Share Classes established within the Sub-Fund and their features are listed below. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions.

The following Share Classes may be issued by the Sub-Fund:

- Class I (JPY) Acc
- Class I (USD) Acc

In order to limit the exposure of the investor to the fluctuations of the currency of denomination of the above Share Classes compared to the Reference Currency of the Sub-Fund, the above

Share Classes may be issued as hedged Share Classes and will be referred to as “-hedged” Share Classes.

The list of active Share Classes currently available for subscription in each jurisdiction may be obtained from the UCI Administrator upon request.

References to “Acc” or “Dis” in the Share Classes above refer to Accumulation Shares or Distribution Shares as further described below.

## **11. Distribution policy**

The Sub-Fund may issue Accumulation Shares or Distribution Shares.

For all Accumulation Shares, no dividends will be paid, declared or distributed. The gross income and net realised and unrealised capital gains will be accumulated and re-invested according to the investment policy of the Sub-Fund.

Regarding Distributing Shares of the Sub-Fund, the Board of Directors intends to distribute on an annual basis part or all of the total net income, in particular, dividends regarding equity securities invested in by the Sub-Fund, subject to the principle of equal treatment of investors in the Sub-Fund and the minimum capital requirements set forth in the Prospectus. Annual distribution shall normally become payable no later than six (6) months after the end of the accounting year to which such dividends relate.

## **12. Eligible investors and subscription tax**

Class I Shares are reserved for institutional investors within the meaning of Articles 174 to 176 of the 2010 Law. Investors of Class I Shares must demonstrate sufficiently that they qualify as institutional investors by providing the Sub-Fund and its UCI Administrator thereof with sufficient evidence.

The Fund will be subject to an annual subscription tax, calculated and payable quarterly, on the aggregate net asset value of each Sub-Fund at the end of each quarter being 0.01% *per annum* for Class I Shares exclusively available to institutional investors.

## **13. Initial issue price, minimum subsequent subscription amount and minimum holding**

	<b>Class I (JPY) Shares</b>	<b>Class I (USD) Shares</b>
<b>Initial Issue Price</b>	JPY 10,000.-	USD 10.-

	Class I (JPY) Shares	Class I (USD) Shares
<b>Minimum initial subscription amount</b>	JPY 10,000,000.-	USD 100,000.-
<b>Minimum holding amount</b>	JPY 5,000,000.-	USD 50,000.-
<b>Minimum subsequent subscription amount</b>	None	None

#### **14. Fees payable by the Sub-Fund**

##### ***Fixed TER***

The Fixed TER will be at a rate of 0.08% of the average Net Asset Value of the Sub-Fund as per the section 9.11 of the Prospectus.

##### ***Investment Manager Fee***

###### **Class I**

The Investment Manager, Daiwa Asset Management (Singapore) Ltd., will receive an Investment Manager Fee which will not exceed 0.70% *per annum* of the relevant Share Class's average daily net assets. The Investment Manager Fee shall accrue daily and will be paid quarterly in arrears.

The Share Class shall not pay any performance fee to the Investment Manager.

The remuneration of the Global Distributor, distributors and intermediaries, their annual maintenance fees or rebates, if applicable, will not be paid out of the assets of the Sub-Fund.

##### ***Sub-Investment Manager Fee***

###### **Class I**

The Sub-Investment Manager, Daiwa Asset Management Co. Ltd, will receive a Sub-Investment Manager Fee which will not exceed 50 bps *per annum* of the relevant Share Class's average daily net assets. The Sub-Investment Manager Fee shall accrue daily and will be paid quarterly in arrears out of the assets of the Investment Manager.

## 15. Fees charged to Shareholders

The Sub-Fund is entitled to receive on the issue, redemption and conversion of Shares an initial, redemption, or conversion charge, if any, calculated as a percentage of the total amount invested, redeemed or converted by an investor.

	Class I (JPY) Shares	Class I (USD) Shares
<b>Subscription fee</b>	Up to 5.00% of the subscription amount	
<b>Redemption fee</b>	Nil	
<b>Conversion fee</b>	Nil	

## 16. Specific risks

Investors should carefully read Section 5 - General Risk Factors of the Prospectus before investing in the Sub-Fund.

Investors should particularly consider the following risk which is specific to the Sub-Fund:

- **Equity risk.**



**SUPPLEMENT 2:**  
**DAIWA HIGH CONVICTION JAPANESE EQUITY FUND**

**1. Launch date**

The Daiwa Global Funds – Daiwa High Conviction Japanese Equity Fund (the “**Sub-Fund**”) was originally launched on 29 May 2019 as an Income Focus Japanese Equity Fund and has been relaunched on 20 July 2020 with an amended investment objective and policy, for an unlimited period of time.

**2. Reference currency**

The Reference Currency of the Sub-Fund is JPY.

**3. Investment objective**

The Sub-Fund aims to generate long-term capital growth through a portfolio of listed equities issued primarily by large-cap Japanese companies, as further described below.

**4. Investment policy and specific restrictions**

In order to achieve its investment objective, the Sub-Fund will invest primarily in equity securities issued by large-cap companies listed in Japan.

The above-mentioned securities shall be listed on an Other Regulated Market in Japan.

In constructing portfolio, the Investment Manager will take bottom-up approach focusing on growth factors, including but not limited to, the potential growth of their earnings and/or cash flow. The portfolio consists of about thirty (30) or fewer stocks, which are carefully selected from the perspective of a long-term capital growth.

The Sub-Fund may also invest on an ancillary basis in equity-related ETFs and collective investment schemes that suits the investment policy of the Sub-Fund, REITs, listed equity index futures as well as ancillary liquid assets, as described below.

The Sub-Fund may use listed index futures, which qualify as eligible financial indices as per UCITS rules, such as TOPIX Futures and Nikkei 225 Futures or any similar listed index futures, for hedging and efficient portfolio management purposes, in particular, to rebalance the portfolio in case of large subscriptions and redemptions. No specific fees, other than normal transaction costs and fees, will be charged to the Sub-Fund as a result of this rebalancing. Any index rebalancing costs are already priced into the applicable futures transaction costs and fees.

The Sub-Fund may hold ancillary liquid assets (*i.e.*, bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41(1) of the 2010 Law, or for a period of time strictly necessary in case of unfavourable market conditions. Under exceptionally unfavorable market conditions (for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008), the Sub-Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions, hold ancillary liquid assets up to 100% of its net assets on a temporary basis for a period of time strictly necessary, if considered to be in the best interest of its investors.

In order to (i) achieve its investment goals, (ii) for treasury purposes, and/or (iii) in case of unfavourable market conditions, the Sub-Fund may invest in cash equivalent (*i.e.*, bank deposits excluding bank deposits at sight, Money Market Instruments, or money market funds) pursuant to the applicable investment restrictions. Under normal market conditions, the cash equivalents levels of the Sub-Fund will be lower than 10% of the net assets of the Sub-Fund. Under unfavourable market conditions, the Sub-Fund will be able to hold up to 20% of its net assets in cash equivalents.

The Sub-Fund is not permitted to invest in aggregate more than 10% of its net assets in shares or units of UCITS or other UCI. Investments in equity-related ETFs and collective investment schemes referred to above shall be comprised in this limit.

The Sub-Fund is actively managed. The Investment Manager will therefore not track any index and/or have any constraints in relation to the allocation of the portfolio, based on the change in the composition of any index. Should investors in the Sub-Fund wish to measure the performance of the Sub-Fund for comparison purposes, then the Investment Manager would suggest using the TOPIX Total Return Index.

During the selection process, an additional filter will be applied that will aim at avoiding investments that may be impacted by sustainability risks as defined in Section 16 here below. The filtering criteria considers environmental, social and governance characteristics (ESG), although not exclusively. For example, stocks with a high ESG controversy risk, or whose activity does not meet minimum ethical or sustainable standards (sector or normative exclusion) are meant to be excluded.

With respect to the Sub-Fund, the strategy takes into account the promotion of sustainability factors in the process of investment analysis and decision-making. The strategy approaches sustainability factors as an enhanced analysis of investee companies, on top of conventional financial analysis and evaluation, to better understand companies' risk and return profiles and their long-term financial performance prospects.

The consideration of ESG criteria might reduce the opportunity set of the Sub-Fund, and subsequently have an impact on the Sub-Fund performance and risk profile.

As explained above, the Sub-Fund promotes environmental, social and governance characteristics and, as such, falls within the scope of Article 8 of SFDR (“light-green approach”). In accordance with SFDR and SFDR-RTS, sustainability-related pre-contractual disclosure for the Sub-Fund is detailed in the template pre-contractual disclosure for the Sub-Fund here below.

The “do no significant harm” principle applies only to those investments underlying the Sub-Fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.

## **5. Investor profile**

The Sub-Fund is intended for investors seeking long term capital growth offered through investments in equities with a particular focus on Japan.

The Sub-Fund is intended as a long term investment. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## **6. Global exposure and expected level of leverage**

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

## **7. Valuation**

Each Business Day is a Valuation Day. The Net Asset Value per Share will be calculated as of 4 pm CET on each Valuation Day and published on the same Valuation Day.

With respect to this Sub-Fund, a Business Day is any day which is defined as a Business Day in the Prospectus and on which banks are open the whole day for non-automated business in Japan.

## **8. Subscriptions**

Investors may apply to subscribe for Shares on each Valuation Day, *i.e.*, a Subscription Day. The Cut-Off Time for subscription applications is 4 pm CET one (1) Business Day prior to the applicable Valuation Day. Subscription applications must be settled by the end of the Subscription Settlement Period, which is in principle within three (3) Business Days following the relevant Valuation Day. If the investors’ settlement currency is different from USD, such investors must contact their banks, distributors, or the UCI Administrator for information on specific currency cut-off time.

## 9. Redemptions

Investors may apply to redeem Shares on each Valuation Day, *i.e.*, a Redemption Day. The Cut-Off Time for redemption applications is 4 pm CET one (1) Business Day prior to the applicable Valuation Day. Redemption applications will normally be settled by the end of the Redemption Settlement Period, which is within four (4) Business Days following the relevant Valuation Day.

## 10. Share Classes and hedging

The Share Classes established within the Sub-Fund and their features are listed below. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions.

The following Share Classes may be issued by the Sub-Fund:

- |                              |                              |
|------------------------------|------------------------------|
| - Class I (JPY) – Acc        | - Class I (USD) – Acc        |
| - Class I (EUR) – Acc        | - Class I-hedged (EUR) – Acc |
| - Class I (GBP) – Acc        | - Class I-hedged (GBP) – Acc |
| - Class L (JPY) – Acc        | - Class P (JPY) – Acc        |
| - Class P-hedged (USD) – Acc | - Class P (USD) – Acc        |

In order to limit the exposure of the investor to the fluctuations of the currency of denomination of the above Share Classes compared to the Reference Currency of the Sub-Fund, the above Share Classes may be issued as Currency Hedged Share Classes and will be referred to as “-hedged” Share Classes.

The list of active Share Classes currently available for subscription in each jurisdiction may be obtained from the UCI Administrator upon request. Each Share Class shall be activated by the UCI Administrator only following the first subscription made to the relevant Share Class.

References to “Acc” or “Dis” in the Share Classes above refer to Accumulation Shares or Distribution Shares as further described below.

## 11. Distribution policy

The Sub-Fund may issue Accumulation Shares or Distribution Shares.

For all Accumulation Shares, no dividends will be paid, declared or distributed. The gross income and net realised and unrealised capital gains will be accumulated and re-invested according to the investment policy of the Sub-Fund.

Regarding Distributing Shares of the Sub-Fund, the Board of Directors intends to distribute on an annual basis part or all of the total net income, in particular, dividends regarding equity

securities invested in by the Sub-Fund, subject to the principle of equal treatment of investors in the Sub-Fund and the minimum capital requirements set forth in the Prospectus. Annual distribution shall normally become payable no later than six (6) months after the end of the accounting year to which such dividends relate.

## **12. Eligible investors and subscription tax**

Class I Shares are reserved for institutional investors within the meaning of Articles 174 to 176 of the 2010 Law. Investors of Class I Shares must demonstrate sufficiently that they qualify as institutional investors by providing the Sub-Fund and its UCI Administrator thereof with sufficient evidence.

Class L Shares are reserved for institutional investors. The Board shall have full discretion to allow the subscription of this Class L Share to be made in one or several instalments in the interest of the Fund.

Class P are reserved for professional investors qualifying as such in Singapore and Hong Kong's local regulations. Professional investors refer to (i) accredited investor defined by the MAS under section 4A(1)(a) of the SFA, Chapter 289, and (ii) high net worth individuals as defined in Part 1 of Schedule 1 of the SFO, who will subscribe Fund's units respectively through regulated financial intermediaries or institutions in Singapore and Hong Kong (the "**Regulated FIs**"). Regulated FIs will be responsible for verifying that investors are eligible professional investors before initiating any transactions.

The Fund will be subject to an annual subscription tax, calculated and payable quarterly, on the aggregate net asset value of each Sub-Fund at the end of each quarter being 0.01% *per annum* for Class I Shares exclusively available to institutional investors.

### 13. Initial issue price, minimum subsequent subscription amount and minimum holding

	Class I (JPY)	Class I (USD)	Class I (EUR)	Class I-hedged (EUR)	Class I (GBP)	Class I-hedged (GBP)	Class L (JPY)	Class P (JPY)	Class P (USD)	Class P (USD) hedged
Initial Issue Price	JPY 10,000.-	USD 10.-	EUR 10.-		GBP 10.-		JPY 10,000.-	JPY 10,000.-	USD 10.-	
Accumulation or Distribution		Accumulation								
Minimum initial subscription amount	JPY 10,000,000.-	USD 100,000.-	EUR 100,000.-		GBP 100,000.-		JPY 15,000,000,000.-	JPY 2,000,000.-	USD 20,000.-	
Minimum holding amount	JPY 5,000,000.-	USD 50,000.-	EUR 50,000.-		GBP 50,000.-		JPY 5,000,000,000.-	JPY 1,000,000.-	USD 10,000.-	
Minimum subsequent subscription amount		None								

## **14. Fees payable by the Sub-Fund**

### ***Fixed TER***

The Fixed TER will be at a rate of 0.08% of the average Net Asset Value of the Sub-Fund as per the section 9.11 of the Prospectus.

### ***Investment Manager Fee***

#### **Class I**

The Investment Manager, Daiwa Asset Management (Singapore) Ltd., will receive an Investment Manager Fee which will not exceed 70 bps *per annum* of the relevant Share Class's average daily net assets. The Investment Manager Fee shall accrue daily and will be paid quarterly in arrears.

The Share Class shall not pay any performance fee to the Investment Manager.

The remuneration of the Global Distributor, distributors and intermediaries, their annual maintenance fees or rebates, if applicable, shall not be paid out of the assets of the Sub-Fund.

#### **Class L**

The Investment Manager, Daiwa Asset Management (Singapore) Ltd., will receive an Investment Manager Fee which will not exceed 45bps *per annum* of the relevant Share Class's average daily net assets. The Investment Manager Fee shall accrue daily and will be paid quarterly in arrears.

The Share Class shall not pay any performance fee to the Investment Manager.

The remuneration of the Global Distributor, distributors and intermediaries, their annual maintenance fees or rebates, if applicable, shall not be paid out of the assets of the Sub-Fund.

#### **Class P**

The Investment Manager, Daiwa Asset Management (Singapore) Ltd., will receive an Investment Manager Fee which will not exceed 150bps *per annum* of the relevant Share Class's average daily net assets. The Investment Manager Fee shall accrue daily and will be paid quarterly in arrears.

The Share Class shall not pay any performance fee to the Investment Manager.

The remuneration of the Global Distributor, distributors and intermediaries, their annual maintenance fees or rebates, if applicable, shall not be paid out of the assets of the Sub-Fund.

### ***Sub-Investment Manager Fee***

**Class I**

The Sub-Investment Manager, Daiwa Asset Management Co. Ltd, will receive a Sub-Investment Manager Fee which will not exceed 50bps *per annum* of the relevant Share Class's average daily net assets. The Sub-Investment Manager Fee shall accrue daily and will be paid quarterly in arrears out of the assets of the Investment Manager.

**Class L**

The Sub-Investment Manager, Daiwa Asset Management Co. Ltd, will receive a Sub-Investment Manager Fee which will not exceed 32 bps *per annum* of the relevant Share Class's average daily net assets. The Sub-Investment Manager Fee shall accrue daily and will be paid quarterly in arrears out of the assets of the Investment Manager.

**Class P**

The Sub-Investment Manager, Daiwa Asset Management Co. Ltd, will receive a Sub-Investment Manager Fee which will not exceed 105 bps *per annum* of the relevant Share Class's average daily net assets. The Sub-Investment Manager Fee shall accrue daily and will be paid quarterly in arrears out of the assets of the Investment Manager.



## 15. Fees charged to Shareholders

The Sub-Fund is entitled to receive on the issue, redemption and conversion of Shares an initial, redemption, or conversion charge, if any, calculated as a percentage of the total amount invested, redeemed or converted by an investor.

	Class I (JPY)	Class I (USD)	Class I (EUR)	Class I-hedged (EUR)	Class I (GBP)	Class I-hedged (GBP)	Class L (JPY)	Class P (JPY)	Class P (USD)	Class P (USD) hedged
Subscription Fee	Up to 5.00% of the subscription amount						Nil			
Conversion Fee	Nil									
Redemption Fee										

## **16. Specific risks**

Investors should carefully read Section 5 – General Risk Factors of the Prospectus before investing in the Sub-Fund.

Investors should particularly consider the following risk which is specific to the Sub-Fund:

### **Equity risk.**

### **Sustainability risks**

A sustainability risk is defined as an environmental, social or governance or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

## ANNEX II

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Product name:** Daiwa Global Funds – Daiwa High Conviction Japanese Equity Fund

**Legal entity identifier:** 549300V0IZVLG2UAUR72

### Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**



Yes



No

☐ It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**What environmental and/or social characteristics are promoted by this financial product?**

Daiwa High Conviction Japanese Equity Fund (hereinafter the **Sub-Fund**) promotes environmental characteristics by maintaining carbon footprint of portfolio (Scope 1 and Scope 2) per million of EVIC invested lower than that of the Nasdaq Japan Index (the **Index**) and further promotes social characteristics by excluding stocks involved in the development and manufacture of weapons of mass destruction such as nuclear, chemical, and biological weapons, as well as inhumane weapons such as

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

anti-personnel landmines and cluster bombs. The Sub-Fund has not designated a reference sustainability-related index for the promotion of such objective.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Sub-Fund is measured through the use of sustainability indicators below:

- GHG emissions Scope 1 & 2 in tonnes of CO2 equivalent annually per million JPY EVIC invested in the portfolio; and
- Proportion of holdings in companies described under Daiwa's Investment Principles against Specific Weapons Manufactures

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable. The Fund does not commit to investing in sustainable investments within the meaning of the SFDR.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable. The Fund does not commit to investing in sustainable investments within the meaning of the SFDR.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

Not applicable. The Fund does not commit to investing in sustainable investments within the meaning of the SFDR.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

Not applicable. The Fund does not commit to investing in sustainable investments within the meaning of the SFDR.

*The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, the Fund considers the principal adverse impacts (PAI) listed below.

- PAI 1a. GHG emissions (Scope 1 GHG emissions)
- PAI 1b. GHG emissions (Scope 2 GHG emissions)
- PAI 2. Carbon footprint
- PAI 3. GHG intensity of investee companies
- PAI 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

PAI 1a, 1b, 2 and 3, related to GHG emissions, are considered during screening and selection stages and on-going monitoring. PAI 14 are considered as one of the exclusion criteria, which is 100% excluded from the Fund investment universe.

The Fund will report the performance of these sustainability indicators of the portfolio through SFDR RTS Annex IV by 30 June each year with the previous calendar year as a reference period.

☐ No



## What investment strategy does this financial product follow?

The Fund aims to generate long-term capital growth through a portfolio of listed equities issued primarily by large-cap Japanese companies. In constructing portfolio, the Investment Manager will take bottom-up approach focusing on growth factors, including but not limited to, the potential growth of their earnings and/or cash flow.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy is to maintain lower portfolio carbon footprint Scope 1 and Scope 2 per million of JPY EVIC invested than the Index and an absolute exclusion of Specific Weapons Manufactures from the portfolio.

EVIC means enterprise value at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Investment Manager does not apply a minimum committed rate and will manage the Fund in alignment with the investment strategy and its ESG processes.

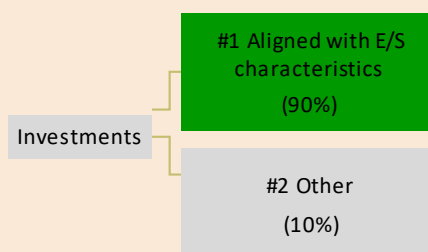
● **What is the policy to assess good governance practices of the investee companies?**

The good governance practices of issuers are assessed according to Daiwa AM ESG Investment Policy and are evaluated as part of investment decisions. This include the assessment of the sound management structure, employee relations, remuneration of staff and tax compliance. Daiwa AM also evaluates composition of the board of directors and auditors at the annual shareholders' meetings and votes according to Daiwa AM Voting Policy. Daiwa AM also evaluates practices of issuer companies with relation to employee relations, remuneration of staff and tax compliance with the use of external ESG data and its proprietary ESG scores, making sure they meet criteria set by Daiwa AM.



**What is the asset allocation planned for this financial product?**

The Fund will align a minimum of 90% to the E and S characteristics promoted by the Fund and will hold a maximum of 10% of its assets in instruments other than listed equity, primarily in cash and cash equivalent.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Fund.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

Not applicable. The Fund does not commit to investing in sustainable investments within the meaning of the EU Taxonomy.

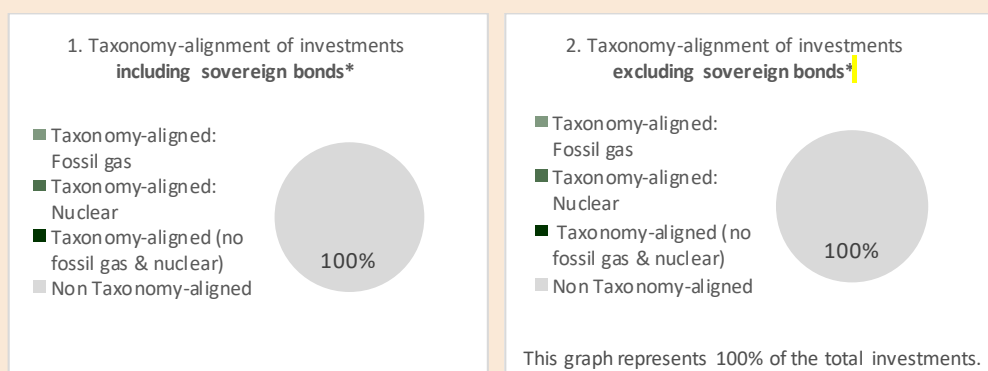
● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes: *[specify below, and details in the graphs of the box]*

☐ In fossil gas ☐ In nuclear energy

☒ No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?** Not applicable. The Fund does not commit to investing in sustainable investments within the meaning of the SFDR.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable. The Fund does not commit to investing in sustainable investments within the meaning of the EU Taxonomy.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



### What is the minimum share of socially sustainable investments?

Not applicable. The Fund does not commit to investing in socially sustainable investments within the meaning of the SFDR.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

“#2 Other” includes primary cash equivalents as ancillary liquid assets, which are not subject to any minimum environmental or social safeguards. These are investments that serve liquidity and hedging purposes. They correspond to cash and derivatives.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not Applicable

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

Not applicable.

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

Not applicable.

- *How does the designated index differ from a relevant broad market index?*

Not applicable.

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable.



### Where can I find more product specific information online?

More product-specific information can be found on the website:  
<https://www.daiwa-am.co.jp/english/ucits/index.html>



## **SUPPLEMENT 3:**

### **DAIWA JAPAN STRATEGIC VALUE FUND**

#### **1. Launch date**

The Daiwa Global Funds – Daiwa Japan Strategic Value Fund (the “**Sub-Fund**”) was originally launched on 29 May 2019 as Daiwa Japanese Equity Fund and has been relaunched on 1<sup>st</sup> November 2024 with an amended investment objective and policy, for an unlimited period of time.

#### **2. Reference currency**

The Reference Currency of the Sub-Fund is JPY.

#### **3. Investment objective**

The Sub-Fund aims to generate long-term capital growth through a portfolio of listed equities issued primarily by Japanese companies, as further described below.

#### **4. Investment policy and specific restrictions**

In order to achieve its investment objective, the Sub-Fund will invest primarily in equities securities issued by companies listed in Japan.

The above-mentioned securities shall be listed on an Other Regulated Market in Japan.

In constructing portfolio, the Investment Manager will take bottom-up approach focusing value factors, including but not limited to, the potential improvements in management policy and the business environment. The portfolio consists of about fifty (50) or fewer stocks.

The Sub-Fund may also invest on an ancillary basis in equity-related ETFs and collective investment schemes that suits the investment policy of the Sub-Fund, REITs, listed equity index futures as well as ancillary liquid assets, as described below.

The Sub-Fund may use listed index futures of Japanese equities, which qualify as eligible financial indices as per UCITS rules, such as TOPIX Futures and Nikkei 225 Futures or any similar listed index futures, for hedging and efficient portfolio management purposes, in particular, to rebalance the portfolio in case of large subscriptions and redemptions. No specific fees, other than normal transaction costs and fees, will be charged to the Sub-Fund as a result of this rebalancing. Any index rebalancing costs are already priced into the applicable futures transaction costs and fees.

The Sub-Fund may hold ancillary liquid assets (*i.e.*, bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41(1) of the 2010 Law, or for a period of time strictly necessary in case of unfavourable market conditions. Under exceptionally unfavorable market conditions (for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008), the Sub-Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions, hold ancillary liquid assets up to 100% of its net assets on a temporary basis for a period of time strictly necessary, if considered to be in the best interest of its investors.

In order to (i) achieve its investment goals, (ii) for treasury purposes, and/or (iii) in case of unfavourable market conditions, the Sub-Fund may invest in cash equivalent (*i.e.*, bank deposits excluding bank deposits at sight, Money Market Instruments, or money market funds) pursuant to the applicable investment restrictions. Under normal market conditions, the cash equivalents levels of the Sub-Fund will be lower than 10% of the net assets of the Sub-Fund. Under unfavourable market conditions, the Sub-Fund will be able to hold up to 20% of its net assets in cash equivalents.

The Sub-Fund is not permitted to invest in aggregate more than 10% of its net assets in shares or units of UCITS or other UCI. Investments in equity-related ETFs and collective investment schemes referred to above shall be comprised in this limit.

The Sub-Fund is actively managed. The Investment Manager will therefore not track any index and/or have any constraints in relation to the allocation of the portfolio, based on the change in the composition of any index. Should investors in the Sub-Fund wish to measure the performance of the Sub-Fund for comparison purposes, then the Investment Manager would suggest using the TOPIX Total Return Index.

## **5. Investor profile**

The Sub-Fund is intended for investors seeking long term capital growth offered through investments in equities with a particular focus on Japan.

The Sub-Fund is intended as a long term investment. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## **6. Global exposure and expected level of leverage**

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

## **7. Valuation**

Each Business Day is a Valuation Day. The Net Asset Value per Share will be calculated as of 4 pm CET on each Valuation Day and published on the same Valuation Day.

With respect to this Sub-Fund, a Business Day is any day which is defined as a Business Day in the Prospectus and on which banks are open the whole day for non-automated business in Japan.

## **8. Subscriptions**

Investors may apply to subscribe for Shares on each Valuation Day, *i.e.*, a Subscription Day. The Cut-Off Time for subscription applications is 4 pm CET one (1) Business Day prior to the applicable Valuation Day. Subscription applications must be settled by the end of the Subscription Settlement Period, which is in principle within three (3) Business Days following the relevant Valuation Day. If the investors' settlement currency is different from USD, such investors must contact their banks, distributors, or the UCI Administrator for information on specific currency cut-off time.

## **9. Redemptions**

Investors may apply to redeem Shares on each Valuation Day, *i.e.*, a Redemption Day. The Cut-Off Time for redemption applications is 4 pm CET one (1) Business Day prior to the applicable Valuation Day. Redemption applications will normally be settled by the end of the Redemption Settlement Period, which is within four (4) Business Days following the relevant Valuation Day.

## **10. Share Classes and hedging**

The Share Classes established within the Sub-Fund and their features are listed below. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions.

The following Share Classes may be issued by the Sub-Fund:

- Class I (JPY) Acc
- Class I (USD) Acc

In order to limit the exposure of the investor to the fluctuations of the currency of denomination of the above Share Classes compared to the Reference Currency of the Sub-Fund, the above Share Classes may be issued as hedged Share Classes and will be referred to as “-hedged” Share Classes.

The list of active Share Classes currently available for subscription in each jurisdiction may be obtained from the UCI Administrator upon request.

References to “Acc” or “Dis” in the Share Classes above refer to Accumulation Shares or Distribution Shares as further described below.

## 11. Distribution policy

The Sub-Fund may issue Accumulation Shares or Distribution Shares.

For all Accumulation Shares, no dividends will be paid, declared or distributed. The gross income and net realised and unrealised capital gains will be accumulated and re-invested according to the investment policy of the Sub-Fund.

Regarding Distributing Shares of the Sub-Fund, the Board of Directors intends to distribute on an annual basis part or all of the total net income, in particular, dividends regarding equity securities invested in by the Sub-Fund, subject to the principle of equal treatment of investors in the Sub-Fund and the minimum capital requirements set forth in the Prospectus. Annual distribution shall normally become payable no later than six (6) months after the end of the accounting year to which such dividends relate.

## 12. Eligible investors and subscription tax

Class I Shares are reserved for institutional investors within the meaning of Articles 174 to 176 of the 2010 Law. Investors of Class I Shares must demonstrate sufficiently that they qualify as institutional investors by providing the Sub-Fund and its UCI Administrator thereof with sufficient evidence.

The Fund will be subject to an annual subscription tax, calculated and payable quarterly, on the aggregate net asset value of each Sub-Fund at the end of each quarter being 0.01% *per annum* for Class I Shares exclusively available to institutional investors.

## 13. Initial price, minimum subsequent subscription amount and minimum holding

	Class I (JPY) Shares	Class I (USD) Shares
<b>Initial Issue Price</b>	JPY 10,000.-	USD 10.-
<b>Minimum initial subscription amount</b>	JPY 10,000,000.-	USD 100,000.-

	<b>Class I (JPY) Shares</b>	<b>Class I (USD) Shares</b>
<b>Minimum holding amount</b>	JPY 5,000,000.-	USD 50,000.-
<b>Minimum subsequent subscription amount</b>	None	None

#### **14. Fees payable by the Sub-Fund**

##### ***Fixed TER***

The Fixed TER will be at a rate of 0.08% of the average Net Asset Value of the Sub-Fund as per the section 9.11 of the Prospectus.

##### ***Investment Manager Fee***

###### **Class I**

The Investment Manager, Daiwa Asset Management (Singapore) Ltd., will receive an Investment Manager Fee which will not exceed 0.70% *per annum* of the relevant Share Class's average daily net assets. The Investment Manager Fee shall accrue daily and will be paid quarterly in arrears.

The Share Class shall not pay any performance fee to the Investment Manager.

The remuneration of the Global Distributor, distributors and intermediaries, and their annual maintenance fees or rebates, if applicable, shall not be paid out of the assets of the Sub-Fund.

##### ***Sub-Investment Manager Fee***

###### **Class I**

The Sub-Investment Manager, Daiwa Asset Management Co. Ltd, will receive a Sub-Investment Manager Fee which will not exceed 50bps *per annum* of the relevant Share Class's average daily net assets. The Sub-Investment Manager Fee shall accrue daily and will be paid quarterly in arrears out of the assets of the Investment Manager.

#### **15. Fees charged to Shareholders**

The Sub-Fund is entitled to receive on the issue, redemption and conversion of Shares an initial, redemption, or conversion charge, if any, calculated as a percentage of the total amount invested, redeemed or converted by an investor.

	<b>Class I (JPY) Shares</b>	<b>Class I (USD) Shares</b>
<b>Subscription fee</b>	Up to 5.00% of the subscription amount	
<b>Redemption fee</b>	Nil	
<b>Conversion fee</b>	Nil	

## 16. Specific risks

Investors should carefully read Section 5 - General Risk Factors of the Prospectus before investing in the Sub-Fund.

Investors should particularly consider the following risk which is specific to the Sub-Fund:

- **Equity risk.**

**SUPPLEMENT 4:**  
**DAIWA SMALL/MID-CAP EMERGING ASEAN EQUITY FUND**

**1. Launch date**

The Daiwa Global Funds – Daiwa Small/Mid-Cap Emerging ASEAN Equity Fund (the “**Sub-Fund**”) launched on 26 June 2019 for an unlimited period of time.

**2. Reference currency**

The Reference Currency of the Sub-Fund is USD.

**3. Investment objective**

The Sub-Fund aims to generate long-term capital growth through a portfolio of listed equities issued primarily by small/mid-cap companies in emerging countries of the ASEAN region, as further described below.

**4. Investment policy and specific restrictions**

In order to achieve its investment objective, the Sub-Fund will invest primarily in equity securities issued by small/mid-cap companies, irrespective of their country of incorporation, either (i) listed in emerging countries of the ASEAN region or (ii) listed outside of emerging countries of the ASEAN region that derive the majority of their revenues and/or earnings from emerging countries of the ASEAN region or (iii) listed outside of emerging countries of the ASEAN region that have most of their assets and/or activities located in emerging countries of the ASEAN region, as well as depositary receipts (“**DRs**”) issued by US, European or Asian banks or credit institutions in relation to those equity securities.

It is anticipated that the Sub-Fund will invest in the above securities across various emerging countries of the ASEAN region taking into account the structure of the equity markets of emerging countries of the ASEAN region.

The above-mentioned securities shall be listed on a Regulated Market or an Other Regulated Market.

In constructing portfolio, the Investment Manager will basically take bottom-up approach focusing on various factors, including but not limited to, potential growth of their business and/or earnings of those companies sustained by operational and financial strengths and the attractiveness of their valuation.

The Sub-Fund may also invest on an ancillary basis in equity-related ETFs and collective investment schemes that suits the investment policy of the Sub-Fund, REITs, listed equity index futures as well as ancillary liquid assets, as described below.

The Sub-Fund may use listed index futures, which qualify as eligible financial indices as per UCITS rules, such as MSCI Indonesia Index Futures, SET 50 Index Futures, FTSE Bursa Malaysia KLCI Futures or any similar listed index futures, for hedging and efficient portfolio management purposes, in particular, to rebalance the portfolio in case of large subscriptions and redemptions. No specific fees, other than normal transaction costs and fees, will be charged to the Sub-Fund as a result of this rebalancing. Any index rebalancing costs are already priced into the applicable futures transaction costs and fees.

The Sub-Fund may hold ancillary liquid assets (*i.e.*, bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41(1) of the 2010 Law, or for a period of time strictly necessary in case of unfavourable market conditions. Under exceptionally unfavorable market conditions (for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008), the Sub-Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions, hold ancillary liquid assets up to 100% of its net assets on a temporary basis for a period of time strictly necessary, if considered to be in the best interest of its investors.

In order to (i) achieve its investment goals, (ii) for treasury purposes, and/or (iii) in case of unfavourable market conditions, the Sub-Fund may invest in cash equivalent (*i.e.*, bank deposits excluding bank deposits at sight, Money Market Instruments, or money market funds) pursuant to the applicable investment restrictions. Under normal market conditions, the cash equivalents levels of the Sub-Fund will be lower than 10% of the net assets of the Sub-Fund. Under unfavourable market conditions, the Sub-Fund will be able to hold up to 20% of its net assets in cash equivalents.

The Sub-Fund is not permitted to invest in aggregate more than 10% of its net assets in shares or units of UCITS or other UCI. Investments in equity-related ETFs and collective investment schemes referred to above shall be comprised in this limit.

The Sub-Fund is actively managed. The Investment Manager will therefore not track any index and/or have any constraints in relation to the allocation of the portfolio, based on the change in the composition of any index. Should investors in the Sub-Fund wish to measure the performance of the Sub-Fund for comparison purposes, then the Investment Manager would suggest using the MSCI EM ASEAN Net Total Return Index.



## **5. Investor profile**

The Sub-Fund is intended for investors seeking long term capital growth offered through investments in equities of small/mid-cap companies with a particular focus on emerging countries of the ASEAN region.

The Sub-Fund is intended as a long term investment. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## **6. Global exposure and expected level of leverage**

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

## **7. Valuation**

Each Business Day is a Valuation Day. The Net Asset Value per Share will be calculated as of 4 pm CET on each Valuation Day and published on the same Valuation Day.

With respect to this Sub-Fund, a Business Day is any day which is defined as a Business Day in the Prospectus and on which banks are open the whole day for non-automated business in Luxembourg, Singapore and Japan.

## **8. Subscriptions**

Investors may apply to subscribe for Shares on each Valuation Day, *i.e.*, a Subscription Day. The Cut-Off Time for subscription applications is 4 pm CET one (1) Business Day prior to the applicable Valuation Day. Subscription applications must be settled by the end of the Subscription Settlement Period, which is in principle within three (3) Business Days following the relevant Valuation Day. If the investors' settlement currency is different from USD, such investors must contact their banks, distributors, or the UCI Administrator for information on specific currency cut-off time.

## **9. Redemptions**

Investors may apply to redeem Shares on each Valuation Day, *i.e.*, a Redemption Day. The Cut-Off Time for redemption applications is 4 pm CET one (1) Business Day prior to the applicable Valuation Day. Redemption applications will normally be settled by the end of the Redemption Settlement Period, which is within four (4) Business Days following the relevant Valuation Day.

## **10. Share Classes and hedging**

The Share Classes established within the Sub-Fund and their features are listed below. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions.

The following Share Classes may be issued by the Sub-Fund:

- Class I (JPY) Acc
- Class I (USD) Acc

In order to limit the exposure of the investor to the fluctuations of the currency of denomination of the above Share Classes compared to the Reference Currency of the Sub-Fund, the above Share Classes may be issued as hedged Share Classes and will be referred to as “-hedged” Share Classes.

The list of active Share Classes currently available for subscription in each jurisdiction may be obtained from the UCI Administrator upon request.

References to “Acc” or “Dis” in the Share Classes above refer to Accumulation Shares or Distribution Shares as further described below.

## **11. Distribution policy**

The Sub-Fund may issue Accumulation Shares or Distribution Shares.

For all Accumulation Shares, no dividends will be paid, declared or distributed. The gross income and net realised and unrealised capital gains will be accumulated and re-invested according to the investment policy of the Sub-Fund.

Regarding Distributing Shares of the Sub-Fund, the Board of Directors intends to distribute on an annual basis part or all of the total net income, in particular, dividends regarding equity securities invested in by the Sub-Fund, subject to the principle of equal treatment of investors in the Sub-Fund and the minimum capital requirements set forth in the Prospectus. Annual distribution shall normally become payable no later than six (6) months after the end of the accounting year to which such dividends relate.

## **12. Eligible investors and subscription tax**

Class I Shares are reserved for institutional investors within the meaning of Articles 174 to 176 of the 2010 Law. Investors of Class I Shares must demonstrate sufficiently that they qualify as institutional investors by providing the Sub-Fund and its UCI Administrator thereof with sufficient evidence.

The Fund will be subject to an annual subscription tax, calculated and payable quarterly, on the aggregate net asset value of each Sub-Fund at the end of each quarter being 0.01% *per annum* for Class I Shares exclusively available to institutional investors.

### 13. Initial price, minimum subsequent subscription amount and minimum holding

	Class I (JPY) Shares	Class I (USD) Shares
<b>Initial Issue Price</b>	JPY 10,000.-	USD 10.-
<b>Minimum initial subscription amount</b>	JPY 10,000,000.-	USD 100,000.-
<b>Minimum holding amount</b>	JPY 5,000,000.-	USD 50,000.-
<b>Minimum subsequent subscription amount</b>	None	None

### 14. Fees payable by the Sub-Fund

#### ***Fixed TER***

The Fixed TER will be at a rate of 0.17% of the average Net Asset Value of the Sub-Fund as per the section 9.11 of the Prospectus.

#### ***Investment Manager Fee***

##### **Class I**

The Investment Manager, Daiwa Asset Management (Singapore) Ltd., will receive an Investment Manager Fee which will not exceed 0.70% *per annum* of the relevant Share Class's average daily net assets. The Investment Manager Fee shall accrue daily and will be paid quarterly in arrears.

The Share Class shall not pay any performance fee to the Investment Manager.

The remuneration of the Global Distributor, distributors and intermediaries, and their annual maintenance fees or rebates, if applicable, shall not be paid out of the assets of the Sub-Fund.

#### ***Sub-Investment Manager Fee***

### **Class I**

The Sub-Investment Manager, Daiwa Asset Management Co. Ltd, will receive a Sub-Investment Manager Fee which will not exceed 50bps *per annum* of the relevant Share Class's average daily net assets. The Sub-Investment Manager Fee shall accrue daily and will be paid quarterly in arrears out of the assets of the Investment Manager.

## **15. Fees charged to Shareholders**

The Sub-Fund is entitled to receive on the issue, redemption and conversion of Shares an initial, redemption, or conversion charge, if any, calculated as a percentage of the total amount invested, redeemed or converted by an investor.

	<b>Class I (JPY) Shares</b>	<b>Class I (USD) Shares</b>
<b>Subscription fee</b>	Up to 5.00% of the subscription amount	
<b>Redemption fee</b>	Nil	
<b>Conversion fee</b>	Nil	

## **16. Specific risks**

Investors should carefully read Section 5 - General Risk Factors of the Prospectus before investing in the Sub-Fund.

Investors should particularly consider the following risks which are specific to the Sub-Fund:

- **Equity risk;**
- **Emerging markets risk;**
- **Economic risk;**
- **Foreign exchange risk and currency risk;**
- **Small and mid-sized companies.**

**SUPPLEMENT 5:**  
**DAIWA CORE STRATEGY JAPANESE EQUITY FUND**

**1. Launch date**

The Daiwa Global Funds – Daiwa Core Strategy Japanese Equity Fund (the “**Sub-Fund**”) was originally launched on 28 August 2019 as a, Income Focus Asian Equity Fund and has been relaunched on 20 July 2020 with an amended investment objective and policy, for an unlimited period of time.

**2. Reference currency**

The Reference Currency of the Sub-Fund is JPY.

**3. Investment objective**

The Sub-Fund aims to generate long-term capital growth through a portfolio of listed equities issued primarily by Japanese companies, as further described below.

**4. Investment policy and specific restrictions**

In order to achieve its investment objective, the Sub-Fund will invest primarily in equity securities issued by companies listed in Japan.

The above-mentioned securities shall be listed on an Other Regulated Market in Japan.

In constructing portfolio, the Investment Manager will take bottom-up approach to select stocks that have growth potential and are considered undervalued.

The Sub-Fund may also invest on an ancillary basis in equity-related ETFs and collective investment schemes that suits the investment policy of the Sub-Fund, REITs, listed equity index futures as well as ancillary liquid assets, as described below.

The Sub-Fund may use listed index futures, which qualify as eligible financial indices as per UCITS rules, such as TOPIX Futures and Nikkei 225 Futures or any similar listed index futures, for hedging and efficient portfolio management purposes, in particular, to rebalance the portfolio in case of large subscriptions and redemptions. No specific fees, other than normal transaction costs and fees, will be charged to the Sub-Fund as a result of this rebalancing. Any index rebalancing costs are already priced into the applicable futures transaction costs and fees.

The Sub-Fund may hold ancillary liquid assets (*i.e.*, bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets in order to

cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41(1) of the 2010 Law, or for a period of time strictly necessary in case of unfavourable market conditions. Under exceptionally unfavorable market conditions (for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008), the Sub-Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions, hold ancillary liquid assets up to 100% of its net assets on a temporary basis for a period of time strictly necessary, if considered to be in the best interest of its investors.

In order to (i) achieve its investment goals, (ii) for treasury purposes, and/or (iii) in case of unfavourable market conditions, the Sub-Fund may invest in cash equivalent (*i.e.*, bank deposits excluding bank deposits at sight, Money Market Instruments, or money market funds) pursuant to the applicable investment restrictions. Under normal market conditions, the cash equivalents levels of the Sub-Fund will be lower than 10% of the net assets of the Sub-Fund. Under unfavourable market conditions, the Sub-Fund will be able to hold up to 20% of its net assets in cash equivalents.

The Sub-Fund is not permitted to invest in aggregate more than 10% of its net assets in shares or units of UCITS or other UCI. Investments in equity-related ETFs and collective investment schemes referred to above shall be comprised in this limit.

The Sub-Fund is actively managed. The Investment Manager will therefore not track any index and/or have any constraints in relation to the allocation of the portfolio, based on the change in the composition of any index. Should investors in the Sub-Fund wish to measure the performance of the Sub-Fund for comparison purposes, then the Investment Manager would suggest using the TOPIX Total Return Index.

## **5. Investor profile**

The Sub-Fund is intended for investors seeking long term capital growth offered through investments in equities with a particular focus on Japan.

The Sub-Fund is intended as a long term investment. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## **6. Global exposure and expected level of leverage**

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

## **7. Valuation**

Each Business Day is a Valuation Day. The Net Asset Value per Share will be calculated as of 4 pm CET on each Valuation Day and published on the same Valuation Day.

With respect to this Sub-Fund, a Business Day is any day which is defined as a Business Day in the Prospectus and on which banks are open the whole day for non-automated business in Japan.

## **8. Subscriptions**

Investors may apply to subscribe for Shares on each Valuation Day, *i.e.*, a Subscription Day. The Cut-Off Time for subscription applications is 4 pm CET one (1) Business Day prior to the applicable Valuation Day. Subscription applications must be settled by the end of the Subscription Settlement Period, which is in principle within three (3) Business Days following the relevant Valuation Day. If the investors' settlement currency is different from USD, such investors must contact their banks, distributors, or the UCI Administrator for information on specific currency cut-off time.

## **9. Redemptions**

Investors may apply to redeem Shares on each Valuation Day, *i.e.*, a Redemption Day. The Cut-Off Time for redemption applications is 4 pm CET one (1) Business Day prior to the applicable Valuation Day. Redemption applications will normally be settled by the end of the Redemption Settlement Period, which is within four (4) Business Days following the relevant Valuation Day.

## **10. Share Classes and hedging**

The Share Classes established within the Sub-Fund and their features are listed below. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions.

The following Share Classes may be issued by the Sub-Fund:

- Class I (JPY) Acc
- Class I (USD) Acc

In order to limit the exposure of the investor to the fluctuations of the currency of denomination of the above Share Classes compared to the Reference Currency of the Sub-Fund, the above Share Classes may be issued as hedged Share Classes and will be referred to as “-hedged” Share Classes.

The list of active Share Classes currently available for subscription in each jurisdiction may be obtained from the UCI Administrator upon request.

References to “Acc” or “Dis” in the Share Classes above refer to Accumulation Shares or Distribution Shares as further described below.

## 11. Distribution policy

The Sub-Fund may issue Accumulation Shares or Distribution Shares.

For all Accumulation Shares, no dividends will be paid, declared or distributed. The gross income and net realised and unrealised capital gains will be accumulated and re-invested according to the investment policy of the Sub-Fund.

Regarding Distributing Shares of the Sub-Fund, the Board of Directors intends to distribute on an annual basis part or all of the total net income, in particular, dividends regarding equity securities invested in by the Sub-Fund, subject to the principle of equal treatment of investors in the Sub-Fund and the minimum capital requirements set forth in the Prospectus. Annual distribution shall normally become payable no later than six (6) months after the end of the accounting year to which such dividends relate.

## 12. Eligible investors and subscription tax

Class I Shares are reserved for institutional investors within the meaning of Articles 174 to 176 of the 2010 Law. Investors of Class I Shares must demonstrate sufficiently that they qualify as institutional investors by providing the Sub-Fund and its UCI Administrator thereof with sufficient evidence.

The Fund will be subject to an annual subscription tax, calculated and payable quarterly, on the aggregate net asset value of each Sub-Fund at the end of each quarter being 0.01% *per annum* for Class I Shares exclusively available to institutional investors.

## 13. Initial issue price, minimum subsequent subscription amount and minimum holding

	Class I (JPY) Shares	Class I (USD) Shares
<b>Initial Issue Price</b>	JPY 10,000.-	USD 10.-
<b>Minimum initial subscription amount</b>	JPY 10,000,000.-	USD 100,000.-
<b>Minimum holding amount</b>	JPY 5,000,000.-	USD 50,000.-



	Class I (JPY) Shares	Class I (USD) Shares
Minimum subsequent subscription amount	None	None

#### 14. Fees payable by the Sub-Fund

##### ***Fixed TER***

The Fixed TER will be at a rate of 0.08% of the average Net Asset Value of the Sub-Fund as per the section 9.11 of the Prospectus.

##### ***Investment Manager Fee***

###### **Class I**

The Investment Manager, Daiwa Asset Management (Singapore) Ltd., will receive an Investment Manager Fee which will not exceed 0.70% *per annum* of the relevant Share Class's average daily net assets. The Investment Manager Fee shall accrue daily and will be paid quarterly in arrears.

The Share Class shall not pay any performance fee to the Investment Manager.

The remuneration of the Global Distributor, distributors and intermediaries, and their annual maintenance fees or rebates, if applicable, shall not be paid out of the assets of the Sub-Funds.

##### ***Sub-Investment Manager Fee***

###### **Class I**

The Sub-Investment Manager, Daiwa Asset Management Co. Ltd, will receive a Sub-Investment Manager Fee which will not exceed 50bps *per annum* of the relevant Share Class's average daily net assets. The Sub-Investment Manager Fee shall accrue daily and will be paid quarterly in arrears out of the assets of the Investment Manager.

#### 15. Fees charged to Shareholders

The Sub-Fund is entitled to receive on the issue, redemption and conversion of Shares an initial, redemption, or conversion charge, if any, calculated as a percentage of the total amount invested, redeemed or converted by an investor.

	Class I (JPY) Shares	Class I (USD) Shares
Subscription fee	Up to 5.00% of the subscription amount	

	<b>Class I (JPY) Shares</b>	<b>Class I (USD) Shares</b>
<b>Redemption fee</b>	Nil	
<b>Conversion fee</b>	Nil	

## 16. Specific risks

Investors should carefully read Section 5 - General Risk Factors of the Prospectus before investing in the Sub-Fund.

Investors should particularly consider the following risk which is specific to the Sub-Fund:

- **Equity risk.**

## **SUPPLEMENT 6: DAIWA ASIAN EQUITY FUND**

### **1. Launch date**

The Daiwa Global Funds – Daiwa Asian Equity Fund (the “**Sub-Fund**”) launched on 28 August 2019 for an unlimited period of time.

### **2. Reference currency**

The Reference Currency of the Sub-Fund is USD.

### **3. Investment objective**

The Sub-Fund aims to generate long-term capital growth through a portfolio of listed equities issued primarily by Asian (ex-Japan) companies, as further described below.

### **4. Investment policy and specific restrictions**

In order to achieve its investment objective, the Sub-Fund will invest primarily in equity securities issued by companies, irrespective of their country of incorporation, either (i) listed in Asia (ex-Japan) region or (ii) listed outside of the Asia (ex-Japan) region that derive the majority of their revenues and/or earnings from the Asia (ex-Japan) region or (iii) listed outside of the Asia (ex-Japan) region that have most of their assets and/or activities located in the Asia (ex-Japan) region, as well as depositary receipts (“**DRs**”) issued by US, European or Asian banks or credit institutions in relation to those equity securities.

It is anticipated that the Sub-Fund will invest in the above securities across various countries of the Asia (ex-Japan) region taking into account the structure of the Asia (ex-Japan) equity markets.

The above-mentioned securities shall be listed on a Regulated Market or an Other Regulated Market.

In constructing portfolio, the Investment Manager will basically take bottom-up approach focusing on various factors, including but not limited to, potential growth of their business and/or earnings of those companies sustained by operational and financial strengths and the attractiveness of their valuation.

The Sub-Fund may also invest on an ancillary basis in equity-related ETFs and collective investment schemes that suits the investment policy of the Sub-Fund, REITs, listed equity index futures as well as ancillary liquid assets, as described below.

The Sub-Fund may use listed index futures, which qualify as eligible financial indices as per UCITS rules, such as HSCEI Futures, Hang Seng Index Futures, CSI 300 Index Futures, SSE 50 Index Futures, KOSPI200 Futures, TAIEX Futures or any similar listed index futures, for hedging and efficient portfolio management purposes, in particular, to rebalance the portfolio in case of large subscriptions and redemptions. No specific fees, other than normal transaction costs and fees, will be charged to the Sub-Fund as a result of this rebalancing. Any index rebalancing costs are already priced into the applicable futures transaction costs and fees.

The Sub-Fund may hold ancillary liquid assets (*i.e.*, bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41(1) of the 2010 Law, or for a period of time strictly necessary in case of unfavourable market conditions. Under exceptionally unfavorable market conditions (for instance in highly serious circumstances such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008), the Sub-Fund may, in order to take measures to mitigate risks relative to such exceptional market conditions, hold ancillary liquid assets up to 100% of its net assets on a temporary basis for a period of time strictly necessary, if considered to be in the best interest of its investors.

In order to (i) achieve its investment goals, (ii) for treasury purposes, and/or (iii) in case of unfavourable market conditions, the Sub-Fund may invest in cash equivalent (*i.e.*, bank deposits excluding bank deposits at sight, Money Market Instruments, or money market funds) pursuant to the applicable investment restrictions. Under normal market conditions, the cash equivalents levels of the Sub-Fund will be lower than 10% of the net assets of the Sub-Fund. Under unfavourable market conditions, the Sub-Fund will be able to hold up to 20% of its net assets in cash equivalents.

The Sub-Fund is not permitted to invest in aggregate more than 10% of its net assets in shares or units of UCITS or other UCI. Investments in equity-related ETFs and collective investment schemes referred to above shall be comprised in this limit.

The Sub-Fund is actively managed. The Investment Manager will therefore not track any index and/or have any constraints in relation to the allocation of the portfolio, based on the change in the composition of any index. Should investors in the Sub-Fund wish to measure the performance of the Sub-Fund for comparison purposes, then the Investment Manager would suggest using the MSCI AC Asia ex Japan Net Total Return Index.

## **5. Investor profile**

The Sub-Fund is intended for investors seeking long-term capital growth offered through investments in equities with a particular focus on the Asian (ex-Japan) region.

The Sub-Fund is intended as a long term investment. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other

professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## **6. Global exposure and expected level of leverage**

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

## **7. Valuation**

Each Business Day is a Valuation Day. The Net Asset Value per Share will be calculated as of 4 pm CET on each Valuation Day and published on the same Valuation Day.

With respect to this Sub-Fund, a Business Day is any day which is defined as a Business Day in the Prospectus and on which banks are open the whole day for non-automated business in Luxembourg, Singapore and Japan.

## **8. Subscriptions**

Investors may apply to subscribe for Shares on each Valuation Day, *i.e.*, a Subscription Day. The Cut-Off Time for subscription applications is 4 pm CET one (1) Business Day prior to the applicable Valuation Day. Subscription applications must be settled by the end of the Subscription Settlement Period, which is in principle within three (3) Business Days following the relevant Valuation Day. If the investors' settlement currency is different from USD, such investors must contact their banks, distributors, or the UCI Administrator for information on specific currency cut-off time.

## **9. Redemptions**

Investors may apply to redeem Shares on each Valuation Day, *i.e.*, a Redemption Day. The Cut-Off Time for redemption applications is 4 pm CET one (1) Business Day prior to the applicable Valuation Day. Redemption applications will normally be settled by the end of the Redemption Settlement Period, which is within 4 Business Days following the relevant Valuation Day.

## **10. Share Classes and hedging**

The Share Classes established within the Sub-Fund and their features are listed below. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions.

The following Share Classes may be issued by the Sub-Fund:

- Class I (JPY) Acc
- Class I (USD) Acc

In order to limit the exposure of the investor to the fluctuations of the currency of denomination of the above Share Classes compared to the Reference Currency of the Sub-Fund, the above Share Classes may be issued as hedged Share Classes and will be referred to as “-hedged” Share Classes.

The list of active Share Classes currently available for subscription in each jurisdiction may be obtained from the UCI Administrator upon request.

References to “Acc” or “Dis” in the Share Classes above refer to Accumulation Shares or Distribution Shares as further described below.

## **11. Distribution policy**

The Sub-Fund may issue Accumulation Shares or Distribution Shares.

For all Accumulation Shares, no dividends will be paid, declared or distributed. The gross income and net realised and unrealised capital gains will be accumulated and re-invested according to the investment policy of the Sub-Fund.

Regarding Distributing Shares of the Sub-Fund, the Board of Directors intends to distribute on an annual basis part or all of the total net income, in particular, dividends regarding equity securities invested in by the Sub-Fund, subject to the principle of equal treatment of investors in the Sub-Fund and the minimum capital requirements set forth in the Prospectus. Annual distribution shall normally become payable no later than six (6) months after the end of the accounting year to which such dividends relate.

## **12. Eligible investors and subscription tax**

Class I Shares are reserved for institutional investors within the meaning of Articles 174 to 176 of the 2010 Law. Investors of Class I Shares must demonstrate sufficiently that they qualify as institutional investors by providing the Sub-Fund and its UCI Administrator thereof with sufficient evidence.

The Fund will be subject to an annual subscription tax, calculated and payable quarterly, on the aggregate net asset value of each Sub-Fund at the end of each quarter being 0.01% *per annum* for Class I Shares exclusively available to institutional investors.

## **13. Initial price, minimum subsequent subscription amount and minimum holding**

	<b>Class I (JPY) Shares</b>	<b>Class I (USD) Shares</b>
<b>Initial Issue Price</b>	JPY 10,000.-	USD 10.-

	Class I (JPY) Shares	Class I (USD) Shares
<b>Minimum initial subscription amount</b>	JPY 10,000,000.-	USD 100,000.-
<b>Minimum holding amount</b>	JPY 5,000,000.-	USD 50,000.-
<b>Minimum subsequent subscription amount</b>	None	None

#### 14. Fees payable by the Sub-Fund

##### ***Fixed TER***

The Fixed TER will be at a rate of 0.14% of the average Net Asset Value of the Sub-Fund as per the section 9.11 of the Prospectus.

##### ***Investment Manager Fee***

###### **Class I**

The Investment Manager, Daiwa Asset Management (Singapore) Ltd., will receive an Investment Manager Fee which will not exceed 0.70% *per annum* of the relevant Share Class's average daily net assets. The Investment Manager Fee shall accrue daily and will be paid quarterly in arrears.

The Share Class shall not pay any performance fee to the Investment Manager.

The remuneration of the Global Distributor, distributors and intermediaries, and their annual maintenance fees or rebates, if applicable, shall not be paid out of the assets of the Sub-Fund.

##### ***Sub-Investment Manager Fee***

###### **Class I**

The Sub-Investment Manager, Daiwa Asset Management Co. Ltd, will receive a Sub-Investment Manager Fee which will not exceed 50bps *per annum* of the relevant Share Class's average daily net assets. The Sub-Investment Manager Fee shall accrue daily and will be paid quarterly in arrears out of the assets of the Investment Manager.

#### 15. Fees charged to Shareholders

The Sub-Fund is entitled to receive on the issue, redemption and conversion of Shares an initial, redemption, or conversion charge, if any, calculated as a percentage of the total amount invested, redeemed or converted by an investor.

	<b>Class I (JPY) Shares</b>	<b>Class I (USD) Shares</b>
<b>Subscription fee</b>	Up to 5.00% of the subscription amount	
<b>Redemption fee</b>	Nil	
<b>Conversion fee</b>	Nil	

## 16. Specific risks

Investors should carefully read Section 5 - General Risk Factors of the Prospectus before investing in the Sub-Fund.

Investors should particularly consider the following risks which are specific to the Sub-Fund:

- **Equity risk;**
- **Economic risk;**
- **Foreign exchange risk and currency risk;**
- **Emerging markets risk.**



## **13. INFORMATION FOR INVESTORS IN SWITZERLAND**

### **1. Representative**

The representative in Switzerland is CACEIS Bank, Montrouge, Zurich Branch / Switzerland, Bleicherweg 7, CH-8027 Zurich.

### **2. Paying agent**

The paying agent in Switzerland is CACEIS Bank, Montrouge, Zurich Branch / Switzerland, Bleicherweg 7, CH-8027 Zurich.

### **3. Location where the relevant documents may be obtained**

The prospectus and Key Investor Information Document, the articles of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the Representative in Switzerland.

### **4. Payment of retrocessions and rebates**

a. Except the below detailed soft dollar arrangement, the Management Company and its agents do not pay any retrocessions to third parties as remuneration for distribution activities in respect of SICAV shares in or from Switzerland. Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

b. In respect of distribution in and from Switzerland and with the exemption of the below detailed soft dollar arrangement, the Management Company and its agents do not pay any rebates to reduce the fees or costs incurred by the investor and charged to the SICAV.

#### **c. Soft Dollar Arrangements**

The Management Company effects securities transactions with broker-dealers that provide brokerage or research services or pay for research services provided by third parties to us. These services are paid with soft dollar credits generated by the Management Company's clients' brokerage commissions. These types of eligible transactions and benefits received are in accordance with Section 28(e) of the Securities Exchange Act of 1934. The receipt of these benefits means the Management Company does not have to produce or pay for certain brokerage or research services. The benefits that the Management Company may receive or did receive in the last fiscal year include reports and analyses relating to particular securities, classes of securities, securities markets, performance comparisons, analyses of economic, technical, industry, national and international trends, risk management, software applications and security pricing services.

In certain instances, the Management Company may receive products or services that are used both for research or brokerage services and also for other purposes, such as administrative support and marketing. In such instances, the Management Company makes a good faith effort to determine the relative proportions of the products or services that may be considered as eligible investment research or brokerage. This allocation process poses a potential conflict of interest to the Management Company. The portion of the cost of such products or services attributable to eligible brokerage or research may be defrayed through brokerage commissions generated by client transactions, while the Management Company pays the portion of the costs attributable to non-eligible products and services in cash.

Research services furnished or paid for by brokers through whom the Management Company effects transactions for a particular account may be used by us in servicing other accounts, and not all such services may be used for the benefit of the client that pays the brokerage commission. The Management Company does not seek to allocate the benefits to client accounts proportionately to the commissions the accounts generate. Any advisory or other fees paid to the Management Company are not reduced as a result of the receipt of research services.

The Management Company's use of soft dollar arrangements creates conflicts of interest. The Management Company may have an incentive to disregard its best execution obligations when selecting brokers that provide it with soft dollar benefits. The Management Company manages this conflict by entering into Client Commission Arrangements with brokers that it believes provide best execution. The Management Company also regularly monitors execution quality.

The Management Company's use of soft dollar arrangements also means that its clients pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits. The Management Company has established internal procedures to support our good faith determination that the amount of commission paid is reasonable in light of the value of the brokerage and research services being provided. The Management Company has appointed an inter-departmental committee composed of representatives from Investment Management and Research, Trading, Operations, Financial Services, Compliance and Legal to oversee its soft dollar arrangements. The committee is responsible for implementing effective internal controls to track, monitor, review and report, as appropriate, soft dollar activity to Senior Management.

## **5. Place of performance and jurisdiction**

In respect of the units distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the Representative. The place of jurisdiction is at the registered office of the representative or at the registered office or place of residence of the investor.