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

Luxembourg, le 2017-08-21

Commission de Surveillance du Secteur Financier



## **AFRICAN ALLIANCE SICAV**

Investment Fund under Luxembourg Law

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

**Prospectus**  
**09 August 2017**

**African Alliance SICAV** (the "Fund") is authorised under Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment as amended from time to time (*loi concernant les organismes de placement collectif*) (the "Law of 2010"). The Fund qualifies as an Undertaking for Collective Investments in Transferable Securities ("UCITS") under Article 1, paragraph 2, points a) and b) of the Directive 2009/65/EC of 13 July 2009 of the European Parliament and of the Council, as amended from time to time (the "Directive 2009/65/EC" or "UCITS Directive"), and may therefore be offered for sale in the European Union ("EU") Member States (subject to registration in countries other than Luxembourg). In addition, applications to register the Fund may be made in other countries.

The registration of the Fund pursuant to Part I of the Law of 2010 constitutes neither approval nor disapproval by any Luxembourg authority as to the adequacy or accuracy of this Prospectus or as to the assets held in the various sub-funds of the Fund (individually, a "Sub-Fund" and collectively, the "Sub-Funds"). Any representations to the contrary are unauthorised and unlawful.

None of the Shares of the Fund have been or will be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or under the securities laws of any state or political subdivision of the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico (the "United States"), and the Shares may be offered, sold or otherwise transferred only in compliance with the 1933 Act or the securities laws of any state and such other securities laws. Certain restrictions also apply to the subsequent transfer of Shares in the United States or to or for the account of any United States Person (as defined in Regulation S under the 1933 Act) which includes any resident of the United States, or any corporation, partnership or other entity created or organised in or under the laws of the United States (including any estate of any such person created or organised in the United States). The attention of investors is drawn to certain compulsory redemption provisions applicable to United States Persons described under "The Shares – Redemption of Shares" below. The Fund has not been and does not intend to be registered under the United States Investment Company Act of 1940, as amended.

The distribution of this Prospectus in other jurisdictions may also be restricted; persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer by anyone in any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such offer.

A representative Key Investor Information Document ("KIID") for each available Sub-Fund share class shall be made available to investors free of charge prior to their subscription for Shares. Prospective investors should review this Prospectus carefully and in its entirety, and consult with their legal, tax and financial advisors in relation to (i) the legal and regulatory requirements within their own countries for the subscribing, purchasing, holding, converting, redeeming or disposing of Shares; (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the subscribing, purchasing, holding, converting, redeeming or disposing of Shares; (iii) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, converting, redeeming or disposing of Shares; and (iv) any other consequences of such activities.

Before consent to distribute this Prospectus is granted, certain jurisdictions require that it be translated into an appropriate language. Unless contrary to local law in the jurisdiction concerned, in the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English version shall prevail.

Any information or representation in respect of the Fund given or made by any person which is not contained herein or in any other document which may be available for inspection by the public should be regarded as unauthorized and should accordingly not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares in the Fund shall under any circumstances constitute a representation that the information given in this Prospectus is correct as at any time subsequent to the date hereof.

**REGISTERED OFFICE OF THE FUND**

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

**MANAGEMENT COMPANY OF THE FUND**

**MDO Management Company S.A.**

19, rue de Bitbourg,  
L-1273 Luxembourg  
Grand Duchy of Luxembourg

**BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

**Géry Daeninck (Chairman)**

Independent Director

**Yves Wagner**

Independent Director

**John Li How Cheong**

Independent Director

**Martin Vogel**

Chief Executive Officer, MDO Management  
Company S.A.

**Carlo Montagna**

Independent Director

**BOARD OF DIRECTORS OF THE FUND**

**Sidney Place (Chairman)**

Advisor – African Alliance Group  
Director

**Kevin Ryan**

CEO – HedgeDirector  
Independent Director

**Lester Petch**

CEO – TAM Asset Management  
Independent Director

**INVESTMENT MANAGER**

**African Alliance Advisory (Pty) Ltd.**

Illovo Edge Office Block, Building 4,  
9 Harries Road,  
Illovo, 2196  
South Africa

**GLOBAL DISTRIBUTOR**

**African Alliance Advisory (Pty) Ltd.**

Illovo Edge Office Block, Building 4,  
9 Harries Road  
Illovo, 2196  
South Africa

**ADMINISTRATION AGENT, DOMICILIARY, CORPORATE AND PAYING AGENT,  
REGISTRAR AND TRANSFER AGENT AND LISTING AGENT**

**State Street Bank Luxembourg S.A.**

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

**DEPOSITARY BANK**

**State Street Bank Luxembourg S.A.**

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

**AUDITOR**

**KPMG Luxembourg S.à r.l**

9, Allée Scheffer  
L-2520 Luxembourg  
Grand Duchy of Luxembourg

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The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Prospectus.

<b>Administrative Agent</b>	State Street Bank Luxembourg S.C.A.
<b>Annual Meeting</b>	The annual meeting of Shareholders of the Fund.
<b>Appendix</b>	The relevant Appendix of the Prospectus.
<b>Articles of Incorporation</b>	The articles of incorporation of the Fund, as may be amended from time to time.
<b>Board of Directors</b>	The directors of the Fund, as may be appointed from time to time.
<b>Business Day</b>	Any day in which banks in Luxembourg are open for normal banking business (excluding Saturdays, Sundays and 24 December).
<b>Classes</b>	Pursuant to the Articles of Incorporation, the Board of Directors may decide to issue, within each Sub-Fund, separate classes of Shares (the "Class" or "Classes" or "Share Class(es)") whose assets will be commonly invested but where a specific sales or redemption charge structure, fee structure, minimum subscription amount or distribution policy or such other distinctive feature, as decided from time to time by the Board of Directors, may be applied. If different Classes are issued within a Sub-Fund, the details of each Class are described in the relevant Sub-Fund Appendix.
<b>Corporate Agent</b>	State Street Bank Luxembourg S.A.
<b>Conversion Day</b>	The day with respect to which the shares of any Sub-Fund/Class may be converted, as further detailed in section 4.3 and in the relevant Sub-Fund Appendix.
<b>Depository</b>	State Street Bank Luxembourg S.C.A.
<b>Domiciliary Agent</b>	State Street Bank Luxembourg S.C.A.
<b>EU</b>	The European Union
<b>EUR</b>	means the currency of the European Monetary Union.
<b>Fund</b>	African Alliance SICAV, the Fund is an investment company organized under Luxembourg law as a <i>société anonyme</i> qualifying as a <i>société d'investissement à capital variable</i> (SICAV). The Fund is set up as a multi-compartment structure and may therefore comprise several Sub-Funds. Each Sub-Fund may have one or more Classes. The Fund is authorised under Part I of the Law of 2010 as

an Undertaking for Collective Investments in Transferable Securities ("UCITS") under Article 1, paragraph 2, points a) and b) of Directive 2009/65/EC.

<b>Global Distributor</b>	African Alliance Advisory (Pty) Ltd.
<b>Group of Companies</b>	Companies belonging to the same body of undertakings and which must draw up consolidated accounts in accordance with Council Directive 83/349/EEC of 13 June 1983 on consolidated accounts and according to recognized international accounting rules, as amended.
<b>G20</b>	The informal group of twenty finance ministers and central bank governors from twenty major economies: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, USA and the European Union.
<b>GBP</b>	The official currency of the United Kingdom.
<b>Hedged Share Class</b>	Share Class whose currency is hedged against the Reference Currency of the relevant Sub-Fund.
<b>Institutional Investors</b>	As defined from time to time by the Luxembourg supervisory authority within the context of Luxembourg laws on undertakings for collective investment.
<b>Investment Manager</b>	African Alliance Advisory (Pty) Ltd.
<b>KIID(s)</b>	Key Investor Information Document(s) of each Sub-Fund for each share class.
<b>Law of 2010</b>	The Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended by the Luxembourg law of 10 May 2016 transposing Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 as regards depositary functions, remuneration policies and sanctions, amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as may be further amended from time to time.
<b>Member State</b>	A member state of the EU. The States that are contracting parties to the agreement creating the European Economic Area other than the Member States of the European Union, within the limits set forth by this agreement and related acts, are considered as equivalent to Member States of the European Union.
<b>Money Market Instruments</b>	Financial instruments normally dealt with on the money market which are liquid and have a value which can be accurately determined at any time.



<b>NAV</b>	The net asset value.
<b>OECD</b>	Organisation for Economic Co-operation and Development.
<b>Other Regulated Market</b>	A market which is not a Regulated Market and which is regulated, operates regularly and is recognized and open to the public, namely a market (i) that meets the following cumulative criteria: liquidity; multilateral order matching (general matching of bid and ask prices in order to establish a single price); transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed on current conditions); (ii) on which the securities are dealt in at a certain fixed frequency; (iii) which is recognized by a State or by a public authority which has been delegated by that State or by another entity which is recognized by that State or by that public authority, such as a professional association; and (iv) on which the securities dealt are accessible to the public.
<b>Other State</b>	Any state of Europe which is not a Member State, and any state of North America, South America, Africa, Asia, Australia and Oceania.
<b>Paying Agent</b>	State Street Bank Luxembourg S.C.A.
<b>Prospectus</b>	The prospectus of the Fund.
<b>Redemption Day</b>	The day with respect to which shares of the Fund are redeemable, as further detailed, in the relevant Sub-Fund Appendix.
<b>Reference Currency</b>	The currency in which all the underlying assets of the Fund or the relevant Sub-Fund or Class are valued and reported. The details of the reference currency of a relevant Sub-Fund or Class are described in the relevant Sub-Fund Appendix.
<b>Registrar and Transfer Agent</b>	State Street Bank Luxembourg S.C.A. acts as registrar and transfer agent of the Fund and, in that capacity, processes the issue, redemption, transfer and conversion of Shares.
<b>Regulated Market</b>	A market defined in the directive 2004/39/EC of the European Parliament and the European Council of 21 April 2004 on markets in financial instruments.
<b>Regulatory Authority</b>	The Luxembourg authority or its successor in charge of the supervision of the undertakings for collective investment in the Grand Duchy of Luxembourg.
<b>Securities Financing Transaction or SFT</b>	means (i) a repurchase transaction; (ii) securities lending and securities borrowing; (iii) a buy-sell back transaction or sell-buy back transaction; (iv) a margin lending transaction as defined under the SFTR.

<b>SFTR</b>	means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.
<b>Shares</b>	Shares of each Sub-Fund. Fractions of Shares may be issued up to three decimal places. All Shares must be fully paid up.
<b>Shareholder</b>	A holder of Shares of the Fund.
<b>Sub-Funds</b>	The Fund offers investors, within the same investment vehicle, a choice of investment in one or more Sub-Funds, which are distinguished mainly by their specific investment objective and policy and/or by the currency in which they are denominated. The specifications of each Sub-Fund are described in the relevant Appendix to this Prospectus. The Board of Directors may, at any time, decide to create additional Sub-Funds and, in such case, this Prospectus will be updated by adding corresponding Appendices.
<b>Subscription Day</b>	The day with respect to which the shares of any Class may be subscribed, as detailed, in the relevant Sub-Fund Appendix.
<b>Transferable Securities</b>	One of the following: <ul style="list-style-type: none"> <li>- shares and other securities equivalent to shares;</li> <li>- bonds and other debt instruments;</li> <li>- any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchanges, with the exclusion of techniques and instruments relating to transferable securities and Money Market Instruments.</li> </ul>
<b>TRS</b>	means total return swap, ie, a derivative contract as defined in point (7) of article 2 of the SFTR in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty.
<b>UCI(s)</b>	Undertaking(s) for collective investment.
<b>UCITS</b>	Undertaking(s) for collective investment in transferable securities, pursuant to 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), as amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 as regards depositary functions, remuneration policies and sanctions as may be further amended in the future.
<b>USD</b>	The official currency of the United States of America (United States Dollar).

**Valuation Day**

Day as at which the Net Asset Value is determined as detailed, for each Sub-Fund, in the relevant Appendix.

**4.1. Subscription for Shares**

**4.2. Class Description, Eligibility for Shares, Minimum Subscription and Holding Amounts**

**4.3. Conversion of Shares**

**4.4. Redemption of Shares**

**4.5. Transfer of Shares**

**4.6. Distribution Policy**

**4.7. Late Trading and Market Timing**

**4.8. Data Protection**

Subject to the restrictions described below, Shares of each Class of each Sub-Fund are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to that Class. The rules governing such allocation are set forth below. The Shares, which are of no par value and which must be fully paid upon issue, carry no preferential or pre-emptive rights, and each Share entitles its holder to one vote at all general meetings of Shareholders and at all meetings of the Sub-Fund in which Shares are held. Shares redeemed by the Fund become null and void.

The Board of Directors may restrict or prevent the ownership of Shares by any person, firm or corporation, if such ownership is against the interests of the Fund or of the majority of Shareholders or of any Sub-Fund or Class therein. Where it appears to the Board of Directors that a person who is precluded from holding Shares, either alone or in conjunction with any other person, is a beneficial owner of Shares, the Fund may proceed to the compulsory redemption of all Shares so owned.

All Shares are issued in uncertificated registered form.

**4.1      Subscription for Shares**

Applications for subscriptions for Shares should be sent to the Registrar and Transfer Agent.

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

Applications received after the relevant cut-off times will normally be dealt on the next following Subscription Day.

The initial offering period as well as the initial price per Share on such day for each newly created or activated Class or Sub-Fund will be determined by the Board of Directors and will be available at the office of the Administrative Agent.

The relevant Appendices will be updated as new Classes or Sub-Funds become available.

The Board of Directors may fix minimum subscription amounts for each Class which, if applicable, are detailed in the relevant Appendices. These minimum subscription amounts may be waived or decreased as described in more detail in the Section "Class Description, Eligibility for Shares, Minimum Subscription and Holding Amounts".

Shares of each Class of a Sub-Fund shall be allotted at the NAV per Share of such Class determined on the applicable Valuation Day, plus any applicable sales charges. A sales charge as disclosed in the relevant Sub-Fund Appendix may be applied to the subscription amount or it may be waived in whole or in part at the discretion of the Board of Directors.

Applications for Shares shall be made only in cash amount.

The Board of Directors may at its sole discretion, and if so requested by a prospective investor, satisfy an application for subscription of Shares in which payment is made wholly or partly in kind. The nature and type of assets to be accepted in any such case shall be determined by the Board of Directors and must correspond to the investment policy of the Sub-Fund being invested in. A valuation report relating to the contributed assets must be produced by the Depositary and delivered to the Board of Directors after approval by the Auditor of the Fund. The costs of any such transfer, including the production of any necessary valuation report, shall be borne by the prospective investor requesting the transfer.

All prospective investors wishing to subscribe for Shares of the Fund will be required to complete an application form in which they commit to subscribe an agreed amount of money. As soon as the price at which the Shares are to be issued has been calculated, the Registrar and Transfer Agent will notify the purchaser of the number of Shares allocated after deduction of any applicable sales charges, in respect of the amount subscribed for. Payment for Shares must be received in cleared funds by the Registrar and Transfer Agent, in a currency in which the relevant Class is available, as described in the relevant Sub-Fund Appendix.

The currencies in which a Class of a Sub-Fund is available are indicated in the Appendix of the relevant Sub-Fund.

If the payment has not been received by that date or has been received thereafter, the application for shares may be rejected, and any allocation of Shares made on the basis of the application request may be cancelled. In such case, the Registrar and Transfer Agent will inform the investor that the application has been rejected, that the funds received (if any) after the relevant date will be returned to the investor, and that any loss resulting from a cancellation of an application request will be borne by the relevant investor.

The Board of Directors reserves the right to accept or refuse any application in whole or in part at its discretion. The Fund may also limit the distribution of Shares of a Class or Sub-Fund to certain countries. The issue of Shares of a Class shall be suspended whenever the determination of the NAV per Share of such Class is suspended by the Fund (see "General Information – Temporary Suspension of Issues, Redemptions and Conversions").

The Fund and the Administrative Agent will at all times comply with any obligations imposed by any applicable laws, rules and regulations with respect to anti-money laundering, as such laws, rules and regulations may be amended or replaced from time to time, and will furthermore adopt procedures designed to ensure, to the extent applicable, that the Fund complies with the foregoing laws, rules and regulations.

With respect to anti-money laundering requirements, application forms for Shares must be accompanied by a true copy certified by a competent authority (such as an embassy, consulate, notary or police commissioner) of the subscriber's identity card or passport for individuals, or by a copy of the Articles of Incorporation (or the comparable constituting document) and extract of the trade register for corporate entities, in the following cases:

1. if the application is made directly to the Registrar and Transfer Agent;
2. if the application is made via a professional of the financial sector residing in a country which is not required to follow an identification procedure equivalent to the standards applicable in Luxembourg relating to the prevention of the use of the financial system for money-laundering purposes; or
3. if the application is made via a subsidiary or branch whose parent company is required to follow an identification procedure equivalent to that required by Luxembourg law, if the law governing the parent company does not oblige it to ensure that the said procedure is followed by its subsidiaries and branches.

Moreover, the Fund is legally responsible for identifying the origin of monies transferred to or from the Fund. Subscriptions and payment of redemption proceeds may be temporarily suspended until such monies or the identity of the relevant Shareholder has been correctly identified.

It is generally accepted that financial sector professionals resident in a Member State are deemed to have an identification obligation equivalent to that required by Luxembourg law.

In relation to an application for redemption or transfer of Shares, the Fund and/or the Registrar and Transfer Agent may require at any time such documentation as it/they deem appropriate. Failure to provide such information in a form which is satisfactory to the Fund and/or the Registrar and Transfer Agent, as applicable, may result in an application for redemption or transfer not being processed.

Confirmation of completed subscriptions will be mailed at the risk of the investor, to the address indicated in his, her or its application within ten (10) Business Days following the issue of the Shares.

The Fund may enter into agreements with certain distributors pursuant to which the distributors agree to act as or appoint nominees for investors subscribing for Shares through their facilities (distribution and nominee agreements). In such capacity, the distributor may effect subscriptions, conversions and redemptions of Shares in nominee name on behalf of investors, and request the registration of such operations on the register of shareholders of the Fund in such nominee name. Each nominee/distributor maintains its own records and provides the investor with individualized information as to its holdings of Shares in the Fund.

#### **4.2 Class Description, Eligibility for Shares, Minimum Subscription and Holding Amounts**

##### *Classes Available and Eligibility for Shares*

The Classes available and eligibility for shares of each Sub-Fund are specified in the Appendix of the relevant Sub-Fund.

Classes of Shares may be either hedged (see definition of “Hedged Share Class” in the section “Definition”) or unhedged.

The Board of Directors reserves the right to offer only certain Classes of Shares for purchase by investors in any particular jurisdiction in order to conform to local law, custom or business practice.

The Board of Directors may decide to launch Share Classes which have not previously been opened for subscription. Furthermore, it may create additional Classes of Shares within each Sub-Fund whose assets will be invested in accordance with the specific investment policy of the relevant Sub-Fund and which may have such specific features as shall be described in further detail in the Appendix of the relevant Sub-Fund.

If an existing or new Share Class is made available, or if a Share Class has been closed, the list of Share Classes in the relevant Sub-Fund section will be updated accordingly upon the next issuance of a new Prospectus. A complete list of currently available Share Classes may be requested from the Administrative Agent.

#### *Reference Currency of Share Classes*

Each Class of Shares is available in the Reference Currency and may also be available in other currencies which may include US dollar (USD), Euro (EUR) or Sterling (GBP). Any Class of Shares denominated in a currency other than the Reference Currency will be exposed to additional currency risk. This is due to the fact that the currency in which the Class of Shares is denominated will not be hedged (protected) against changes in the exchange rate with the Reference Currency unless it is a Hedged Share Class. For further information, please see *Currency Risk* under Section 8.2, "Risk Factors" and refer to the Appendix of the relevant Sub-Fund for the specific currencies available for each Class of Shares.

#### *Minimum Subscription and Holding Amounts*

The minimum subscription amount and minimum holding amount for each Class of Shares of each Sub-Fund is specified in the Appendix of the relevant Sub-Fund.

The Board of Directors has the discretion, from time to time, to waive any applicable minimum subscription and holding amounts.

#### *Minimum Additional Subscription Amount*

Where a Shareholder wishes to add to his, her or its shareholding in a Share Class, the additional subscription must be at least the required minimum additional subscription amount set out in the Appendix of the relevant Sub-Fund.

The Board of Directors has the discretion, from time to time, to waive any minimum additional subscription amount.

The Board of Directors may, at any time, decide to compulsorily redeem all Shares from a Shareholder whose holding is, as a result of a partial redemption of his, her or its Shares, less than the required minimum subscription amount of the relevant Sub-Fund, or who fails to satisfy any other applicable eligibility requirements set out above or stated in the relevant Appendix at any given point in time. In such case, such Shareholder will receive one month's prior notice so as to be able to increase his, her or its holding above such amount or otherwise satisfy the eligibility requirements.

#### *Hedged Share Classes*

For any Hedged Share Classes, the Investment Manager, or the relevant sub-investment manager, will use hedging transactions to reduce the impact of exchange rate movements between the Reference Currency and the currency of the Hedged Share Class (the “HSC Currency”). The hedging transactions used by the Investment Manager or the relevant sub-investment manager for this purpose will be those permitted under Section 9 of this Prospectus.

The hedging transactions will be entered into regardless of whether the Reference Currency is declining or increasing in value relative to the HSC Currency. Consequently, while such hedging will largely protect Shareholders in the relevant Hedged Share Class against a decrease in the value of the Reference Currency relative to the HSC Currency it will also mean that Shareholders of the Hedged Share Class may not benefit from an increase in the value of the Reference Currency relative to the HSC Currency.

Due to the impossibility of forecasting future market values the currency hedging will not be perfect and the returns of a Hedged Share Class, measured in the HSC Currency, will not be exactly the same as the returns of an equivalent share class denominated in and measured in the Reference Currency.

The fees and costs of hedging a Hedged Share Class, will accrue only to Shareholders of that Hedged Share Class. The Investment Manager will aim to fully hedge the Net Asset Value (capital and income) of the relevant Hedged Share Class, although this may not always be achievable for various reasons. Consequently the Hedged Share Classes may not be completely protected from any adverse fluctuations between the currency in which they are denominated and the Reference Currency.

Shareholders should furthermore be aware that the Hedged Share Classes aim to reduce exposure to exchange rate fluctuations at a Hedged Share Class level. However, Shareholders in Hedged Share Classes will still be exposed to the market risks that relate to the underlying investments in a Sub-Fund and in particular to any exchange rate risks that arise from the investment policy of the Sub-Fund that are not fully hedged and to the other risks as set out in the Appendices for each Sub-Fund.

#### **4.3 Conversion of Shares**

To the extent provided for in the Appendix of the relevant Sub-Fund and subject to there being no suspension of the determination of the NAV, Shareholders have the right to convert all or some of their Shares of any Class of a Sub-Fund into Shares of the same Class in another Sub-Fund or into Shares of another existing Class of that same or another Sub-Fund by applying for conversion in the same manner as for the issue of Shares. However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class into which the conversion is to be effected. Therefore, if, as a result of a conversion, the value of a Shareholder's holding in the new Class would be less than the minimum subscription amount specified in the Appendix of the relevant Sub-Fund, where appropriate, the Board of Directors may decide not to accept the request for conversion of the Shares. In addition, if, as a result of a conversion, the value of a Shareholder's holding in the original Class would become less than the relevant minimum subscription amount, the Shareholder may be deemed (if the Board of Directors so decides) to have requested the conversion of all of his, her or its Shares. The Board of Directors may at its absolute discretion reject any request for the conversion of Shares in whole or in part and/or set restrictions, terms and conditions as to the right to and frequency of conversions between certain Sub-Funds and Share Classes.



The Board of Directors and/or the Management Company will refuse to give effect to any conversion of Shares in circumstances where such conversion would result in a situation where Shares of a Class or a Sub-Fund restricted to Institutional Investors or other particular category of investors would, upon such transfer, be held by a person not qualifying as an Institutional Investor or as an investor falling under that particular category of investors.

Conversion requests received no later than on the applicable cut-off time (as further specified in the Appendix of the relevant Sub-Fund) in good order will be processed on that Conversion Day. Conversion requests received after such time will be deferred to the next Conversion Day in the same manner as for the issue and redemption of Shares. The NAV per Share for that Conversion Day is unknown to the investors when they place their conversion orders.

The number of Shares issued upon a conversion will be based upon the respective NAVs of the two Classes as of the applicable Conversion Day.

The rate at which all or some of the Shares of a Sub-Fund or Class (the “original Sub-Fund/Class”) are converted into Shares of another Sub-Fund or Class (the “new Sub-Fund/Class”) is determined on the basis of the following formula:

$$A = \frac{B \times C \times D}{E}$$

- A is the number of Shares to be allocated in the new Sub-Fund/Class
- B is the number of Shares to be converted in the original Sub-Fund/Class
- C is the NAV on the applicable Conversion Day of the Shares to be converted in the original Sub-Fund/Class
- D is the exchange rate applicable on the effective transaction day for the currencies of the two Sub-Funds/Classes
- E is the NAV on the applicable Conversion Day of the Shares to be allocated in the new Sub-Fund/Class

After the conversion, the Registrar and Transfer Agent will inform the Shareholders as to the number of new Shares acquired as a result of the conversion, as well as the NAV of the new Shares.

A conversion charge percentage, as specified in the Appendix of the relevant Sub-Fund, of the conversion amount may be applied at the discretion of the Board of Directors, provided however that equal treatment of all Shareholders is observed by applying the same percentage to all conversion orders received for the same Conversion Day. The conversion charge (if any) will be applied for the benefit of the Classes or Sub-Funds between which the conversion is effected, as appropriate, to cover the costs of transactions arising from the conversion.

Additionally, the rules applicable to the deferral of redemptions will apply *mutatis mutandis* to conversion requests.

Conversions of Shares of a Sub-Fund shall be suspended whenever the determination of the NAV per Share of such Sub-Fund is suspended by the Board of Directors (see “General Information – Temporary Suspension of Issues, Redemptions and Conversions”).

#### **4.4 Redemption of Shares**

Any Shareholder may apply for redemption of his, her or its Shares in part or in whole on any Redemption Day.

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

Applications for redemptions must include (i) the cash amount or (ii) the number of Shares the Shareholder wishes to redeem.

In addition, the application must include the Shareholder's personal details and account number. Failure to provide any of this information may result in a delay whilst verification is being sought.

Valid written redemption applications should be received in good order by the Registrar and Transfer Agent before the applicable cut-off time (as further described in the Appendix of the relevant Sub-Fund preceding the relevant Redemption Day).

In compliance with the forward pricing principle, redemption requests received after the applicable cut-off time will be deferred to the next Redemption Day.

The NAV per Share for that Redemption Day is unknown to the Shareholders when they place their redemption orders.

Redemptions shall be effected at the NAV per Share of the relevant Class determined on the applicable Redemption Day.

Each redemption payment in respect of any Shares may be made in the same currency as the subscription payment for such Shares or another currency offered by the Sub-Fund and as specified in the Appendix of the relevant Sub-Fund.

If, as a result of a redemption, the value of a Shareholder's holding in a Class of a Sub-Fund falls below the relevant minimum subscription amount, that Shareholder may be deemed (if the Board of Directors so decides) to have requested redemption of all of his, her or its Shares in that Class.

Shareholders are required to notify the Registrar and Transfer Agent immediately in the event that they (i) are or become United States Persons; (ii) hold Shares for the account or benefit of United States Persons; (iii) otherwise hold Shares in breach of any law or regulation; or (iv) otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences to the Fund or the Shareholders or otherwise be detrimental to the interests of the Fund. If the Board of Directors becomes aware that a Shareholder (a) is a United States Person or is holding Shares for the account of a United States Person, or (b) is holding Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences to the Fund or the Shareholders or otherwise be detrimental to the interests of the Fund, the Board of Directors may redeem the Shares in accordance with the provisions of the Articles of Incorporation.

The Board of Directors may decide with the agreement of the Shareholder(s) that may be affected that settlement may be deferred for redemption or conversion requests for a period of time to be agreed upon with the affected Shareholder(s).

The Board of Directors, having regard to the fair and equal treatment of Shareholders, on receiving requests to redeem Shares amounting to 10% or more of the net asset value of any Sub-Fund shall not be bound to redeem on any Redemption Day a number of shares representing more than 10% of the NAV of any Sub-Fund. If the Fund receives requests on any Redemption Day for redemption of a greater number of shares, it may declare that such redemptions exceeding the 10% limit may be deferred for such period as the Board of Directors considers being in the best interests of the Sub-Fund. Unless otherwise decided by the Board of Directors on the basis of exceptional circumstances, the deferral period should in principle not exceed three months. Such deferred redemption requests will be met in priority to later requests.

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

The Board of Directors may, at its discretion but subject to the consent or request of the affected Shareholder(s), pay all or a portion of the redemption proceeds in kind by allocating to the relevant Shareholder investments from the portfolio of assets of the relevant Sub-Fund. The nature and type of investments to be transferred in any such case shall be determined by the Board of Directors upon recommendation of the Investment Manager and with the consent of the Board of Directors on a fair and equitable basis, and without material prejudice to the interests of the remaining Shareholders. The value of redemption in kind will be subject to a special report of the Fund's auditor. Any costs of such transfers shall be borne by the Shareholders benefiting from the redemption in kind, and the Shareholder additionally will bear the risks associated with the transfer of the investments.

The procedures relating to a postponement and/or deferral of settlement of redemption requests will not apply to redemption proceeds paid to Shareholders in the form of investments owned by the relevant Sub-Fund.

Redemption of Shares of a given Sub-Fund shall be suspended whenever the determination of the NAV per Share of such Sub-Fund is suspended by the Fund (see "General Information – Temporary Suspension of Issues, Redemptions and Conversions").

From time to time, it may be necessary for the Fund to borrow, on a temporary basis, to fund redemptions. For restrictions applicable to the Fund's ability to borrow, see "Investment Restrictions" below.

#### **4.5 Transfer of Shares**

The transfer of registered Shares may normally be effected by delivery to the Registrar and Transfer Agent of an instrument of transfer in an appropriate form. On receipt of the transfer request, the Registrar and Transfer Agent may, after reviewing the endorsement(s), require that the signature(s) be guaranteed by an approved bank, stockbroker or public notary.

Shareholders are advised to contact the Registrar and Transfer Agent prior to requesting a transfer to ensure that they have all the correct documentation for the transaction.

In accordance with the provisions of the Articles of Incorporation, the Fund may restrict or prevent the ownership of Shares by any person, firm or corporate body, if in the opinion of the Fund such holding may be detrimental to the Fund, if it may result in a breach of any law or regulation, whether Luxembourg or foreign, or if as a result thereof the Fund may become subject to laws other than those of the Grand Duchy of Luxembourg (including but without limitation tax laws) or otherwise

exposed to tax disadvantages (including *inter alia* any tax liability that might derive from FATCA requirements or any breach thereof) or other financial disadvantages that it would not have otherwise incurred.

#### **4.6 Distribution Policy**

Distributions if any will be paid to Shareholders in the relevant Reference Currency, unless otherwise specified in the relevant Sub-Fund Appendix. The foreign exchange transactions applied to such currency conversions will be at commercial market rates applicable on the relevant Business Day. The foreign exchange transaction will be at the cost and risk of the relevant Shareholder. All unclaimed distributions may be invested or otherwise made use of by the Board of Directors for the benefit of the relevant Sub-Fund until claimed. No unclaimed distribution will bear interest against the Sub-Fund. Distributions unclaimed for more than five years from the date of declaration will be forfeited to the relevant Sub-Fund.

The Board of Directors shall have the option, in any given fiscal year of the Fund, to propose to the Shareholders of any Sub-Fund or Class at the Annual Meeting, the payment of a distribution out of all or part of that Sub-Fund's or Class' accumulated net investment income, if the Board of Directors determines it appropriate to make such a proposal. The Board of Directors may only propose the payment of a distribution if, after the deduction of such distribution, the Fund's capital is greater than the minimum capital required by Luxembourg law. In addition, the Board of Directors may decide to pay interim dividends in compliance with legal requirements.

#### **4.7 Late Trading and Market Timing**

The Fund and the Registrar and Transfer Agent shall maintain controls to help ensure that the practices of late trading and market-timing are minimized in relation to the distribution of Shares of the Fund. Late trading is a fraudulent practice consisting of accepting subscription and/or redemption orders after the cut-off time, such practice is not allowed by the Board of Directors. The cut-off times indicated in Section 4, "The Shares", will be observed. In addition, the investors will not know the NAV per Share at the time of their request for subscription, redemption or conversion. Hence the risk of market timing is mitigated by the fact that the subscription and redemption activity will be applied at an unknown NAV, meaning that the cut-off time is prior to the valuation point and therefore investors cannot take advantage of timing differences and/or deficiencies in the NAV calculation.

Subscriptions, redemptions and conversions of Shares should be made for investment purposes only. The Fund does not permit market-timing or other excessive trading practices. Excessive, short-term (market-timing) trading practices may disrupt portfolio management strategies and harm Fund performance. To minimize harm to the Fund and the Shareholders, the Board of Directors or the Registrar and Transfer Agent on its behalf, has the right to reject any subscription or conversion order, or to levy a fee of up to 5% of the value of the order or the amount redeemed for the benefit of the Fund from any investor who, in the opinion of the Board of Directors and in its sole discretion, is engaging in excessive trading or whose trading in Shares has been or may be disruptive to the Fund or any of the Sub-Funds. In making this judgment, the Board of Directors may consider trading done in multiple accounts under common ownership or control. The Board of Directors also reserves the right to redeem all Shares held by a Shareholder who is or has been engaging in excessive trading. Neither the Board of Directors nor the Fund will be held liable for any loss resulting from rejected orders, the imposition of redemption fees or mandatory redemptions in connection with excessive trading.

#### **4.8 Data Protection**

In accordance with the provisions of the Luxembourg law of 2 August 2002 on the protection of persons with regard to the processing of Personal Data, as amended (hereafter the “Luxembourg Data Protection Law”), the Shareholders are informed that the Fund, as data controller, collects, stores and processes by electronic or other means the data supplied by Shareholders at the time of their subscription for the purpose of fulfilling the services required by the Shareholders and complying with its legal obligations including, but not limited to, tax reporting obligations (if any).

The data processed may include, in particular, the Shareholder’s name, address, contact details invested amount, details of tax residence (the “Personal Data”).

The Shareholder may, at his/her/its discretion, refuse to communicate the Personal Data to the Fund. In this event the Board of Directors may reject his/her/its request for Subscription for Shares in the Fund. Moreover, failure to provide requested information may subject the Shareholder to liability for any resulting penalties or other charges and/or mandatory redemption of its Shares in the Fund.

In particular, the Personal Data supplied by Shareholders is processed for the purpose of (i) maintaining the register of Shareholders, (ii) processing subscriptions, redemptions and conversions of Shares and payments of distributions to Shareholders, (iii) maintaining controls in respect of late trading and market timing practices, (iv) complying with applicable anti-money laundering and terrorism financing rules, (v) tax identification and reporting, (vi) marketing.

A Shareholder may object to the use of his/her/its Personal Data for marketing purposes. This objection must be made in writing to the Fund at the following address:

**African Alliance SICAV**  
c/o State Street Bank Luxembourg S.A.  
49, avenue J. F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

The Fund may delegate the processing of the Personal Data to one or several entities (the “Processors”) which are located in the EU or in other countries which are deemed to offer an adequate level of protection by the European Commission or the National Commission for Data Protection (such as the Administrative Agent, the Registrar and Transfer Agent) or which are located outside such countries (such as any facilities agents and/or representatives).

To enable the Fund to process Personal Data for the purposes set out above, and for no other purpose, the Shareholders consent, by investing in the Fund, to their Personal Data being disclosed and transferred both to countries which ensure that an adequate level of protection is complied therewith, and to other countries, which may not have data protection laws as protective as those within the EU.

Personal Data may be transferred to third parties such as governmental or regulatory bodies including tax authorities (in particular for compliance with FATCA and CRS rules as further specified in this Prospectus), auditors and accountants in Luxembourg as well as in other jurisdictions. The Fund undertakes not to transfer the Personal Data to any third parties other than the Processors, except if required by law or with the prior consent of the relevant Shareholder.

Each Shareholder has a right to access his/her/its Personal Data and may ask for a rectification thereof in cases where such Personal Data is inaccurate and/or incomplete. For these purposes, the Shareholder may contact the Fund in writing at the address indicated above.

#### **4.9 Investors Rights**

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

- 5.1. Organisation**
- 5.2. Meetings and Announcements**
- 5.3. Reports and Accounts**
- 5.4. Allocation of Assets and Liabilities among the Sub-Funds**
- 5.5. Determination of the Net Asset Value of Shares**
- 5.6. Temporary Suspension of Determination of the Net Asset Value, Issues, Redemptions and Conversions**
- 5.7. Liquidation of the Fund - Liquidation of Sub-Funds**
- 5.8. Merger of the Fund - Merger of Sub-Funds**
- 5.9. Material Contracts**
- 5.10. Documents**
- 5.11. Potential Conflicts of Interest**

## **5.1 Organisation**

The Fund is an investment company organised as a *société anonyme* under the laws of the Grand-Duchy of Luxembourg and qualifies as a *société d'investissement à capital variable* (SICAV). The Fund was incorporated in Luxembourg on 4 March 2015. The Articles of Incorporation of the Fund were initially published in the *Mémorial C, Recueil des Sociétés et Associations* ("Mémorial") on 25 March 2015. The Fund qualifies as an undertaking for collective investment under Part I of the Law of 2010 and is managed by a management company. The Fund is registered with the Luxembourg Trade and Companies' Register (*Recueil des Sociétés et Associations*) ("RCS") under number B 195435.

On the date of incorporation of the Fund, the capital of the Fund was 38,000 USD represented by 100 Shares issued with no par value and fully paid up.

## **5.2 Meetings and Announcements**

Annual Meetings of Shareholders will be held at the registered office of the Fund in Luxembourg, or at such other place in Luxembourg as may be specified in the notice of meeting, at 11 a.m. (Luxembourg time) on the last Friday of the month of May each year or, if any such day is not a Business Day, on the next following Business Day, unless otherwise stated in the notice of convocation.

Notices of all general meetings will be sent to the holders of registered Shares by registered post at least eight calendar days prior to the meeting at their addresses shown on the register of Shareholders. Such notices will include the agenda and will specify the time and place of the meeting and the conditions of admission. They will also refer to the rules of quorum and majorities required by the Luxembourg law of 10 August 1915 on commercial companies (as amended) and in the Articles of Incorporation.

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

general meeting of shareholders and to exercise the voting rights attaching to his/its/her shares shall be determined by reference to the shares held by this shareholder as at the Record Date.

Each whole Share confers the right to one vote. Approval from a simple majority of the Shareholders at a meeting of Shareholders of a Sub-Fund or a Class is required in respect of the payment of a distribution (if any) for a particular Sub-Fund or Class. Any change to the Articles of Incorporation must be approved by Shareholders at a general meeting of the Shareholders.

### **5.3 Reports and Accounts**

Audited annual reports of the Fund shall be published within four (4) months following the end of the fiscal year of the Fund, and unaudited semi-annual reports shall be published within two (2) months following the period to which they refer. The annual and semi-annual reports shall be made available at the registered office of the Fund during ordinary office hours. Shareholders who wish to receive a physical copy of the Fund's annual and/or semi-annual reports must request this from the Fund. If such a request is received, the Fund will provide the relevant Shareholder with a physical copy of the Fund's annual and/or semi-annual reports free of charge.

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

### **5.4 Allocation of Assets and Liabilities among the Sub-Funds**

For the purpose of allocating the assets and liabilities between the Sub-Funds, the Board of Directors has established a pool of assets for each Sub-Fund in the following manner:

(a) the proceeds from the issue of each Share of each Sub-Fund are to be applied in the books of the Fund to the pool of assets established for that Sub-Fund and the assets and liabilities and income and expenditure attributable;

(b) where any asset is derived from another asset, such financial derivative asset is applied in the books of the Fund to the same pool as the asset from which it was derived and on each revaluation of an asset, the increase or diminution in value is applied to the relevant pool;

(c) where the Fund incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool; provided that all liabilities, whatever Sub-Fund they are attributable to, are, unless otherwise agreed upon with the creditors, only binding upon the relevant Sub-Fund;

(d) in the case where any asset or liability of the Fund cannot be considered as being attributable to a particular pool, such asset or liability is allocated to all the pools pro rata to the NAVs of the relevant Sub-Funds, or in such other manner as determined by the Board of Directors acting in good faith.

Under the Articles of Incorporation, the Board of Directors may decide to create within each Sub-Fund one or more Classes whose assets will be commonly invested pursuant to the specific investment policy of the Sub-Fund but where a specific sales or redemption charge structure, fee structure, minimum subscription amount or distribution policy may be applied to each Class. A separate NAV, which will differ as a consequence of these variable factors, will be calculated for



each Class. If one or more Classes have been created within the same Sub-Fund, the allocation rules set out above shall apply, as appropriate, to such Classes. The Board of Directors reserves the right to apply additional criteria as appropriate.

## **5.5 Determination of the Net Asset Value of Shares**

The NAV of the Shares of each Class is determined in its Reference Currency on each Valuation Day by dividing the net assets attributable to each Class by the number of Shares of such Class then outstanding. The number of decimals for the calculation of the NAV per Share will be rounded up to two decimal places. Fractions of Shares will be calculated by rounding down to three decimal places, and may be allocated as required.

The net assets of each Class are made up of the value of all the assets attributable to such Class less the total liabilities attributable to such Class determined as at the end of each Valuation Day. The actual calculation of the value of the assets will take place on the next Business Day:

- (a) The value of any cash on hand or with banks, bills and notes payable on sight and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof.
- (b) The value of Transferable Securities, Money Market Instruments and any financial assets listed or dealt in on a stock exchange of a non-Member State or dealt on a Regulated Market, or on any Other Regulated Market shall be based on the last available closing, or settlement price in the relevant market prior to the time of valuation, or any other price deemed appropriate by the Board of Directors. Where such securities are quoted or dealt on more than one stock exchange or regulated market (whether a Regulated Market or an Other Regulated Market), the Board of Directors may, at its own discretion, select the stock exchanges or regulated markets where such securities are primarily traded to determine the applicable value.
- (c) The value of any assets held in a Sub-Fund's portfolio which are not listed, or dealt in on a stock exchange of a non-Member State, or on a Regulated Market or on any Other Regulated Market of a Member State, or of a non-Member State, or, if, with respect to assets quoted or dealt in on any stock exchange, or dealt in on any such regulated markets, the last available closing, or settlement price is not representative of their value, such assets are stated at fair market value, or otherwise at the fair value at which it is expected they may be resold, as determined in good faith by or under the direction of the Board of Directors.
- (d) Units or shares of an open-ended UCI or UCITS will be valued at their last determined and available official net asset value, as reported or provided by such UCI/UCITS or its agents, or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors on a fair and equitable basis. Units or shares of a closed-ended UCI will be valued in accordance with the valuation rules set out in items (b) and (c) above.

- (e) The liquidating value of futures, forward, or options contracts not traded on a stock exchange of a non-Member State, or dealt in on Regulated Markets, or on Other Regulated Markets, shall mean their net liquidating value determined, pursuant to the policies established prudently and in good faith by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward, or options contracts traded on a stock exchange of a non-Member State, or on Regulated Markets, or on Other Regulated Markets, shall be based upon the last available settlement, or closing prices as applicable to these contracts on a stock exchange or on Regulated Markets, or on Other Regulated Markets on which the particular futures, forward, or options contracts are traded on behalf of the Fund; provided that if a future, forward or options contract could not be liquidated on the day with respect to which assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable.
- (f) Interest rate swaps will be valued on the basis of their market value established by reference to the applicable interest rate curve. Credit default swaps are valued based on a market value obtained by external price providers. The calculation of the market value is based on the credit risk of the issuer, the maturity of the credit default swap and its liquidity on the secondary market. The valuation method is recognised by the Board of Directors and checked by the authorised auditor of the Fund.

Total return swaps will be valued at fair value under procedures approved by the Board of Directors. As these swaps are not exchange-traded, but are private contracts into which the Fund and a swap counterparty enter as principals, the data inputs for valuation models are usually established by reference to active markets. However it is possible that such market data will not be available for total return swaps near the Valuation Day. Where such markets inputs are not available, quoted market data for similar instruments (e.g. a different underlying instrument for the same or a similar reference entity) will be used provided that appropriate adjustments be made to reflect any differences between the total return swaps being valued and the similar financial instrument for which a price is available. Market input data and prices may be sourced from markets, a broker, an external pricing agency or a counterparty.

If no such market input data are available, total return swaps will be valued at their fair value pursuant to a valuation method adopted by the Board of Directors which shall be a valuation method widely accepted as good market practice (i.e. used by active participants on setting prices in the market place or which has demonstrated to provide reliable estimate of market prices) provided that adjustments that the Board of Directors may deem fair and reasonable be made. The Fund's authorised auditor will review the appropriateness of the valuation methodology used in valuing total return swaps. The Fund will always value total return swaps on an arm's-length basis.

All other swaps will be valued at fair value as determined in good faith pursuant to procedures established by the Board of Directors.

- (g) The value of contracts for differences will be based on the value of the underlying assets and vary similarly to the value of such underlying assets. Contracts for

differences will be valued at fair market value, as determined in good faith pursuant to procedures established by the Board of Directors.

- (h) Assets or liabilities denominated in a currency other than that in which the relevant Net Asset Value per Share will be expressed, will be converted at the relevant foreign currency spot rate on the relevant Valuation Day. If such quotations are not available, the rate of exchange will be determined in good faith by, or pursuant to procedures established by, the Board of Directors. In that context account shall be taken of hedging instruments used to cover foreign exchanges risks.
- (i) Index or financial instrument related swaps will be valued at fair market value established by reference to the applicable index or financial instrument. The valuation of the index or financial instrument related swap agreement shall be based upon the market value of such swap transaction, which is subject to parameters such as the level of the index, interest rates, equity dividend yields and estimated volatility.

When required, an appropriate model, as determined by the Board of Directors, will be used to value the various sub-fund strategies. The Board of Directors has the right to check the valuations of the swap agreements by comparing them with valuations requested from a third party produced on the basis of retraceable criteria. In the event of any doubt, the Board of Directors is obliged to have the valuations checked by a third party. The valuation criteria must be chosen in such a way that they can be verified by the Fund's authorised auditor. Furthermore, the authorised auditor will carry out their audit of the Fund, including procedures relating to the swap agreements.

All other securities, instruments and other assets are valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.

For the purpose of determining the value of the Fund's assets, the administrative agent, having due regards to the standard of care and due diligence in this respect, may, when calculating the Net Asset Value per Share, completely and exclusively rely, unless there is manifest error or negligence on its part, upon the valuations provided (i) by various pricing sources available on the market such as pricing agencies (i.e., Bloomberg, Reuters) or fund administrators, (ii) by prime brokers and brokers, or (iii) by (a) specialist(s) duly authorized to that effect by the Board of Directors. Finally, (iv) in the instances where no prices can be found or when a valuation cannot be correctly determined, the administrative agent may rely upon a valuation provided by the Board of Directors.

In circumstances where (i) one or more pricing sources fails to provide valuations to the administrative agent, which could have a significant impact on the Net Asset Value per Share, or where (ii) the value of any asset(s) cannot be determined as rapidly and accurately as required, the administrative agent is authorized to postpone the Net Asset Value per Share calculation and as a result may be unable to determine subscription and redemption prices. The Board of Directors shall be informed immediately by the administrative agent should this situation arise. The Board of Directors may then decide to suspend the calculation of the Net Asset Value per Share in accordance with the procedures described in section 5.6 below.

Adequate provisions will be made, Sub-Fund by Sub-Fund, for expenses to be borne by each of the Sub-Funds and all off-balance-sheet commitments shall be taken into account on the basis of fair and prudent criteria.

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

The value of assets denominated in a currency other than the Reference Currency of a Sub-Fund shall be determined by taking into account the rate of exchange prevailing at the time of the determination of the NAV.

The value of assets and liabilities of the Fund is generally determined in accordance with Luxembourg generally accepted accounting principles.

The NAV per Share of each Class and the issue and redemption prices thereof are available at the registered office of the Fund.

#### **5.6 Temporary Suspension of Determination of the Net Asset Value, Issues, Redemptions and Conversions**

The determination of the NAV of the Shares of one or more Classes of a Sub-Fund may be suspended:

- (i) during any period when any of the principal stock exchanges, Regulated Market or any Other Regulated Market in a Member State or in a non-Member State on which a substantial part of the Fund's investments attributable to such Sub-Fund is quoted, or when one or more foreign exchange markets in the currency in which a substantial portion of the assets of the Sub-Fund is denominated, are closed otherwise than for ordinary holidays or during which dealings are substantially restricted or suspended; or
- (ii) when political, economic, military, monetary or other emergency events beyond the control, liability and influence of the Fund make the disposal of the assets of any Sub-Fund impossible under normal conditions or such disposal would be detrimental to the interests of the Shareholders of the Fund; or
- (iii) during any breakdown in the means of communication network normally employed in determining the price or value of any of the relevant Sub-Fund's investments or the current price or value on any market or stock exchange in respect of the assets attributable to such Sub-Fund; or
- (iv) during any period where the Fund is unable to repatriate funds for the purpose of making payments for the redemption of Shares of such Sub-Fund or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; or
- (v) during any period when for any other reason the prices of any investments owned by the Fund, including in particular the financial derivative instruments and repurchase transactions entered into by the Fund in respect of any Sub-Fund, cannot promptly or accurately be ascertained; or

- (vi) following a decision to merge, liquidate or dissolve the Fund or, if applicable, one or several Sub-Fund(s) or Classes; or
- (vii) following the suspension of (i) the calculation of the net asset value per share/unit, (ii) the issue, (iii) the redemption and/or (iv) the conversion of the shares/units issued at the level of a master in which the Sub-Fund invests in its quality as feeder within the meaning of the Law of 2010; or
- (viii) during any period when the Board of Directors so decides, provided all Shareholders are treated on an equal footing and all relevant laws and regulations are applied as soon as an extraordinary general meeting of Shareholders of the Fund or of a Sub-Fund has been convened for the purpose of deciding on the liquidation or dissolution of the Fund or a Sub-Fund; or
- (ix) during a period where the relevant indices underlying the derivative instruments which may be entered into by the Sub-Funds of the Fund are not compiled or published; or
- (x) during any period when for any other reason the prices of any investments owned by the Fund, in particular any derivative instruments and repurchase transactions which may be entered into by the Fund in respect of any Sub-Fund, cannot promptly or accurately be ascertained; or
- (xi) upon the order of the Luxembourg supervisory authority; or
- (xii) during any period when the Board of Directors decides that such suspension is necessary to safe keep the interest and equal treatment of the Shareholders.

The Board of Directors reserves the right to suspend the issue, redemption and conversion of Shares in one or more Classes for any period during which the determination of the NAV per Share of the Sub-Fund(s) concerned is suspended by the Fund by virtue of the reasons described above. Any redemption or conversion request made or in abeyance during such a suspension period may be withdrawn by written notice to the Fund before the end of such suspension period. Should such withdrawal not be effected, the Shares in question shall be redeemed or converted, as applicable, on the first Valuation Day following the termination of the suspension period. Investors who have requested the purchase, redemption or conversion of Shares shall be informed of such suspension when such request is made. In the event where such suspension period exceeds the period initially determined by the Board of Directors, all Shareholders of the Class concerned shall be informed.

## **5.7 Liquidation of the Fund – Liquidation of Sub-Funds/Classes**

### **a) The Fund**

The Fund is incorporated for an unlimited period, and liquidation shall normally be decided upon by an extraordinary general meeting of Shareholders. Such a meeting will be convened in compliance with the Law of 2010:

- If the Net Asset Value of the Fund falls below two-thirds of the minimum capital as required by law (EUR 1,250,000.- or its equivalent in another currency), approval from a simple majority of the Shares represented at the meeting would be required; and

- If the Net Asset Value of the Fund falls below one-fourth of the minimum capital as required by law, approval from the Shareholders holding one-quarter of the Shares present at the meeting would be required.

Should the Fund be liquidated, such liquidation shall be carried out in accordance with the provisions of the Law of 2010 which specifies the steps to be taken to enable Shareholders to participate in the liquidation distributions and provides for deposit in escrow at the *Caisse de Consignation* in Luxembourg of any such amounts which it has not been possible to distribute to the Shareholders at the close of the liquidation. Amounts not claimed within the prescribed period would be forfeited in accordance with the provisions of Luxembourg law. The net liquidation proceeds of each Sub-Fund shall be distributed to the Shareholders of each Class of the Sub-Fund in proportion to their respective holdings of such Class.

No later than nine (9) months after the decision of the Board of Directors to terminate the Fund, (i) the liquidation of the Fund will have to be closed and (ii) all assets which have not yet been distributed to their beneficiaries shall be deposited with the *Caisse de Consignation* on behalf of the persons entitled thereto.

The liquidation of the last remaining Sub-Fund will result in the liquidation of the Fund as referred to in Article 145 (1) of the Law of 2010.

## **b) The Sub-Funds or Classes**

The Board of Directors may decide to liquidate any Sub-Fund or Class (i) in the event that for any reason the Net Asset Value in any Sub-Fund or Class has decreased to an amount determined by the Board of Directors to be below the minimum level for such Sub-Fund or Class to be operated in an economically efficient manner; (ii) if a change in the economic, political or monetary situation relating to the Sub-Fund or Class concerned would have material adverse consequences on the investments of that Sub-Fund or Class; or (iii) if the Board of Directors otherwise considers it to be in the best interests of the Shareholders of the relevant Sub-Fund and/or Class

Shareholders will be notified by registered letter of the decision to liquidate prior to the effective date of the liquidation, and the letter will indicate the reasons for, and the procedures of, the liquidation. Unless the Board of Directors decides otherwise in the interests of, or to ensure equal treatment among the Shareholders, the Shareholders of the Sub-Fund or Class concerned may continue to request redemption or conversion of their Shares free of charge.

No later than nine months after the decision of the Board of Directors to terminate a Sub-Fund or Class, (i) the liquidation of the Sub-Fund or Class will be closed and (ii) such proceeds of the liquidation which the Directors have been unable to distribute to their beneficiaries shall be deposited with the *Caisse de Consignation* on behalf of the persons entitled thereto.

## **5.8 Merger, split and consolidation of Sub-Funds**

Any merger or split of a Sub-Fund shall be decided by the Board of Directors unless the Board of Directors decides to seek the prior approval of the Shareholders in a general meeting of the Sub-Fund concerned. No quorum shall be required for this meeting and decisions will be taken by the simple majority of the votes cast.

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

Shareholders will in any case be entitled to request, without any charge other than those retained by the Fund or the Sub-Fund to meet disinvestment costs, the repurchase or redemption of their Shares, in accordance with the provisions of the Law of 2010.

## **5.9 Material Contracts**

The following material contracts have been or shall be entered into:

(a) A management company services agreement dated 4 March 2015 between the Fund and the Management Company (the “Management Company Agreement”) pursuant to which the latter acts as the management company of the Fund. This Agreement is entered into for an unlimited period and is terminable by either party upon three (3) months written notice.

(b) An investment management agreement dated 4 March 2015 between the Management Company, the Fund and the Investment Manager (the “Investment Management Agreement”) pursuant to which the latter acts as investment manager of the Fund. This Agreement is entered into for an unlimited period and is terminable by either party upon three (3) months written notice.

(c) An agreement dated 4 March 2015 between the Fund and the Depositary (the “Depositary Agreement”) pursuant to which the latter is appointed depositary of the assets of the Fund. This Agreement is entered into for an unlimited period and is terminable by either party upon ninety (90) days’ written notice.

(d) An administration agency, domiciliary, corporate and paying agency, registrar and transfer agent and listing agent agreement dated 4 March 2015 between the Management Company, the Fund and the Administrative Agent (the “Administration Agreement”) pursuant to which the latter is appointed administrative and registrar and transfer agent of the Fund. This Agreement is entered into for an unlimited period and is terminable by either party upon ninety (90) days’ written notice.

(e) A distribution and placement agreement dated 4 March 2015 between the Management Company, the Fund and the Global Distributor (the “Distribution and Placement Agreement”) pursuant to which the latter is appointed to as Global Distributor. This Agreement is entered into for an unlimited period and is terminable by either party upon two months’ written notice.

## **5.10 Documents**

### **5.10.1 Prospectus, KIIDs and Articles of Incorporation and Periodical Reports**

Copies of the Articles of Incorporation, the current Prospectus, the KIIDs and the latest financial reports may be obtained free of charge during normal office hours at the registered office of the Fund in Luxembourg. Such reports form an integral part of this Prospectus or via the Management Company’s and the Investment Manager’s website at [www.mdo-manco.com](http://www.mdo-manco.com) or [www.africanalliance.com](http://www.africanalliance.com).

### **5.10.2 Complaints Handling**

The details of the Fund's complaint handling procedures may be obtained free of charge during normal office hours at the registered office of the Fund in Luxembourg.

Complaints concerning the operation or marketing of the Fund may be referred in writing to African Alliance SICAV, 49, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. Upon receipt of any complaint, the Fund will handle or channel to the relevant party any enquiries or complaints from investors and revert to the investors accordingly.

### **5.10.3 Best Execution**

The Management Company's best execution policy sets out the basis upon which transactions will be effected and orders will be placed in relation to the Fund whilst complying with its obligations under the CSSF Regulation No. 10-4 and the CSSF Circular 12/546 to obtain the best possible result for the Fund and its Shareholders. Details of the Management Company's best execution policy may be obtained free of charge during normal office hours at the registered office of the Management Company in Luxembourg.

### **5.10.4 Policy for the Exercise of Voting Rights**

The Fund has a strategy for determining when and how voting rights attached to ownership of the Fund's investments are to be exercised for the exclusive benefit of the Fund. A summary of this policy as well as the details of the actions taken on the basis of this policy in relation to each Sub-Fund may be obtained free of charge during normal office hours at the registered office of the Management Company in Luxembourg and is available on the Investment Manager's website at [www.africanalliance.com](http://www.africanalliance.com).

## **5.11 Potential Conflicts of Interest**

The Investment Manager, or an affiliate of the Investment Manager, may have an interest that may conflict with the ability of the Investment Manager to act in the best interests of the Fund or a Sub-Fund.

Certain inherent conflicts of interest arise from the fact that the Fund, its affiliates and its Investment Manager (including their respective directors, officers and employees) may also carry on investment activities and/or provide management services and/or provide advisory services for other clients either within or outside affiliates of the African Alliance Group, including, without limitation, other sub-funds, investment funds, client accounts and proprietary accounts ("Other Accounts") in which the relevant Sub-Fund will have no interest and whose respective investment program may or may not be substantially similar. The portfolio strategies employed for the investment programs of such Other Accounts could conflict with the transactions and strategies employed in managing a portfolio of the Sub-Fund and affect the prices and availability of the securities and instruments in which the Sub-Fund invests. Conversely, participation in specific investment opportunities may be appropriate, at times, for both the Sub-Fund and the other investment programs. In such case, participation in such opportunities will be allocated on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments, relative exposure to short-term market trends, and the respective investment programs and portfolio positions of the Sub-Fund and the other investment programs. Such considerations may result in allocations of certain investments on other than a *pari passu* basis.



The Investment Manager has policies and procedures in place to identify and mitigate any potential conflicts of interest arising from related party transactions, with a view to ensuring that all such transactions will be effected on terms which are not materially less favourable to the Fund or a Sub-Fund than if the potential conflict had not existed.

The Investment Manager will also have policies and procedures requiring it to act in the best interests of the Fund and the Sub-Funds so far as it is practicable having regard to its obligations to other clients, when undertaking any investment where potential conflicts of interest may arise.

**6.1. Management Company**

**6.2. Board of Directors**

**6.2. Investment Manager and Global Distributor**

**6.3. Depositary and Paying Agent, Administrative, Domiciliary and Corporate Agent, Registrar and Transfer Agent and Listing Agent**

**6.4. Permanent Risk Management Function**

**6.1 Management Company**

MDO Management Company S.A. is a *société anonyme* incorporated under Luxembourg law for an unlimited period of time. The Management Company is registered under the *Registre de Commerce et des Sociétés Luxembourg* (the “RCS”) with number B96744.

The Management Company was incorporated by a notarial deed dated 23<sup>rd</sup> October 2003, published in the *Mémorial C, Recueil des Sociétés et Associations* (the “Memorial”) number 1252 of 26<sup>th</sup> November 2003. The last consolidated version of the articles of incorporation of the Management Company was filed with the RCS on June 2017,

As at the date of this Prospectus, the share capital of the Management Company is EUR 2,450,000.00 and has been fully paid, and the own funds of the Management Company comply with the requirements of the Law of 2010.

The Management Company is registered on the official list of Luxembourg management companies governed by Chapter 15 of the Law of 2010.

The Board of Directors of the Management Company has appointed conducting persons, to conduct the day-to-day business of the Fund. The conducting persons shall have the duty to ensure that the different service providers to which the Fund has delegated certain functions (comprising, inter alia, the Investment Manager, the Administrative Agent, and the Global Distributor) perform their function in compliance with the Law of 2010, the Articles of Incorporation, the Prospectus and the provisions of the contracts that have been entered into between the Fund and each of them. The conducting persons shall also ensure compliance of the Fund with the investment restrictions and oversee the implementation of the Sub-Funds' investment policies. The conducting persons shall also report to the board of directors of the Management Company and to the Directors on a regular basis and inform the Management Company without delay of any non-compliance of the Fund with the investment restrictions.

The Management Company is responsible for the day-to-day operations of the Fund in accordance with the Law of 2010 and the Management Company Agreement.

The Management Company has in place a remuneration policy in line with the Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending 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.

The remuneration policy sets out principles applicable to the remuneration of senior management, all staff members having a material impact on the risk profile of the financial undertakings as well as all staff members carrying out independent control functions.

In particular, the remuneration policy complies with the following principles in a way and to the extent that is appropriate to the size, internal organisation and the nature, scope and complexity of the activities of the Management Company:

- i. it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or Articles of Incorporation of the Fund;
- ii. if and to the extent applicable, the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Fund in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- iii. it is in line with the business strategy, objectives, values and interests of the Management Company and the Fund and of the Shareholders, and includes measures to avoid conflicts of interest;
- iv. fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

The remuneration policy is determined and reviewed at least on an annual basis by a remuneration committee.

The details of the up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of the persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee, are available on <http://www.mdo-manco.com/remuneration-policy>, a paper copy will be made available free of charge upon request.

## **6.2 Board of Directors**

The Board of Directors (individually, a "Director") has overall responsibility for the management and administration of the Fund, the Sub-Funds and the corresponding Share Classes, for authorizing the creation of new Sub-Funds and Share Classes and for establishing and monitoring their investment policies and restrictions.

The Fund shall indemnify any Director, officer or agent and his heirs, executors and administrators against expenses reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director, officer or agent of the Fund or, at its request, of any other company of which the Fund is a shareholder or creditor and from which he is not entitled to be indemnified, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or wilful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Fund

is advised by counsel that the person to be indemnified did not commit such an aforementioned breach of duty. The foregoing right of indemnification shall not exclude other rights to which he may be entitled. If the Board of Directors so determines, the Fund may pay the expenses of a person indemnified under this paragraph incurred in defending an action in advance of the final disposition of such action, provided that such person agrees to reimburse the Fund any expenses so advanced if on final disposition of such action, it is determined that the person was not entitled to indemnification hereunder.

### **6.3 Investment Manager and Global Distributor**

The Management Company is responsible for the oversight of the Fund's investment activities. In order to implement the investment policy of each Sub-Fund, the Management Company has delegated, with the prior approval of the Fund, under its permanent supervision and responsibility, the management of the assets of the Sub-Funds to African Alliance Advisory (Pty) Ltd.

Pursuant to the Investment Management Agreement entered into between the Management Company, the Fund and the Investment Manager as of 4 March 2015 and this Prospectus, the Investment Manager has discretion, on a day-to-day basis and subject to the oversight of the Management Company, to purchase and sell securities and otherwise to manage the Sub-Funds' portfolios. The Investment Manager may appoint, at its own cost and responsibility, sub-investment managers from time to time to provide portfolio management services in respect of the investments of any Sub-Fund. The Investment Manager, in the execution of its duties and the exercise of its powers, shall be responsible for ensuring that each Sub-Fund complies with its investment policy and restrictions.

Pursuant to the Distribution and Placement Agreement entered into by the Management Company, the Fund and the Global Distributor, the Management Company has appointed African Alliance Advisory (Pty) Ltd. as Global Distributor.

### **6.4 Depositary and Paying Agent, Administrative, Domiciliary Agent, Registrar and Transfer Agent and Listing Agent**

Pursuant to the Depositary Agreement, the Depositary has been entrusted with the following main functions:

- Ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable law and the Articles of Incorporation.
- Ensuring that the value of the Shares is calculated in accordance with applicable laws and the Articles of Incorporation.
- Carrying out the instructions of the Management Company/the Fund unless they conflict with applicable laws and Articles of Incorporation.
- Ensuring that in transactions involving the assets of the Fund any consideration is remitted within the usual time limits.
- Ensuring that the income of the Fund is applied in accordance with applicable laws and the Articles of Incorporation.

- Monitoring of the Fund's cash and cash flows
- Safe-keeping of the Fund's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

### **Depositary's liability**

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

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, and in particular Article 18 of the Commission delegated Regulation (EU) 216/438 of 17.12.2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries (the "UCITS Regulation"), the Depositary shall return financial instruments of identical type or the corresponding amount to the Fund without undue delay.

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

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

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

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

### **Delegation**

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

The Depositary has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at Copley Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network.

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

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

## Conflicts of Interest

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

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

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

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

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

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

The Management Company may also be a client or counterparty of the Depositary or its affiliates. Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Shareholders on request.

The depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depositary issues to be properly identified, managed and monitored.

State Street Bank Luxembourg S.C.A. serves as the Fund's administrative agent, registrar and transfer agent, listing agent, paying agent and domiciliary and corporate agent in accordance with the administrative agency, registrar and transfer agency, listing agency, paying agency and domiciliary and corporate agency agreement entered into between the Management Company, the Fund and the Bank as of 4 March 2015.

As the Fund's administrative agent (the "Administrative Agent"), it is responsible for maintaining the books and financial records of the Fund and calculating the NAV of each Class of Shares.

As the Fund's registrar and transfer agent (the "Registrar and Transfer Agent"), it is responsible for handling the processing of subscription of Shares, dealing with requests for redemption and conversion and accepting transfer of funds, for the safekeeping of the Register of the Fund, the delivery of the Share certificates, if requested, for accepting Share certificates tendered for replacement, redemption or conversion and for providing and supervising the mailing reports, notices and other documents to the Shareholders, as further described in the above mentioned agreement.

As the Fund's paying agent (the "Paying Agent"), it is in charge of the payment of the dividends and capital reimbursement to the Shareholders.

As the Fund's domiciliary agent (the "Domiciliary Agent"), the Bank will be responsible for the domiciliation of the Fund and will perform, inter alia, the functions as foreseen in the Luxembourg law of 31 May 1999 on the domiciliation of companies, as amended and, in particular, allow the Fund to establish its registered office at the registered office of the Bank and provide facilities necessary for the meetings of the Fund's officers, directors and/or of the shareholders of the Fund.

The Fund and the Bank may terminate at any time these agreements upon ninety days prior written notice addressed by one party to the other or under other circumstances set out in such agreements.

**7.1. Management Fees**

**7.2. Investment Management Fees**

**7.3. Performance Fees**

**7.4. Fees of the Depositary and Paying Agent, Administrative, Domiciliary and Corporate Agent, Registrar and Transfer Agent and Listing Agent**

**7.5. Risk Reporting Services Fees**

**7.6. Operating and Administrative Expenses**

**7.7. Transaction Costs**

**7.8. Extraordinary Expenses**

**7.1 Management Fees**

Under the Management Company Services Agreement, the Management Company is entitled to receive a variable fee based on the net assets of the relevant Sub-Fund, calculated at a maximum rate of 0.07% per annum, subject to a minimum annual fee of €20,000 per Sub-Fund. This fee will be calculated as the average of the month-end Net Asset Value of the previous quarter and invoiced quarterly in arrears.

For the additional performance of investment compliance services, the Management Company charges an additional fee of €7,500 per annum per Sub-Fund.

Additional fees and other costs charged to the relevant Sub-Fund in relation to other additional services, as may be agreed from time to time, will be disclosed in this Prospectus. In addition, the Management Company shall be entitled to receive from the Fund on demand and on presentation of appropriate justification reimbursement for its reasonable cash disbursements, included but not limited to reasonable out-of-pocket expenses, incurred in the performance of its duties.

In addition, where applicable, any value added tax ("VAT") associated with the above fees and reimbursements will be charged to the Sub-Fund.

**7.2 Investment Management Fees**

The Fund is charged an Investment Management Fee for the investment management services of the Investment Manager. Such fee is calculated as a percentage of the net assets of each Sub-Fund or Class at each Valuation Day. The Investment Management Fee is accrued on each Valuation Day and payable monthly in arrears at the rate specified in the Appendix for each Class of a Sub-Fund.

In case the Investment Manager designates any sub-investment manager, the fees of such Sub-Investment Manager shall be paid by the Investment Manager out of its own fees.

In compliance with the applicable laws, the Investment Manager may, in its entire discretion, enter into an agreement with a shareholder, a potential shareholder or their agents, under which the Investment Manager makes payments, or applies such payments for the subscriptions of further Share Classes, to or for the benefit of such shareholders, which represent a rebate of all or part of the Investment Manager Fee charged on the Share Classes covered under such agreement.



Rebates are paid from the Investment Manager Fee received by the Investment Manager and therefore do not represent an additional charge on the Sub-Funds assets. Rebates will eventually result in a discount of the Investment Manager Fee as a shareholder who receives a rebate under the agreement described above may be lower than the fees payable by a shareholder which does not participate in such arrangements.

The Investment Manager will grant rebates on the basis of objective criteria, such as, but not limited to, the volume subscribed by the shareholder or the total volume hold by him in the Fund, the amount of the fees generated by the shareholder, the investment behaviour shown (e.g. expected investment period), the willingness to provide support in the launch phase of a Sub-Fund.

### **7.3 Performance Fees**

Performance fees, if any will be disclosed in relevant Appendix of the Sub-Funds.

### **7.4 Fees of the Depositary and Paying Agent, Administrative, Domiciliary and Corporate Agent, Registrar and Transfer Agent and Listing Agent**

The Fund shall pay to the Depositary out of the assets of the Fund an annual safekeeping fee ranging from 0.10% to 0.51% of the NAV of the assets attributable to the relevant Class of Shares. The fee payable to the Depositary shall be accrued as of each Valuation Day and paid monthly in arrears.

The Fund shall pay to the Administrative Agent out of the assets of the Fund an annual fee, up to 0.08% of the NAV of the assets attributable to the relevant Class of Shares. The fee payable to the Administrative Agent shall be accrued as of each Valuation Day and paid monthly in arrears.

### **7.5 Risk Reporting Services Fees**

State Street Bank and Trust Company is entitled to an annual fee per Sub-Fund of up to EUR 25,000 in relation to the provision of risk monitoring, analysis and reporting services.

### **7.6 Operating and Administrative Expenses**

The Fund bears all of its ordinary operating expenses ("Operating and Administrative Expenses") including but not limited to formation expenses such as organization and registration costs; the Luxembourg asset-based *taxe d'abonnement* up to the maximum rate referred to under "Taxation" below ("*taxe d'abonnement*"); and other reasonable out-of-pocket expenses incurred by the Fund and its Board of Directors; legal and auditing fees and expenses; specific risks and investment compliance monitoring, ongoing registration and listing fees, including translation expenses; and the costs and expenses of preparing, printing, and distributing this Prospectus, the KIIDs, financial reports and other documents made available to its Shareholders. Operating and Administrative Expenses do not include Transaction Costs and Extraordinary Expenses (as defined below). Any Director who is not director, officer or employee of the Investment Manager will be entitled to receive remuneration from the Fund as disclosed in the annual financial statements of the Fund.

The Fund's formation expenses and the expenses relating to the creation of new Sub-Funds may be capitalized and amortized over a period not exceeding five years, as permitted by Luxembourg law. The new Sub-Funds will also bear a respective part of the expenses with respect to the

formation of the Fund as a whole. In addition, any value added tax ("VAT") associated with any fees and expenses will be charged to the Fund.

#### **7.7 Transaction Costs**

Each Sub-Fund bears the costs and expenses of buying and selling portfolio securities and financial instruments, collateral management fees, brokerage fees and commissions, interest or taxes payable, and other transaction-related expenses ("Transaction Costs").

#### **7.8 Extraordinary Expenses**

The Fund or any Sub-Fund may bear any extraordinary expenses including, without limitation, litigation expenses 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 expenses ("Extraordinary Expenses").

**8. 1. Investment Strategies of the Sub-Funds****8. 2. Risk Factors****8.1 Investment Strategies of the Sub-Funds**

The Board of Directors has determined the investment objective and investment policy of each of the Sub-Funds as described in the Appendices to this Prospectus. There can be no assurance that the investment objective for any Sub-Fund will be attained. Pursuit of the investment objective and investment policy of any Sub-Fund must be in compliance with the limits and restrictions set out in Section 9.1 "Investment Restrictions".

The Sub-Funds may hold such ancillary liquid assets as the Investment Manager and/or sub-investment manager consider(s) appropriate in the form of, without limitation, current accounts, fixed term deposits or money market instruments having a residual maturity of less than 12 months.

For the purpose of efficient portfolio management, each Sub-Fund may use derivatives or other financial instruments to hedge against unintended risks, including equity or credit market risk, interest rate risk, currency risk, country risk, sector risk, etc. The Sub-Funds may seek to hedge their investments against currency fluctuations which are adverse to the Reference Currency of the Sub-Funds by using currency options, futures contracts and forward foreign exchange contracts. The Sub-Funds may also use derivatives such as options, futures, forwards and swaps as a substitute for direct investment. Derivatives may be used for the purposes of hedging and/or efficient portfolio management of each of the Sub-Funds. If derivatives are used for purposes other than hedging and/or efficient portfolio management, this will be stated for the relevant Sub-Funds in the relevant Appendix. Each of the Sub-Funds may also engage in securities lending transactions unless otherwise stated in the Appendix of the relevant Sub-Fund.

When using the techniques and instruments described in the preceding paragraphs, the Sub-Funds must comply with the limits and restrictions set out in Section 9.1 "Investment Restrictions". Also, such techniques and instruments shall be used only to the extent that they do not affect the quality of the investment policies and objectives of the Sub-Funds.

Use of the aforesaid techniques and instruments involves certain risks, and there can be no assurance that the objective sought to be obtained from such use will be achieved.

**8.2 Risk Factors****General Investment Risk**

The value of a Sub-Fund can change from day to day because the value of the securities in which it invests can be affected by changes in interest rates, the general financial market and economic conditions or individual company news. As a result, at the time of redemption, Sub-Fund Shares may be worth more or less than the original purchase price. Listed below are some of the specific risks that can affect the value of Shares of a Sub-Fund. Refer to the Sub-Fund descriptions in the Appendices to determine which risks apply to each Sub-Fund.

### **Fund Management risk**

The Sub-Funds are pooled investments. Investors' monies are co-mingled. By investing in a pooled investment, investors rely on the experience and expertise of the Investment Manager to make decision on their investments. A failure on the part of the Investment Manager to display the requisite experience and expertise expected of the Investment Manager in making the right decisions in respect of the investments of the Sub-Funds (for instance, whether to take temporary defensive positions at the right time) may be detrimental to the investments made by investors.

### **Performance risk**

There is no guarantee in relation to the investment returns or distributions to Shareholders.

### **Basis Risk**

This may occur when the prices of two assets which normally follow an established relationship to one another show a large change in their relative prices. This could lead to capital losses for the Sub-Fund if it has positions in both and they move in an unfavourable direction.

### **Equity Exposure and equity-linked instruments investment risk**

Some of the Sub-Fund(s)' strategy may involve long, un-hedged or only partially hedged investments in, and exposure to, equities. Such investments may decline in value in the event of general equity market declines.

The pricing of equity-linked instruments or equity-linked securities will depend on the underlying equities that they are linked to, such as the growth and performance prospect of the underlying equities would consequentially affect the pricing of the equity-linked instruments or equity-linked securities. If, in the opinion of the Investment Manager, where there is material adverse change to the pricing of the underlying equities, the Investment Manager may consider unwinding the equity-linked instruments or equity-linked securities to mitigate potential losses that may arise.

### **Counterparty Risk**

The Sub-Funds may enter into transactions with counterparties, thereby exposing them to the counterparties' credit worthiness and their ability to perform and fulfil their financial obligations. This risk may arise at any time the Sub-Funds' assets are deposited, extended, committed, invested or otherwise exposed through actual or implied contractual agreements. In addition, the Fund may enter into contracts with service providers and other third party contractors (the "Service Providers"). This risk means that in certain circumstances (including but not limited to force majeure events) the Service Providers may not be able to perform or fulfil their contractual obligations to the Fund. This could result in periods where the normal trading activity of the Fund may be affected or disrupted.

### **Derivative Risk**

A derivative is a type of investment, the value of which is derived from the performance of other investments or from the movement of interest rates, exchange rates or market indices.

There are many different types of derivatives – they usually take the form of a contract to buy or sell a specific commodity, currency, security or market index. The most common types of derivatives are:

- a futures or forward contract – these are agreements made today to buy or sell a particular currency, security or market index on a specific day in the future at a specified price;
- an option contract – these are agreements that give the buyer the right, but not the obligation, to buy or sell certain securities within a certain time period, at a specified price; and
- a swap agreement – these are negotiated contracts between parties often agreeing to exchange payments based on returns of different investments. The most common type is an interest rate swap. Party A agrees to pay Party B a fixed amount based on a pre-set interest rate. In return, Party B agrees to pay Party A a floating amount based on a reference rate such as bankers acceptances or the London Inter-Bank Offered Rate (*LIBOR*).

Derivatives can help a Sub-Fund achieve its investment objectives and may be used in three different ways:

- to protect against or limit the changes in the value of an investment that may result from changes in interest rates, foreign exchange rates, commodity prices and stock prices;
- as a substitute to investing directly in a particular security or market. A Sub-Fund may use derivatives instead of buying the actual security because it may be cheaper or more efficient; or
- as a substitute for investing directly in a currency as part of the overall investment strategy of a Sub-Fund. A portfolio manager may take the view that a currency will underperform or outperform another currency over a period of time and use currency forwards to take on currency exposure on a short- or long-term basis.

Derivatives have their own special risks. Here are some of the common ones:

- Using derivatives for hedging may not always work and it could limit a Sub-Fund's potential to make a gain.
- Using derivatives in order to obtain exposure does not protect a Sub-Fund from a decline in the value of the underlying security, currency or market for which the derivative is a substitute.
- The price of a derivative may not accurately reflect the value of the underlying currency or security.
- There is no guarantee that a Sub-Fund will be able to close out a derivative contract when it wants to. If, for example, a stock exchange imposes trading limits, it could affect the ability of a Sub-Fund to close out its position in derivatives. This type of event could prevent a Sub-Fund from making a profit or limiting its losses.
- The other party to a derivative contract may not be able to live up to its agreement to complete the transaction. In general, credit ratings are relied on as indications of the ability of counterparties to perform.

### **Credit Default Swaps and synthetic securities risk**

A portion of a Sub-Fund's investments may consist of credit default swaps and other synthetic securities the reference obligations of which may be leveraged loans, high-yield debt securities or similar securities. Investments in such types of assets through the purchase of credit default swaps

and other synthetic securities present risks in addition to those resulting from direct purchases of such investments. With respect to each synthetic security, the Sub-Fund will usually have a contractual relationship only with the counterparty of such synthetic security, and not the reference obligor on the reference obligation. The Sub-Fund generally will have no right directly to enforce compliance by the reference obligor with the terms of the reference obligation nor any rights of set-off against the reference obligor, may be subject to set-off rights exercised by the reference obligor against the counterparty or another person or entity, and generally will not have any voting or other contractual rights of ownership with respect to the reference obligation. In addition, the Sub-Fund will not directly benefit from any collateral supporting the reference obligation and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation. In addition, in the event of the insolvency of the counterparty, the Sub-Fund will be treated as a general creditor of such counterparty, and will not have any claim with respect to the reference obligation. Consequently, the Sub-Fund will be subject to the credit risk of the counterparty as well as that of the reference obligor. As a result, concentrations of synthetic securities entered into with any one counterparty will subject the Sub-Fund to an additional degree of risk with respect to defaults by such counterparty as well as by the reference obligor.

Additionally, while the Investment Manager expects that the returns on a synthetic security will generally reflect those of the related reference obligation, as a result of the terms of the synthetic security and the assumption of the credit risk of the synthetic security counterparty, a synthetic security may have a different expected return, a different (and potentially greater) probability of default and expected loss characteristics following a default, and a different expected recovery following default. Additionally, when compared to the reference obligation, the terms of a synthetic security may provide for different maturities, distribution dates, interest rates, interest rate references, credit exposures, or other credit or non-credit related characteristics. Upon maturity, default, acceleration or any other termination (including a put or call) other than pursuant to a credit event (as defined therein) of the synthetic security, the terms of the synthetic security may permit or require the issuer of such synthetic security to satisfy its obligations under the synthetic security by delivering to the relevant Sub-Fund securities other than the reference obligation or an amount different than the then current market value of the reference obligation.

### **Volatility Risk**

A Sub-Fund may have investments that could appreciate or decrease significantly in value over short periods of time. This may cause the Compartment's net asset value per share to experience significant appreciations or decreases in value over short periods of time.

### **Risk Associated with the Use of Over-The-Counter Instruments**

Over-The-Counter Instruments are not traded on organised markets and they benefit from little or no standardization. There are no limits on daily price changes and the limits on speculative positions are not applicable, which increases the risk for a Sub-Fund's portfolio invested in such instruments. Over-The-Counter Instruments involve counterparty risk and expose the Sub-Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions or delays in settlement may result from disputes over the terms of the contract. The valuation of over-the-counter derivative transactions is also subject to greater uncertainty and variation than that of exchange-traded derivatives.

### **Contracts for Differences (CFDs) Risk**

A contract for difference is a contract between two parties, buyer and seller, stipulating that the seller will pay to the buyer the difference between the current value of an asset (a security, instrument, basket or index) and its value at contract time. If the difference is negative, then the buyer pays instead to the seller.

Contracts for differences allow investors to take synthetic long or synthetic short positions with a variable margin, which unlike future contracts, have no fixed expiry date or contract size. Unlike shares, with CFDs the buyer is potentially liable for far more than the amount they paid on margin. The Fund will therefore employ risk management techniques with the aim of ensuring it can dispose of the necessary assets at any time in order to pay redemption proceeds resulting from redemption requests and to meet its obligations resulting from contracts for differences and other techniques and instruments.

### **Collateral Risk**

The Fund may have significant credit and operational risk exposure to its counterparties, which requires the Fund to post collateral to support its obligations in connection with transactions involving forwards, swaps, futures, options and other derivative instruments. Generally, counterparties have the right to sell, pledge, re-hypothecate, assign, use or otherwise dispose of the collateral posted by the Fund in connection with such transactions. This could increase the Fund's exposure to the risk of a counterparty default since, under such circumstances, such collateral of the Fund could be lost or the Fund may be unable to recover such collateral promptly. Also, counterparties have an interest in maximizing the return from such collateral. This interest could conflict with the interests of the Fund in preserving and protecting its portfolio.

### **Credit Risk**

Credit risk is the possibility that a borrower, or the counterparty to a derivatives contract, repurchase agreement or reverse repurchase agreement, is unable or unwilling to repay the loan or obligation, either on time or at all. Companies, governments and special purpose vehicles (such as vehicles that issue asset backed securities or mortgage backed securities) that borrow money, and the debt securities they issue, are rated by specialized rating agencies. Debt securities issued by companies or governments in emerging markets often have higher credit risk (lower rated debt), while debt securities issued by well-established companies or by governments of developed countries tend to have lower credit risk (higher rated debt). A downgrade in an issuer's credit rating or other adverse news regarding an issuer can influence a debt security's market value. Other factors can also influence a debt security's market value such as the level of liquidity of the security, a change in the market perception of the creditworthiness of the security, the parties involved in structuring the security and the underlying assets, if any. Lower rated and unrated debt instruments generally offer a better return than higher grade debt instruments but have the potential for substantial loss. Sub-Funds that invest in companies or markets with higher credit risk tend to be more volatile in the short term. However, they may offer the potential of higher returns over the long term.

### **Currency Risk**

Many of the Sub-Funds are invested in securities denominated in a number of different currencies other than the Reference Currency. As a result, 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 another currency. For example, if the Reference Currency of a Sub-Fund is the U.S. dollar, and the U.S. dollar rises relative to the Euro, a Sub-Fund's holdings denominated in Euros will be worth fewer U.S. dollars. This decline in value may reduce, or even eliminate, any return the Sub-Fund has earned. Currency exposure may increase the volatility of foreign investments relative to investments denominated in the Reference Currency. The Sub-Funds may hedge (protect against) the risk of changes in currency exchange rates of the underlying assets of the Sub-Fund. Reference should be made to the investment policy for each Sub-Fund for information regarding the currency hedging policy for each Sub-Fund.

In addition, if an investor purchases a Class of Shares of a Sub-Fund that is denominated in a currency other than the Reference Currency, there will be exposure to currency risk. This exposure is in addition to the currency risk, if any, that applies to such Sub-Fund.

### **Commodity Risk**

A Sub-Fund may be invested in a UCITS eligible product providing exposure to commodity markets. Commodity markets are highly volatile and they are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programs and policies designed to influence commodity prices, world political and economic events, and changes in interest rates.

### **Exchange-Traded Funds (ETFs)**

An ETF may be described as an investment fund traded on stock exchanges. For the avoidance of doubt, the Sub-Fund(s) will not hold ETF shares as an authorized participant. The price of an ETF can fluctuate within a wide range and the Sub-Fund(s) could lose money by investing in an ETF if the prices of the securities owned by the ETF go down. Shares in an ETF may trade at a premium or discount to their net asset value, meaning that a Sub-Fund could pay more to purchase shares in an ETF, or receive less in a sale of shares of an ETF, than the net asset value of the ETF. ETFs are also subject to potential liquidity risk because an active trading market for their shares may not develop or be maintained, trading of ETF shares may be halted from time to time or ETF shares may de-listed from the exchange. In addition, a Sub-Fund incurs its proportionate shares of the expenses of the ETF(s) in which it invests, which has the effect of increasing the operating expenses of the Sub-Fund and thus the costs of an investment in the Sub-Fund. The Sub-Fund is also subject to the specific risks applicable to each ETF in which it invests, which include the risks described above. Certain ETFs may focus their investments in a particular geographic region, industry or type of security. Such concentration may expose those ETFs to special risks, including the risk that the particular region, industry or type of security may experience greater volatility and significant underperformance relative to the securities markets generally. By investing in ETFs a Sub-Fund will be affected by the investment policies and strategies employed by the ETFs and the specific securities in which they invest. There is no assurance that the investment objectives of an ETF will be achieved. Whilst ETFs in which the Sub-Fund(s) may invest will be selected with care, the investment decisions of an ETF are made by its investment manager or advisor and the Investment Manager does not take responsibility for the investment decisions made by the investment managers or advisor of such ETFs.

### **Exchange-Traded Notes (ETNs)**

ETNs are unsecured debt securities subject to the credit risk of the issuer. ETNs are not equivalent to exchange traded funds or ETFs that are typically registered investment companies that hold an underlying portfolio of securities. ETNs are riskier than ordinary unsecured debt securities and



have no principal protection. Risks of investing in ETNs include limited portfolio diversification, trade price fluctuations, uncertain principal repayment and illiquidity. Investing in ETNs is not equivalent to investing directly in an index or in any particular index components.

The principal of the ETN is not protected. Any cash payment of the ETN on the maturity date or repurchase date will be based upon the month over month performance of the index factor prior to the maturity date or the repurchase date, subject to the investor fee. The investor fee will reduce the amount of the return of the ETN at maturity or on redemption, and as a result, a Sub-Fund may receive less than the principal amount of investment at maturity or upon redemption of the ETNs even if the level of the relevant index has increased or decreased. An investment in ETNs may not be suitable for all investors.

ETNs may be sold throughout the day on the exchange through any brokerage account. There may be restrictions on the minimum number of ETNs an investor may redeem directly with the issuer as specified in the ETN's applicable prospectus. Commissions may apply and there may be tax consequences in the event of sale, redemption or maturity of the ETNs. Sales in the secondary market may result in significant losses.

### **International Investment Risk**

Investing internationally involves certain risks, including:

- The value of the assets of a Sub-Fund may be affected by uncertainties such as changes in government policies, taxation, fluctuations in foreign exchange rates, the imposition of currency repatriation restrictions, social and religious instability, political, economic or other developments in the law or regulations of the countries in which a Sub-Fund may invest and, in particular, by changes in legislation relating to the level of foreign ownership in the countries in which a Sub-Fund may invest.
- Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to some countries in which a Sub-Fund may invest may differ from those applicable in Luxembourg in that less information is available to investors and such information may be out of date.
- A Sub-Fund's assets may be invested in securities denominated in currencies other than the Reference Currency of the Sub-Fund, and any income from these investments will be received in those currencies, some of which may fall against the Reference Currency of the Sub-Fund. A Sub-Fund will compute its NAV and make any distributions in the Reference Currency of the Sub-Fund. Therefore, there may be a currency exchange risk which may affect the value of the Shares and the income distributions paid by a Sub-Fund.

### **Interest Rate Risk**

If a Sub-Fund invests primarily in bonds and other fixed-income securities, a significant influence on the Sub-Fund's value will be changes in the general level of interest rates. If interest rates fall, the value of the Sub-Fund's Shares will tend to rise. If interest rates rise, the value of the Sub-Fund's Shares will tend to fall. Depending on a Sub-Fund's holdings, short-term interest rates can have a different influence on a Sub-Fund's value than long-term interest rates. If a Sub-Fund invests primarily in bonds and other fixed-income securities with longer-term maturities, the biggest influence on the Sub-Fund's value will be changes in the general level of long-term interest rates. If a Sub-Fund invests primarily in bonds and other fixed-income securities with shorter-term

maturities, the biggest influence on the Sub-Fund's value will be changes in the general level of shorter-term interest rates.

### **Investment in Small-Cap Companies**

Investing in the securities of smaller, lesser-known companies may involve greater risk and the possibility of greater portfolio price volatility than investing in larger, more mature, better-known firms. Among the reasons for the greater price volatility of these small companies and unseasoned stocks are the less certain growth prospects of smaller firms, the lower degree of liquidity of the markets for such stocks, and the greater sensitivity of small companies to changing economic conditions. For example, these companies are associated with higher investment risk than that normally associated with larger firms due to the greater business risks of small size and limited product lines, markets, distribution channels and financial and managerial resources. Such securities, including those of newer or recently restructured companies or those which may have experienced financial difficulties, may be more volatile in price than larger capitalised stocks.

### **Liquidity Risk**

Liquidity refers to the speed and ease with which an asset can be sold and converted into cash. Most securities owned by Sub-Funds can be sold easily and at a fair price. In highly volatile markets, such as in periods of sudden interest rate changes, certain securities may become less liquid, which means they cannot be sold as quickly or easily. Some securities may be illiquid because of legal restrictions, the nature of the investment, certain features, like guarantees or a lack of buyers interested in the particular security or market. Difficulty in selling securities may result in a loss or reduced return for a Sub-Fund.

### **Market Risk**

Market risk is the risk of being invested in the equity and fixed-income markets. The market value of a Sub-Fund's investments will rise and fall based on specific company developments and broader equity or fixed-income market conditions. Market value will also vary with changes in the general economic and financial conditions in countries where the investments are based.

### **Emerging Market Risk**

Certain Sub-Funds may invest in securities of emerging market country governments, their political subdivisions and other issuers whose principal activities are located in emerging market countries. Investments in emerging markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries, and securities markets that trade only a limited number of securities. Many emerging markets do not have well-developed regulatory systems and disclosure standards may be less stringent than those of developed markets. The risk of expropriation, confiscatory taxation, nationalisation and social, political and economic instability are greater in emerging markets than in developed markets. In addition to withholding taxes on investment income, some emerging markets may impose different capital gains taxes on foreign investors. A number of emerging markets may restrict foreign investment in securities. Furthermore, some equity securities may not be available to one or more of the Sub-Funds because other foreign Shareholders hold the maximum amount permissible under current law. Repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration and/ or approval in some emerging markets and may be subject to currency exchange control restrictions. Such restrictions may increase the risks of investing in certain of the emerging markets. Unless otherwise

specified within the Sub-Fund's investment objective and policy, a Sub-Fund will only invest in markets where these restrictions are considered acceptable by the Board of Directors. The securities markets of emerging countries may have substantially less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalisation and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries. These factors may adversely affect the timing and pricing of a Sub-Fund's acquisition or disposal of securities. Practices in relation to settlement of securities transactions in emerging markets involve higher risks than those in developed countries because broker and counterparties in such countries may be less well-capitalised and custody and registration of assets in some countries may be unreliable. Delays in settlement could result in investment opportunities being missed if a Sub-Fund is unable to acquire or dispose of a security timeously. There may be less publicly available information about certain financial instruments than some investors would find customary and entities in some countries may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which certain investors may be accustomed. Certain financial markets, while generally growing in volume, have for the most part, substantially less volume than more developed markets, and securities of many companies are less liquid and their prices more volatile than securities of comparable companies in more developed markets. There are also varying levels of government supervision and regulation of exchanges, financial institutions and issuers in various countries. In addition, the manner in which foreign investors may invest in securities in certain countries, as well as limitations on such investments, may affect the investment operations of certain of the Sub-Funds. Emerging country debt will be subject to high risk and will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation. The issuer or governmental authority that controls the repayment of an emerging country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. As a result of the foregoing, a government obligor may default on its obligations. If such an event occurs, the Fund may have limited legal recourse against the issuer and/or guarantor.

### **Risk of non-compliance**

This refers to the risk where there is a breach of laws, rules, regulations, internal policies or the constitutive documents of the Fund. Whilst not every breach or non-compliance will necessarily result in losses to the Sub-Funds, there is always a risk that losses may be suffered. For instance, the Investment Manager may be forced to dispose of any investments of the Sub-Fund at a loss to resolve the non-compliance. Notwithstanding that, the Management Company and the Investment Manager has imposed stringent internal compliance controls to mitigate this risk.

### **Operational risk**

This risk refers to the possibility of a breakdown in the Investment Manager's internal controls and policies. The breakdown may be a result of human error, system failure or may be caused by fraud where employees of the Investment Manager collude with one another. Whilst this risk may not necessarily cause monetary loss to the Sub-Funds, it could cause inconvenience to Shareholders. The Investment Manager will periodically review its internal policies and system capability to mitigate instances of this risk. Additionally, the Investment Manager maintains a strict segregation of duties to mitigate instances of fraudulent practices amongst employees of the Investment Manager.

### **Regulatory Risk**

The investments of the Sub-Funds are exposed to changes in the laws and regulations in the countries in which the Sub-Funds are invested. Such regulatory changes pose a risk to the Sub-Funds as it may materially impact the investments of the Sub-Funds. In an effort to manage and mitigate such risk, the Investment Manager seeks to continuously keep abreast of regulatory developments (for example, by closely monitoring announcements on regulators' websites and mainstream media) in that country. The Investment Manager may dispose of its investments in that particular country should the regulatory changes adversely impact the Shareholders' interest or diminish returns to the Sub-Funds.

### **Multiple Class Risk**

Most of the Sub-Funds are available in more than one class of Shares. Each class has its own fees and expenses which are tracked separately. Those expenses will be deducted in calculating the NAV for that class, thereby reducing its NAV per Share. If one class is unable to pay its expenses or liabilities, the assets of another class will be used to pay those expenses or liabilities. As a result, the price of the other class may also be reduced.

### **Performance fee Risk**

Performance Fees are generally specified as being linked to the achievement of outcomes specified in advance by a Sub-Fund to its Investment Manager. The Performance Fee, if applicable to any Sub-Fund, may theoretically create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect.

### **Execution of Orders Risk**

The Fund's trading strategy depends on its ability to establish and maintain an overall market position in a combination of financial instruments selected by the Investment Manager of the Fund. The Fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, system failures or human error attributable to the Fund, its brokers, agents or other service providers. In such event, the Fund might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Fund might not be able to make such adjustment. As a result, the Fund would not be able to achieve the market position selected by the Investment Manager of the Fund, and might incur a loss in liquidating its position. In addition, the Fund may rely heavily on electronic execution systems, and such systems may be subject to failure, causing the interruption of trading orders made by the Fund.

### **Risks of Industry and/or Geographic Focus and/or Product and/or Strategy Concentration**

Each Sub-Fund may invest predominantly in certain industrial sectors and/or in certain geographical regions and/or in certain products and/or in certain strategies which reflect opportunities determined by the Investment Manager. If such industries, regions, products or strategies underperform, the performance of the Sub-Fund may be negatively affected.

### **Global Economic and Market Conditions Risk**

The economies of countries differ in such respects as growth of gross domestic product, rate of inflation, exchange rate movements, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

### **Global Financial Market Crisis and Governmental Intervention**

Global financial markets periodically exhibit fundamental disruptions which lead to regulators imposing new regulations in an attempt to curtail the impact. Such intervention has in certain cases been implemented on an "emergency" basis without much or any notice, with the consequence that some market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. In addition, due to the uncertain stability of global financial institutions, the security of assets held by any financial institution cannot be guaranteed, notwithstanding the terms of any agreement with such institution. Given the complexities of the global financial markets and the limited time frame within which governments have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies. It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Investment Manager's ability to implement the Fund's investment program.

### **Market Disruptions**

The Fund may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The collateral required by counterparties will typically be increased in disrupted markets. Such an increase may result in substantial losses to the Fund. Because market disruptions and losses in one sector can cause ripple effects in other sectors, investment funds and other vehicles may experience heavy losses even if not necessarily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Fund and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may suspend or limit trading from time to time. Such a suspension could render it difficult or impossible for the Fund to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for the Fund to close out positions.

### **Highly Volatile Markets**

The prices of financial instruments in which the Fund may invest can be highly volatile. Price movements of forward and other derivative contracts in which the Fund's assets may be invested

are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. The Fund is subject to the risk of failure of any of the exchanges on which its positions trade or of its clearing houses.

### **Segregation of Assets**

The Fund is structured with segregated liability between its Sub-Funds pursuant to Luxembourg law. As a matter of Luxembourg law, the assets of one Sub-Fund will not generally be available to meet the liabilities of another. However, the provisions of the Luxembourg law related to segregated liability have yet to be tested in foreign courts, in particular, in satisfying the claims of local creditors. There is no guarantee that the courts of any jurisdiction outside Luxembourg will respect the limitations on liability associated with segregated liability. The Fund will however take reasonable steps where practicable, to limit the situations in which the assets of one Sub-Fund may be exposed to the liabilities of another Sub-Fund, for example by endeavouring to provide in each material agreement to which it is a party, limit recourse clauses which seek to limit in respect of each sub-fund, the recourse of the parties to a contract relating to such sub-fund, to the assets of such sub-fund.

### **Loan financing risk**

An investor who intends to purchase Shares of any of the Sub-Funds using borrowed/financed monies and pledging those Shares as collateral for the borrowed/financed monies should be aware that if the price of the Shares falls below the borrowed/financed amount, the lender may require the investor to provide additional forms of collateral or pay additional amounts on top of the investor's normal instalment. The investor should also be aware that the borrowing cost may vary over time depending on fluctuations in interest rates.

### **Misconduct of Employees and of Third Party Service Providers**

Misconduct by members or employees or by third-party service providers could cause significant losses to the Fund. Employee misconduct may include binding the Fund to transactions that exceed authorised limits or present unacceptable risks and unauthorised trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including, without limitation, failing to recognise trades and misappropriating assets. In addition, employees and third party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Fund's business prospects or future marketing activities. Although the Investment Manager will adopt measures to prevent and detect member or employee misconduct and to select reliable third party providers, such measures may not be effective in all cases.

### **General Tax Considerations**

Where the Fund invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld 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 withheld tax and so any change may have an adverse effect on the Net Asset Value. Where the Fund sells securities short that are subject to withholding tax at the time of sale, the price obtained may reflect the withholding tax liability of the purchaser. In the

event that in future such securities cease to be subject to withholding tax, the benefit thereof would accrue to the purchaser and not the Fund.

### **US Foreign Account Tax Compliance Requirements ("FATCA")**

The United States Hiring Incentives to Restore Employment Act (the "**HIRE Act**") enacted in March 2010 provides that a 30 per cent withholding tax will be imposed on certain payments to the Fund of US source income (as from 1 January 2014) and proceeds from the sale of property that could give rise to US source interest or dividends (as from 1 January 2015) unless disclosures are made to the United States Internal Revenue Service (the "Service") on the name, address and taxpayer identification number of certain United States persons that own, directly or indirectly, an interest in the Fund, as well as certain other information relating to any such interest. Although the Fund will attempt to satisfy any obligations imposed on it to avoid the imposition of this withholding tax (including any obligation arising from the IGA, as such term is defined under paragraph 10.7 below), no assurance can be given that the Fund will be able to satisfy these obligations. If the Fund becomes subject to a withholding tax as a result of the HIRE Act, the value of Shares held by all Shareholders may be materially affected.

### **Identity of Beneficial Ownership and Withholding on Certain Payments**

Under recently enacted legislation, in order to avoid a US withholding tax of 30 per cent on certain payments (including payments of gross proceeds) made after 31 December 2012 with respect to certain US investments, if any, disclosure may be required to the Service for the identification of certain direct and indirect US equity holders. A non-US investor in the Fund could be required to provide to the Fund information which identifies its direct and indirect US ownership. Any such information provided to the Fund will be shared with the Service. A non-US investor who fails to provide such information to the Fund would be subject to the 30 per cent withholding tax with respect to its share of any such payments attributable to US investments of the Fund.

### **Automatic Exchange of Information**

Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed a common reporting standard ("**CRS**") to address the issue of offshore tax evasion on a global basis. Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "**CRS Directive**") was adopted on 9 December 2014 in order to implement the CRS among the Member States. Under the CRS Directive, the first Automatic Exchange of Information must be applied by 30 September 2017 to the local tax authorities of the Member States for the data relating to the calendar year 2016. The CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("**CRS Law**"). Investors may be required to provide additional information to the Fund to enable the Fund to satisfy its obligations under CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory redemption of its Shares in the Fund.

All prospective investors and Shareholders should consult with their own tax advisors regarding the possible implications of FATCA and CRS on their investment in the Fund.

**9.1. Investment Restrictions**

**9.2. Investment Techniques and Instruments**

**9.3. Risk Management Process**

**9.1 Investment Restrictions**

**A. The assets of each Sub-Fund shall comprise only one or more of the following:**

- (1) Transferable Securities and Money Market Instruments listed or dealt in on a Regulated Market;
- (2) Transferable Securities and Money Market Instruments listed or dealt in on an Other Regulated Market in a Member State;
- (3) Transferable Securities and Money Market Instruments admitted to official listing on a Regulated Market in an Other State or dealt in on an Other Regulated Market in an Other State;
- (4) recently issued Transferable Securities and Money Market Instruments, provided that:
  - the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market or on an Other Regulated Market as described under (1)-(3) above;
  - such admission is secured within one year of issue;
- (5) units of UCITS and/or other UCIs within the meaning of the first and second indent of Article 1, paragraph 2, points a) and b) of Directive 2009/65/EC, whether situated in a Member State or in an Other State, provided that:
  - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Regulatory Authority to be equivalent to that set out in Community law, and that cooperation between authorities is sufficiently ensured (currently the United States of America, Canada, Switzerland, Hong Kong, Japan, Norway, the Isle of Man and Guernsey);
  - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of Directive 2009/65/EC;
  - the business of the other UCIs is reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;



- no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;

- (6) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in an Other State, provided that it is subject to prudential rules considered by the Regulatory Authority as equivalent to those set out in Community law;
- (7) financial derivative instruments, i.e. in particular credit default swaps, interest rate swaps, options, futures, including equivalent cash-settled instruments, dealt in on a Regulated Market or on an Other Regulated Market referred to in (1), (2) and (3) above, and/or financial derivative instruments dealt over-the-counter ("OTC derivatives"), provided that:
- (i) - the underlying consists of instruments covered by this section A, financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the Regulatory Authority, and
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative;
  - (ii) - Under no circumstances shall these operations cause the Fund to diverge from its investment objectives.

In doing so, the Sub-Fund shall comply with applicable restrictions and in particular with ESMA guidelines on ETFs and other UCITS issues as described in CSSF circular 14/592.

- (8) Money Market Instruments other than those dealt in on a Regulated Market or on an Other Regulated Market, to the extent that the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, an Other 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; or
  - issued by an undertaking any securities of which are dealt in on Regulated Markets or on Other Regulated Markets referred to in (1), (2) or (3) above; or

- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the Regulatory Authority to be at least as stringent as those set out in Community law; or

- issued by other bodies belonging to the categories approved by the Regulatory Authority provided that investments in such instruments are subject to investor protection equivalent to that set out in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (EUR 10,000,000.-) and which presents and publishes its annual accounts in accordance with directive 78/660/EEC as amended, is an entity which, within a Group of Companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

**B. Each Sub-Fund may however:**

- (1) Invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to above under A (1) through (4) and (8).
- (2) Hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Board of Directors considers this to be in the best interest of the Shareholders.
- (3) Borrow up to 10% of its net assets, provided that such borrowings are made only on a temporary basis. Collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed to constitute "borrowings" for the purpose of this restriction.
- (4) Acquire foreign currency by means of a back-to-back loan.

**C. In addition, the Fund shall comply in respect of the net assets of each Sub-Fund with the following investment restrictions per issuer:**

**(a) Risk Diversification rules**

For the purpose of calculating the restrictions described under items (1) to (5) and (8) hereunder, companies which are included in the same Group of Companies are regarded as a single issuer.

• **Transferable Securities and Money Market Instruments**

- (1) No Sub-Fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:
  - (i) upon such purchase more than 10% of its net assets would consist of Transferable Securities or Money Market Instruments of one single issuer; or
  - (ii) 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

the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

- (2) A Sub-Fund may invest, on a cumulative basis, up to 20% of its net assets in Transferable Securities and Money Market Instruments issued by the same Group of Companies.
- (3) The limit of 10% set forth above under item (1) (i) 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 Other State or by a public international body of which one or more Member State(s) are member(s).
- (4) The limit of 10% set forth above under item (1) (i) is increased to 25% in respect of qualifying debt securities issued 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 holders of such qualifying debt securities. For the purposes hereof, "qualifying debt securities" are securities the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Sub-Fund invests more than 5% of its net assets in debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Sub-Fund.
- (5) The securities specified above under items (3) and (4) are not to be included for purposes of computing the ceiling of 40% set forth above under item (1) (ii).
- (6) Notwithstanding the ceilings set forth 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 its local authorities, by a non-Member State of the EU accepted by the CSSF (being at the date of this Prospectus, member states of the Organisation for Economic Cooperation and Development ("OECD"), Singapore or any member state of the G20) or by a public international body of which one or more Member State(s) of the EU are member(s), provided that (i) such securities are part of at least six different issues and (ii) the securities from any such issue do not account for more than 30% of the net assets of such Sub-Fund.
- (7) Without prejudice to the limits set forth under item (b) below, the limits set forth under item (1) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when the aim of the Sub-Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Regulatory Authority, on the following basis:
  - the composition of the index is sufficiently diversified,
  - the index represents an adequate benchmark for the market to which it refers,
  - it is published in an appropriate manner.

The limit of 20% 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. The investment up to this limit is only permitted for a single issuer.

- **Bank Deposits**

- (8) A Sub-Fund may not invest more than 20% of its net assets in deposits made with the same body.

- **Financial Derivative Instruments**

- (9) The risk exposure to a counterparty in an OTC derivative transaction may not exceed 10% of the Sub-Fund's net assets when the counterparty is a credit institution referred to in section A item (6) above or 5% of its net assets in other cases.
- (10) Investment in financial derivative instruments shall only be made provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in items (1) to (5), (8), (9), (13) and (14). When the Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits set forth in items (1) to (5), (8), (9), (13) and (14).
- (11) When a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account when complying with the requirements of section (A) item (7) and section (D) item (1), as well as with the risk exposure and information requirements set out in the present Prospectus.

- **Units of Open-Ended Funds**

- (12) Unless specified in the Sub-Fund specific Appendix, no Sub-Fund may invest in aggregate more than 10% of its net assets in the units of other single UCITS or other UCIs.

- **Combined limits**

- (13) Notwithstanding the individual limits set out in items (1), (8) and (9) above, a Sub-Fund may not combine:
  - investments in Transferable Securities or Money Market Instruments issued by,
  - deposits made with, and/or
  - exposures arising from OTC derivative transactions undertaken witha single body in excess of 20% of its net assets.
- (14) The limits set out in items (1), (3), (4), (8), (9) and (13) above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits or financial derivative instruments made with

this body carried out in accordance with items (1), (3), (4), (8), (9) and (13) above may not exceed a total of 35% of the net assets of the Fund.

**(b) Limitations on Control**

- (15) No Sub-Fund may acquire such amount of shares carrying voting rights which would enable the Fund to exercise a significant influence over the management of the issuer.
- (16) A Sub-Fund may not acquire (i) more than 10% of the outstanding non-voting shares of any one issuer; (ii) more than 10% of the outstanding debt securities of any one issuer; (iii) more than 10% of the Money Market Instruments of any one issuer; or (iv) more than 25% of the outstanding shares or units of any one UCITS or UCI.

The limits set forth in (ii) to (iv) may be disregarded at the time of acquisition if at that time the gross amount of bonds or of the Money Market Instruments or the net amount of the securities in issue cannot be calculated.

The ceilings set forth above under items (15) and (16) do not apply in respect of:

- Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;

- Transferable Securities and Money Market Instruments issued or guaranteed by any Other State;

- Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member State(s) are member(s); and

- shares in the capital of a company which is incorporated under or organized pursuant to the laws of an Other State provided that (i) such company invests its assets principally in securities issued by issuers of that State, (ii) 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 (iii) such company observes in its investments policy the restrictions set forth under section C, items (1) to (5), (8), (9) and (12) to (16);

- shares in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of shares at the request of Shareholders.

**D. Finally, the Fund shall comply in respect of the assets of each Sub-Fund with the following investment restrictions:**

- (1) No Sub-Fund may acquire precious metals or certificates representative thereof.
- (2) No Sub-Fund may invest in real estate provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

- (3) No Sub-Fund may use its assets to underwrite any securities.
- (4) No Sub-Fund may issue warrants or other rights to subscribe for Shares in such Sub-Fund.
- (5) A Sub-Fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent a Sub-Fund from investing in non-fully paid-up Transferable Securities, Money Market Instruments or other financial instruments, as mentioned under A, items (5), (7) and (8).
- (6) The Fund may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments as listed under section A, items (5), (7) and (8).
- (7) Investments from one Sub-Fund into another Sub-Fund:

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

- the target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this target Sub-Fund; and
- no more than 10% of the assets of the target Sub-Funds whose acquisition is contemplated, may be invested in aggregate in units of other target Sub-Fund of the same UCI; and
- voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 2010; and
- to the extent required by Luxembourg law, there is no duplication of management/subscription or redemption fees between those at the level of the Sub-Fund having invested in the target Sub-Fund, and the target Sub-Fund.

#### (8) Master-Feeder Structures

The Fund may (i) create a Sub-Fund qualifying either as a feeder UCITS (a "Feeder UCITS") or as a master UCITS (a "Master UCITS"), (ii) convert an existing Sub-Fund into a Feeder UCITS, or (iii) change the Master UCITS of any of its Feeder UCITS.

(a) A Feeder UCITS shall invest at least 85% of its assets in the units of another Master UCITS.

(b) A Feeder UCITS may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets in accordance with the provisions of the Law of 2010;
- financial derivative instruments, which may be used only for hedging purposes in accordance with the provisions of the Law of 2010.

(c) The Feeder UCITS shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the second indent under (b) with either:

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

**E. Notwithstanding anything to the contrary herein contained:**

- (1) The ceilings set forth above may be disregarded by each Sub-Fund when exercising subscription rights attaching to Transferable Securities or Money Market Instruments in such Sub-Fund's portfolio.
- (2) If such ceilings are exceeded for reasons beyond the control of a Sub-Fund or as a result of the exercise of subscription rights, such Sub-Fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its Shareholders.
- (3) The risk exposure of the Fund may not be increased by more than 10% by means of temporary borrowing. Taking into account the maximum risk exposure resulting from the use of financial derivative instruments, the overall risk exposure may not exceed 210% of the NAV of the Fund under any circumstances.
- (4) During the first six months following the date of its authorisation, a Sub-Fund may derogate from C. (a) (1) – (9) and (12) – (14), while ensuring the observance of the principle of risk spreading.

The Board of Directors has the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Shares of the Fund are offered or sold.

## **9.2 Investment Techniques and Instruments**

### **A. General**

The Fund may employ techniques and instruments relating to Transferable Securities and Money Market Instruments provided that such techniques and instruments are used for the purposes of efficient portfolio management within the meaning of, and under the conditions set out in, applicable laws, regulations and circulars issued by the CSSF from time to time. In particular, those techniques and instruments should not result in a change of the declared investment objective of any Sub-Fund or add substantial supplementary risks in comparison to the stated risk profile of any Sub-Fund.

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

to under section 9.1 above.

All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the Fund. In particular, fees and cost may be paid to agents of the Fund and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation of their services. Such fees may be calculated as a percentage of gross revenues earned by the Fund through the use of such techniques. Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary or Investment Manager – will be available in the annual report of the Fund.

## **B. Securities Lending and Borrowing**

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

- The borrower in a securities lending transaction must be subject to prudential supervision rules considered by the Luxembourg supervisory authority as equivalent to those prescribed by the European Community law;
- The Fund may borrow up to 10% of its assets, provided that such borrowings are (i) made only on a temporary basis or (ii) enable the acquisition of immovable property essential for the direct pursuit of its business.
- The Fund may only lend securities to a borrower either directly or through a standardised system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules considered by the Luxembourg supervisory authority as equivalent to those provided by the European Community law and specialised in this type of transaction;
- The 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 lent or to terminate the agreement.

The Fund and its Sub-Funds will not use for the time being securities financing transactions (as such terms are defined in Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse) and total return swaps. Securities financing transactions include in particular repurchase transactions, securities lending and borrowing, as well as buy-sell back or sell-buy back transactions. This Prospectus would be amended prior to the use of such instruments and transactions should any Sub-Fund intend to use them.

## **C. Repurchase Agreement Transactions**

The Fund may enter into repurchase agreements that consist of forward transactions at the maturity of which the Fund (seller) has the obligation to repurchase the assets sold and the counterparty (buyer) the obligation to return the assets purchased under the transactions. The



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

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

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

The Fund may only enter into reverse repurchase agreement and/or repurchase agreement transactions provided that it is able at any time (a) to recall the full amount of cash in a reverse repurchase agreement or any securities subject to a repurchase agreement or (b) to terminate the agreement in accordance with applicable regulations. However, fixed-term transactions that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

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

##### **General**

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

##### **Eligible collateral**

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

- a) Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
- b) It should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- c) It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- d) It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the Sub-Fund's net asset value to any single issuer on an aggregate basis, taking into account all collateral received. By way of derogation to the above collateral diversification rules, a Sub-Fund may be fully collateralised in different transferable

securities and money market instruments issued or guaranteed by a Member State, by its local authorities, by a non-Member State of the EU accepted by the CSSF (being at the date of this Prospectus, member states of the Organisation for Economic Cooperation and Development ("OECD"), Singapore or any member state of the G20) or by a public international body of which one or more Member State(s) of the EU are member(s). In this case the Sub-Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of its net asset value.

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

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

Cash and cash equivalents, including short-term bank certificates and Money Market Instruments,

Bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope,

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

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

Bonds issued or guaranteed by first class issuers offering adequate liquidity, or

Shares admitted to or dealt in on a regulated market of a Member State of the EU or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

### **Level of collateral**

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

### **Haircut policy**

Considering that, as of the date of this Prospectus, the Fund has not received any collateral aimed at reducing its counterparty risk in the context of OTC financial derivatives transactions and efficient portfolio management techniques, no haircut is currently being applied in practice.

Appropriate discounts applicable to the relevant type of collateral to be received by the Fund shall however be disclosed accordingly in this Prospectus as soon as applicable.

### **Reinvestment of collateral**

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

Cash collateral received by the Fund can only be:

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

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

The Sub-Fund may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty at the conclusion 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.

### **9.3 Risk Management Process**

In accordance with the Law of 2010 and other applicable regulations, the Management Company or its delegate agent, employs a risk management process which enables it to monitor and measure the exposure of the Fund to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material for the Fund.

In relation to financial derivative instruments the Management Company or its delegate agent employs a process for accurate and independent assessment of the value of OTC derivatives and the Management Company or its delegate agent ensures for each of the Sub-Funds that their respective global exposure relating to financial derivative instruments does not exceed the total net value of its portfolio.

Unless otherwise provided for in the relevant Sub-Fund Appendix, the global exposure of the Sub-Fund(s) is measured by using the commitment approach. The global exposure is calculated taking into account the related to positions on financial derivative instruments (FDIs) and other efficient portfolio management techniques (if used), under consideration of netting and hedging (if used).

Each Sub-Fund may invest, according to its investment policy and within the limits laid down in Section 9.1 'Investment Restrictions' in financial derivative instruments provided that the global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in Section 9.1 'Investment Restrictions'.

When a Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in Section 9.1 'Investment Restrictions'.

When a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account when complying with the requirements of this Section. Pursuant to a risk reporting services agreement dated 24 March 2015, the Management Company has appointed State Street Bank and Trust Company, with registered office at One Lincoln Street Financial Center, MA 02111 Boston, to perform certain risk monitoring, analysis and reporting services with respect to the Sub-Funds.

- 10.1. General
- 10.2. The Fund
- 10.3. Shareholders
- 10.4. EU Savings Directive
- 10.5. Net Wealth Tax
- 10.6. Value Added Tax
- 10.7. FATCA
- 10.8. Other Taxes

#### 10.1 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 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 10 to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only.

Investors 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 and the solidarity surcharge. 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.

#### 10.2 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 liable to any Luxembourg withholding tax. However, in relation to all Classes of Shares, 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 Class at the end of the relevant quarter. A reduced tax rate of 0.01% per annum of the net assets will be applicable to Classes which are only sold to and held by Institutional Investors. Such tax is payable quarterly and calculated on the net

assets of such Class at the end of the relevant quarter.

The aforementioned tax is not applicable for the portion of the assets of the Fund invested in other Luxembourg collective investment undertakings. No stamp duty or other tax is generally payable in Luxembourg on the issue of Shares for cash by the Fund except a one-off tax of €1,250 which was paid upon incorporation. Any amendments to the Articles of Incorporation 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 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.

### **10.3 Shareholders**

#### *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.

#### *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.

#### *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 rate.

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.

#### *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. The same inclusion applies to individual Shareholders acting in the course of the management of a professional or business undertaking, who are Luxembourg residents for tax 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.

#### *Luxembourg Residents Benefiting from a Special Tax Regime*

Luxembourg resident Shareholders which benefit from a special tax regime, such as (i) UCI governed by the Law of 2010, (ii) specialised investment funds governed by the law of 13 February 2007, and (iii) family wealth management companies governed by the law of 11 May 2007, are tax exempt entities in Luxembourg and are thus not subject to any Luxembourg income tax, but instead to an annual subscription tax (*taxe d'abonnement*).

#### *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, withholding, estate, inheritance, capital gains or other taxes in Luxembourg.

Corporate Shareholders which are non-residents of Luxembourg but which have a permanent establishment or a permanent representative in Luxembourg to which 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 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.

### **10.4 EU Savings Directive**

Non-resident investors should note that under Council Directive 2003/48/EC regarding the taxation of savings income (the "EU Savings Directive"), interest payments made by the Fund or its Paying Agent to individuals and residual entities (i.e. entities: (a) without legal personality (save for (i) a Finnish avoin yhtiö and kommandiittiyhtiö/öppet bolag and kommanditbolag and (ii) a Swedish handelsbolag and kommanditbolag); (b) whose profits are not taxed under the general arrangements for the business taxation; and (c) that are not, or have not opted to be considered as, UCITS recognised in accordance with Council Directive 2009/65/EC) resident or established in the EU or an associated or dependent territory (i.e. Aruba, British Virgin Islands, Guernsey, Isle

of Man, Jersey, Montserrat as well as the former Netherlands Antilles, i.e. Bonaire, Curaçao, Saba, Sint Eustatius and Sint Maarten) may be subject to a withholding tax in Luxembourg unless the investor opts for an exchange of information whereby the tax authorities of the state of residence are informed of the payment thereof, The rate of such withholding tax is 35%.

This withholding tax applies to (i) distributions of profits by the Fund derived from interest payments (unless the Fund's investment in debt claims does not exceed 15%) and (ii) income realised upon the sale, refund or redemption of Shares if the Fund invests directly or indirectly more than 25% of its net assets in debt claims and to the extent such income corresponds to gains directly or indirectly derived from interest payments

The Luxembourg government decided to end from 1 January 2015 the transitional period foreseen in the EU Savings Directive where account holders could opt between the exchange of information and the withholding tax to introduce automatic exchange of information on interest payments made by a paying agent established in Luxembourg. According to article 8 of the EU Savings Directive, the paying agent will report to the Luxembourg tax authorities the following information regarding the beneficial owner of the payment:

- Identity and residence of the beneficial owner;
- Name and address of the paying agent;
- Account number of the beneficial owner or where there is none, identification of the debt claim giving rise to the interest;
- The total amount of interest or similar income or sales price or repurchase price or repayment price.

The Luxembourg tax authorities will automatically transmit this information to the competent authority of the Member State where the recipient is established. The communication of information shall be automatic and shall take place at least once a year within six months following the end of the tax year of the Member State of the paying agent, for all interest payments made during that year. The first exchange of information will take place in 2016 regarding payments made in 2015.

In March 2014, the Council of the European Union adopted a new directive amending and broadening the scope of the EU Savings Directive in various respects, including extending the EU Savings Directive to non-UCITS and non-UCITS equivalent funds. However, on 10 November 2015 the EU Savings Directive (as amended in March 2014) was repealed by the European Council with effect from 1 January 2016 following the new automatic exchange of information regime, referred to below, to be implemented under the CRS Directive.

## **10.5 Net Wealth Tax**

Luxembourg resident Shareholders, and non-resident Shareholders having a permanent establishment or a permanent representative in Luxembourg to which 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 law of 22 March 2004 on securitisation, (iv) a company governed by the law of 15 June 2004 on venture capital vehicles, (v) a specialised investment fund governed by the law of 13 February 2007, or (vi) a family wealth management company governed by the law of 11 May 2007.



## 10.6 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 so as 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 Shareholders, to the extent that such payments are linked to their subscription for Shares and do not constitute the consideration received for any taxable services supplied.

## 10.7 FATCA

The HIRE Act was signed into US law in March 2010. It includes provisions generally known as FATCA. A related intergovernmental agreement was entered into between the United States of America and Luxembourg on 28 March 2014 (the "IGA"). The intention of these provisions is that details of US investors holding assets outside the US will be reported by financial institutions to the IRS, as a safeguard against US tax evasion. As a result of the HIRE Act, and to discourage non-US financial institutions from staying outside this regime, all US securities held by a financial institution that does not enter and comply with the regime will be subject to a US tax withholding of 30 per cent on gross sales proceeds as well as income.

The basic terms of the HIRE Act and the IGA include the Fund as a 'Financial Institution', such that in order to comply, the Fund may require all Shareholders to provide mandatory documentary evidence of their tax residence. However, the HIRE Act grants the US Treasury Secretary extensive powers to relax or waive the requirements where an institution is deemed to pose a low risk of being used for the purposes of US tax evasion.

Based on FATCA applicable provisions, notably the IGA, the Fund has adopted for the "Participating FFI" status, as defined under the IGA, the Fund may thus be required to, *inter alia*, disclose the name, address and taxpayer identification number of certain US persons that own, directly or indirectly, an interest in the Fund, as well as certain other information relating to such interest, including amounts paid by the Fund, to the United States Internal Revenue Service ("IRS").

The Fund's ability to satisfy its obligations vis-à-vis the IRS will depend on each Shareholder in the Fund providing the Fund with any information, including information concerning the direct or indirect owners of such Shareholder, that the Fund determines is necessary to satisfy such obligations. Each Shareholder agrees to provide such information upon request by the Fund. If the Fund fails to satisfy such obligations or if a Shareholder fails to provide the Fund with the necessary information, payments of US source income and proceeds from the sale of property that could give rise to US source interest or dividends will generally be subject to a 30 per cent withholding tax.

A Shareholder that fails to comply with such documentation requests may be charged with any taxes imposed on the Fund attributable to such Shareholder's non-compliance under the HIRE Act and the IGA, and the Fund may, in its sole discretion, redeem such Shares.

While the Fund will make all reasonable efforts to seek documentation from Shareholders to comply with these rules and to allocate any taxes imposed or required to be deducted under these

provisions to Shareholders whose non-compliance caused the imposition or deduction of the tax, it is unclear at this time whether other complying Shareholders in the Fund may be affected by the presence of such non-complying Shareholders.

All prospective investors and Shareholders should consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Fund.

## 10.8 Automatic Exchange of Information

Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed a common reporting standard ("**CRS**") to address the issue of offshore tax evasion on a global basis. Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "**CRS Directive**") was adopted on 9 December 2014 in order to implement the CRS among the Member States.

Under the CRS Directive, the first Automatic Exchange of Information must be applied by 30 September 2017 to the local tax authorities of the Member States for the data relating to the calendar year 2016. The CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("**CRS Law**").

The CRS Directive will substantially increase the compliance burden for entities, such as the Fund, holding accounts for investors of countries that adhered to the CRS. As a consequence, the Fund or its delegates will be requested to report to the Luxembourg tax authorities any personal data (such as interests, dividends and other income, proceeds from sales or redemptions, account balances) on accounts held by the Shareholders if they reside outside Luxembourg and in a country that participates to the CRS (the "**CRS Country**"). The Luxembourg tax authorities will then transfer those data to the tax authorities of the residence country of the Shareholder if such country is a CRS Country. Each Shareholder has a right of access to his/her/its personal data provided to the Luxembourg tax authorities and may ask for a rectification thereof if such data is inaccurate or incomplete.

In order to comply with its reporting obligations the Fund or its delegates will need, as from 1 January 2016, to obtain sufficient information on its Shareholders to detect any residency indicia that would give rise to a report on the relevant Shareholders' account. The provision of the information is mandatory and the Fund and its delegates may take any suitable action, such as refusing an account opening if the information is not provided. The information is stored for the period requested by the CRS Directive and its related Luxembourg transposing laws and in any case in line with the applicable record keeping retention period applicable to the Fund.

The Fund is the controller of the personal data that will be processed for the purpose of the CRS Directive; it shall guarantee a secured, limited and controlled access to the data. The Shareholders shall be duly notified of any disruption to the data processing that could impair the protection of their personal or private data. The processing of the personal data will be performed in compliance with the provision of the CRS Directive and its related Luxembourg transposing laws. Further information on data protection is contained under the Data Protection section of this Prospectus.

Investors may be required to provide additional information to the Fund to enable the Fund to satisfy its obligations under CRS. Failure to provide requested information may subject an investor

to liability for any resulting penalties or other charges and/or mandatory redemption of its Shares in the Fund

#### **10.9 Other Taxes**

No estate or inheritance tax is levied on the transfer of Shares upon death of a Shareholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

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.

The information contained in this Appendix in relation to African Alliance SICAV - Global Equity Fund (the “**Sub-Fund**”) should be read in conjunction with the full text of the Prospectus.

### **Reference Currency**

USD

### **Investment Objective and Strategy**

The Global Equity Fund seeks to achieve capital appreciation by investing principally in a concentrated portfolio of equity securities of corporate issuers listed, domiciled or conducting a significant part of their business in developed and emerging market countries.

The Sub-Fund expects to achieve this objective by investing mainly in equity securities listed or traded on recognized exchanges primarily, but not exclusively in developed and emerging countries. The Sub-Fund may also invest in American Depositary Receipts (“ADR”) and Global Depositary Receipts (“GDR”) that are eligible investments for UCITS within the meaning of Article 41 (1) of the 2010 Law. Trading policy

The Investment Manager’s investment philosophy is to mainly invest in equities and equity-linked instruments with a medium to long-term investment horizon bias. Where the opportunity arises, the Investment Manager may trade in the instruments to enable the Sub-Fund to benefit from potential upside.

### **Benchmark**

MSCI World Index

*Note: The performance of the benchmark will be measured in US dollar terms as the investments are made in multiple local currencies.*

### **Derivatives instruments for hedging policy and efficient portfolio management**

The Sub-Fund may invest in any financial derivative instruments for hedging purpose and efficient portfolio management techniques.

### **Instruments and techniques**

The Investment Manager, in order to achieve the Sub-Fund's investment objective, may use instruments and techniques for efficient portfolio management, within the limits set forth by the Law of 2010 and this Prospectus.

### **Exposure limits**

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

### **Typical Investor Profile**

The Sub-Fund is most suitable for investors who:

- have a medium to long-term investment horizon,
- have a high risk tolerance,
- seek higher returns from their investment.

### **Risk Profile**

Investing in the Sub-Fund may result in particular in the following specific risks which are described in more detail in the Prospectus:

- Equity and equity-linked instruments investment risk
- Country risk
- Currency risk
- Counterparty risk
- Regulatory risk
- Liquidity risk

### **Distributions**

The Directors have the right but no obligation to declare distributions.

### **Available Share Classes**

<b>Name of classes</b>	<b>I (USD)</b>		
<b>Target Investors</b>	Institutional		
<b>ISIN Code</b>	LU1195502627		
<b>Distribution Policy</b>	Accumulation		
<b>Reference currency</b>	USD		
<b>Minimum Holding*</b>	500,000.-		
<b>Minimum Subscription Amount*</b>	500,000.-		
<b>Minimum Additional Subscription</b>	100,000.-		
<b>Subscription Charge</b>	Nil		
<b>Redemption Charge</b>	Nil		
<b>Conversion Charge</b>	Nil		
<b>Management Company Fee</b>			

	Max. 0.07% p.a. with a minimum fee of € 20,000 p.a. at Sub-Fund level. Plus €7,500 p.a. at Sub-Fund level for the provision of investment compliance services		
<b>Investment Management Fee</b>	Max. 1.0% p.a.		
<b>Performance Fee</b>	N/A		
<b>Depositary Fee</b>	Max. 0.51% p.a.		
<b>Administration Fee</b>	Max. 0.08% p.a.		
<b>Risk Reporting Services Fees</b>	Max. EUR 25,000 p.a.		.
<b>Initial Offer Price</b>	USD 100.-		

<b>Name of classes</b>	<b>C (USD)</b>			<b>M (USD)</b>
<b>Target Investors</b>	Retail			Employees or affiliates of the Investment Manager
<b>ISIN Code</b>	LU1195502890			LU1195502973
<b>Distribution Policy</b>	Accumulation			Accumulation
<b>Reference currency</b>	USD			USD
<b>Minimum Holding*</b>	5,000.-			5,000.-
<b>Minimum Subscription Amount*</b>	5,000.-			5,000.-
<b>Minimum Additional Subscription*</b>	1,000.-			1,000.-
<b>Subscription Charge</b>	Nil			Nil
<b>Redemption Charge</b>	Nil			Nil
<b>Conversion Charge</b>	Nil			Nil
<b>Management Company Fee</b>	Max. 0.07% p.a. with a minimum fee of € 20,000 p.a. at Sub-Fund level. Plus €7,500 p.a. at Sub-Fund level for the provision of investment compliance services			Max. 0.07% p.a. with a minimum fee of € 20,000 p.a. at Sub-Fund level. Plus €7,500 p.a. at Sub-Fund level for the provision of investment compliance services
<b>Investment Management Fee</b>	Max. 1.5% p.a.			Nil

<b>Performance Fee</b>	Nil			Nil
<b>Depository Fee</b>	Max. 0.51% p.a.			Max. 0.51% p.a.
<b>Administration Fee</b>	Max. 0.08% p.a.			Max. 0.08% p.a.
<b>Risk Reporting Services Fees</b>	Max. EUR 25,000 p.a.			Max. EUR 25,000 p.a.
<b>Initial Offer Price</b>	USD 100.-			USD 100.-

\* The Board of Directors has the discretion, from time to time, to waive any applicable minimum subscriptions and holding amounts.

### **Frequency of the Net Asset Value calculation and Valuation Day**

The net asset value per share will be determined each Business Day (the “**Valuation Day**”).

### **Subscription**

Each Valuation Day will be a Subscription Day.

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

Subscriptions of Class I (USD) and C (USD) Shares in the Sub-Fund have been accepted at an initial subscription price of \$ 100 per Share (for all Classes, the “**Initial Offer Price**”) during the Initial Offer Period from 15 June 2015 to 25 June 2015, increased as the case may be, by any applicable sales charge, as disclosed in this Appendix.

Applications had to be received by the Registrar and Transfer Agent or by any appointed distributor no later than 9 a.m. (Luxembourg time) on the last day of the Initial Offer Period. The subscription moneys had to be received on the account of the Sub-Fund at the latest the Business Day preceding the last day of the Initial Offer Period.

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

As of 26 June 2015 Shares are issued at a price based on the Net Asset Value per Share determined as at the relevant Subscription Day increased, as the case may be, by any applicable sales charge, as detailed in this Appendix.

All applications for subscriptions will be processed in accordance with the following principles.

Applications must be received by the Registrar and Transfer Agent or by any appointed distributor no later than 9 a.m. (Luxembourg time) 2 Business Days preceding the relevant Subscription Day. Any application received after the applicable deadline will be processed in respect of the next Subscription Day.

Payment for subscribed Shares has to be made no later than the Business Days preceding the relevant Subscription Day.

### **Redemption**

Each Valuation Day will be a Redemption Day.

Shares will be redeemed at a price based on the Net Asset Value per Share determined as at the relevant Redemption Day.

Applications must be received by the Registrar and Transfer Agent or by any appointed distributor no later than 9 a.m. (Luxembourg time) two Business Days preceding the relevant Redemption Day. Any application received after the applicable deadline will be processed in respect of the next Redemption Day.

Payment for redeemed Shares has to be made no later than 4 Business Days after the relevant Redemption Day.

### **Conversions**

Shareholders may convert their Shares in the Sub-Fund on each Valuation Day (each a **“Conversion Day”**).

Applications for conversions must be received by the Registrar and Transfer Agent or by any appointed distributor no later than 9 a.m. (Luxembourg time) 2 Business Days preceding the relevant Conversion Day. Any application received after the applicable deadline will be processed in respect of the next Conversion Day.

### **Historical Performance**

Information on the historical performance of the Sub-Fund are available in the relevant Key Invest Information Documents.

### **Listing of Shares on the Luxembourg Stock Exchange**

The Shares of the Sub-Fund are not listed on the Luxembourg Stock Exchange.



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