

# PROSPECTUS

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## Rational Asset Management

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Rational Asset Management (the “Fund”) is an investment company with variable share capital (*société d’investissement à capital variable*) which offers investors a choice between several classes of shares (each a “Class”) in a number of sub-funds (each a “Sub-Fund”). The Fund is organised as an investment company registered under Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time (the “Law”).

February 2019

## IMPORTANT INFORMATION

The Directors of the Fund, whose names appear hereafter, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

The Shares of the Fund are offered solely on the basis of the information and representations contained in this prospectus (the “Prospectus”) and any further information given or representations made by any person may not be relied upon as having been authorised by the Fund or the Directors. Neither the delivery of this Prospectus nor the issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Fund since the date hereof.

The Shares may be listed on the Luxembourg Stock Exchange. The Directors of the Fund may decide to make an application to list the Shares on any other recognised stock exchange.

The information contained in this Prospectus will be supplemented by the financial statements and further information contained in the latest annual and semi-annual reports of the Fund, copies of which may be obtained free of charge from the registered office of the Fund.

The Fund is an open-ended investment company with variable share capital (*société d’investissement à capital variable*, SICAV). The Fund is registered under Part I of the Law. However, such registration does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of this Prospectus or the investments held by the Fund. Any representation to the contrary is unauthorised and unlawful.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this Prospectus may come are required by the Fund to inform themselves of and to observe any such restrictions.

This Prospectus does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

**Data Protection:** Personal data related to identified or identifiable natural persons provided to, collected or otherwise obtained by or on behalf of, the Fund and the Management Company (the “Controllers”) will be processed by the Controllers in accordance with the “Joint Data Controller Clause” which is available and can be accessed or obtained online (<https://www.fundrock.com/joint-data-controller-clause/>). All persons contacting, or otherwise dealing directly or indirectly with any of the Controllers are invited to read and carefully consider the Joint Data Controller Clause, prior to contacting or otherwise so dealing, and in any event prior to providing or causing the provision of any personal data directly or indirectly to the Controllers.

**Investor rights:** The Fund draws the investors' attention to the fact that any investor will only be able to fully exercise its investor rights directly against the Fund, notably the right to participate in general shareholders' meetings if the investor is registered itself and in 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 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.

**Generally:** The above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make an application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, accountant or other professional adviser.

This Prospectus has been drafted in English. It may be translated into any other language the Directors may deem useful and such translations must only contain the information contained in this English version. In case of divergences between the English and the translated version, the English version shall prevail.

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## DEFINITIONS

“Administration Agent”	European Fund Administration S.A., acting as administration agent
“Appendix”	the appendix to this Prospectus containing information with respect to particular Sub-Funds
“Articles of Incorporation”	the articles of incorporation of the Fund as amended from time to time
“Business Day”	as defined in the relevant Appendix for each Sub-Fund
“Central Administration Agent”	FundRock Management Company S.A., acting as central administration agent
“Class”	a class of Shares with a specific fee structure, reference currency, dividend policy or other specific feature
“CSSF”	<i>Commission de Surveillance du Secteur Financier</i> (Luxembourg Supervisory Authority of the Financial Sector)
“Depositary”	Skandinaviska Enskilda Banken S.A. as depositary of the Fund
“Directors”	the members of the board of directors of the Fund
“Eligible Market”	A Regulated Market in an Eligible State
“Eligible State”	Any Member State of the EU or any other state in Eastern and Western Europe, Asia, Africa, Australia, North and South America and Oceania
“FATCA”	The US Foreign Account Tax Compliance Act
“Fund”	Rational Asset Management
“Institutional Investors”	Investors who qualify as institutional investors according to the Law
“Investment Manager”	as defined in the relevant Appendix for each Sub-Fund
“Investor”	a subscriber for Shares
“KIID”	the Key Investor Information Document according to Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 as amended from time to time and Commission Regulation (EU) No 583/2010 of 1 July 2010 as amended
“Net Asset Value per Share”	the value per Share of any Class determined in accordance with the relevant provisions described under the heading “Calculation of Net Asset Value”
“PRIIPs”	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance –based investment products
“PRIIPs KID”	The key investor document pursuant to PRIIPs

“Prohibited Person”	any person, firm or corporate entity, determined in the sole discretion of the Directors, as being not entitled to subscribe to or hold Shares: 1. if in the opinion of the Directors such holding may be harmful/damaging to the Fund; 2. if it may result in a breach of any law or regulation, whether Luxembourg or foreign; 3. if as a result thereof the Fund or the Management Company may become exposed to disadvantages of a tax, legal or financial nature that it would not have otherwise incurred; or 4. if such person would not comply with the eligibility criteria for Shares (e.g. in relation to “US Persons”)
“Regulated Market”	a market which is regulated, operates regularly and is recognised and open to the public
“Share”	a Share of no par value in any one Class in the capital of the Fund
“Shareholder”	a holder of Shares
“Sub-Fund”	a specific portfolio of assets and liabilities within the Fund having its own net asset value and represented by a separate Class or Classes of Shares
“United States Person”	a citizen or resident of the United States, a corporation, partnership or other entity created in or under the laws of the United States or any person falling within the definition of the term “United States Person” under Regulation S promulgated under the 1933 Act
“United States”	the United States of America (including the States and the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdictions
“Securities Act”	The United States Securities Act of 1933
“Treasury Regulations”	The US Treasury Regulations issued on 17 January 2013
“UCITS Directive”	The Directive 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended
“US Person”	a resident of the United States, a corporation, partnership or other entity created in or under the laws of the United States or any person falling within the definition of the term “United States Person” under Regulation S promulgated under the Securities Act
“Valuation Day”	as defined in the relevant Appendix for each Sub-Fund

Words importing the singular shall, where the context permits, include the plural and vice versa.

All references to a Class shall, where no Classes have been created within a Sub-Fund, be deemed to be references to the Sub-Fund.

In this Prospectus all references to “SEK” are to the Swedish Krona and all references to “EUR” are to the Single European Currency.

**ADMINISTRATION**  
**R.C.S. Luxembourg B 197805**

<b>Registered Office</b>	33, rue de Gasperich L-5826 Hesperange Grand Duchy of Luxembourg
<b>Board of Directors</b>	Rikard Lundgren (Chairman) 70 rue du Centre L-3960 Ehlange sur Mess Grand Duchy of Luxembourg  Johanna Strömqvist (Director) Head of Operations RAM ONE AB P.O. Box 1744, SE-111 87 Stockholm Sweden  Erik Edholm (Director) Chief Executive Officer RAM ONE AB P.O. Box 1744, SE-111 87 Stockholm Sweden
<b>Management Company</b>	FundRock Management Company S.A. 33, rue de Gasperich L-5826 Hesperange Grand Duchy of Luxembourg

**Board of Directors of  
the Management  
Company**

***Chairman***

Mr Michel Marcel Vareika  
Independent Non-Executive Director  
Luxembourg, Grand-Duchy of Luxembourg

***Directors***

Mr Romain Denis  
Executive Director – IT Projects, Data Management &  
Strategic Projects  
FundRock Management Company S.A.  
Hesperange, Grand-Duchy of Luxembourg

Mr Eric May  
Non-Executive Director  
Founding Partner  
BlackFin Capital Partners  
Paris, France

Mrs Tracey MacDermott  
Independent Non-Executive Director  
Luxembourg, Grand-Duchy of Luxembourg

Mr Ross Thomson  
Executive Director – Managing Director Luxembourg  
FundRock Management Company S.A.  
Hesperange, Grand-Duchy of Luxembourg

Mr Gregory Nicolas  
Executive Director – Legal, Compliance & Corporate  
FundRock Management Company S.A.  
Hesperange, Grand-Duchy of Luxembourg

Mr Serge Ragozin  
Executive Director – Chief Operating Officer  
FundRock Management Company S.A.  
Hesperange, Grand-Duchy of Luxembourg

**Conducting Officers  
of the Management  
Company**

Mr Romain Denis  
Executive Director – IT Projects, Data Management &  
Strategic Projects

Mr Enda Fahy  
Director – Alternative Investments

Mr Gregory Nicolas  
Executive Director – Legal, Compliance & Corporate



<b>Depository</b>	Skandinaviska Enskilda Banken S.A. 4, rue Peternelchen L-2370 Howald Grand Duchy of Luxembourg
<b>Central Administration Agent</b>	FundRock Management Company S.A. 33, rue de Gasperich L-5826 Hesperange Grand Duchy of Luxembourg
<b>Administration Agent, Registrar and Transfer Agent</b>	European Fund Administration S.A. 2, rue d'Alsace P.O. Box 1725 L-1122 Luxembourg Grand Duchy of Luxembourg
<b>Investment Manager</b>	RAM ONE AB P.O. Box 1744, 111 87 Stockholm Sweden
<b>Placement and Distribution Agent</b>	FundRock Management Company S.A. 33, rue de Gasperich L-5826 Hesperange Grand Duchy of Luxembourg
<b>Auditor of the Fund</b>	PricewaterhouseCoopers, <i>société coopérative</i> 2, rue Gerhard Mercator L-2182 Luxembourg Grand Duchy of Luxembourg

# THE FUND

## I. Structure

The Fund is an open-ended investment company with variable share capital 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”) under Part I of the Law. The Fund operates separate Sub-Funds, each of which is represented by one or more Classes. The Sub-Funds are distinguished by their specific investment policy or any other specific features.

The Fund constitutes a single legal entity, but the assets of each Sub-Fund shall be invested for the exclusive benefit of the Shareholders of the corresponding Sub-Fund and the assets of a specific Sub-Fund are solely accountable for the liabilities, commitments and obligations of that Sub-Fund.

The Directors may at any time resolve to set up new Sub-Funds and/or create within each Sub-Fund one or more Classes and this Prospectus will be updated accordingly. The Directors may also at any time resolve to close a Sub-Fund, or one or more Classes within a Sub-Fund to further subscriptions.

## II. Investment Objectives and Policies

The main objective of the Fund will be to invest in transferable securities and other eligible assets according to the Law, with the purpose of spreading investment risks and achieving long-term capital growth.

Under normal circumstances, the Sub-Funds will be fully invested in accordance with the investment policy set out in the relevant Appendix. Part of a Sub-Fund's net assets can be held temporarily in liquid assets, including money-market instruments and cash or cash equivalents. In accordance with the below investment restrictions, the Fund may use derivatives. Their use need not be limited to hedging the Fund's assets, they may also be part of the investment strategy.

The Fund may take any measures and carry out any operation, which it deems useful to the accomplishment and to the development of its object in the broadest sense within the context of the Law. It cannot however guarantee that it will achieve its objectives given financial market fluctuations and the other risks to which investments are exposed.

## III. Investment Restrictions

The Directors shall, based upon the principle of spreading of risks, have power to determine the investment policy for the investments of the Fund in respect of each Sub-Fund subject to the following restrictions, unless provided otherwise in the relevant Sub-Fund's Appendix:

- I. (1) The Fund, for each Sub-Fund, may invest in:
  - a) transferable securities and money market instruments admitted to or dealt in on

- an Eligible Market;
- b) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an Eligible Market and such admission is secured within one year of the issue;
  - c) units of UCITS and/or other UCI, whether situated in an EU Member State or not, provided that:
    - such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in European Union law, and that cooperation between authorities is sufficiently ensured,
    - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive
    - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
    - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
  - d) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State of the EU or, if the registered office of the credit institution is situated in a non-Member State of the EU, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
  - e) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Eligible Market and/or financial derivative instruments dealt in over-the-counter (“OTC derivatives”), provided that:
    - the underlying consists of instruments covered by this section (I) (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Funds may invest according to their investment objective;
    - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
    - 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;
- and/or
- f) money market instruments other than those dealt in on an Eligible Market and

referred to under “Definitions”, if the issuer 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 an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong, or
- issued by an undertaking any securities of which are dealt in on Eligible Markets, or
- issued or guaranteed by a credit institution which has its registered office in a country which is an OECD member state and a FATF State, or
- issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

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

II. The Fund may hold ancillary liquid assets.

- III. a) (i) The Fund will invest no more than 10% of the net assets of any Sub-Fund in transferable securities or money market instruments issued by the same issuing body.
- (ii) The Fund may not invest more than 20% of the net assets of any Sub-Fund in deposits made with the same body. The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. d) above or 5% of its net assets in other cases.
- b) Moreover, where the Fund holds on behalf of a Sub-Fund investments in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.

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

Notwithstanding the individual limits laid down in paragraph a), the Fund may not combine for each Sub-Fund:

- investments in transferable securities or money market instruments issued by a single body,
- deposits made with a single body, and/or
- exposures arising from OTC derivative transactions undertaken with a single body

in excess of 20% of its net assets.

- c) The limit of 10% laid down in sub-paragraph a) (i) above is increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an EU Member State, its local authorities, or by another Eligible State or by public international bodies of which one or more EU Member States are members.
- d) The limit of 10% laid down in sub-paragraph a) (i) is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State of the EU and is subject by law to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

If a Sub-Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the net assets of the Sub-Fund.

- e) The transferable securities and money market instruments referred to in paragraphs c) and d) shall not be included in the calculation of the limit of 40% in paragraph b).

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

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III.

The Fund may cumulatively invest up to 20% of the net assets of a Sub-Fund in transferable securities and money market instruments within the same group.

- f) **Notwithstanding the above provisions, the Fund is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by a Member State of the EU, by its local authorities**

**or agencies, or by another member State of the OECD or by public international bodies of which one or more Member States of the EU are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Sub-Fund.**

- IV. a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.
- b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.
- V. a) The Fund may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
- b) The Fund may acquire no more than:
- 10% of the non-voting shares of the same issuer;
  - 10% of the debt securities of the same issuer;
  - 10% of the money market instruments of the same issuer.

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

- c) The provisions of paragraph V. shall not be applicable to transferable securities and money market instruments issued or guaranteed by a Member State of the EU or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more Member States of the EU are members.
- The provisions of this paragraph V. are also waived as regards shares held by the Fund in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the non-Member State of the EU complies with the limits laid down in paragraph III., V. and VI. a), b), c) and d).
- VI. a) The Fund may acquire units of the UCITS and/or other UCIs referred to in paragraph I. (1) c), provided that no more than 20% of a Sub-Fund's net assets be invested in the units of one single UCITS or other UCI.
- b) The underlying investments held by the UCITS or other UCIs in which the Fund invests do not have to be considered for the purpose of the investment restrictions set forth under III. above.
- c) When the Fund invests in the units of other UCITS and/or other UCIs that are

managed, directly or by delegation, by the same management company or by another company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, the management company or such other company may not charge subscription or redemption fees on account of the Fund's investments in the units of such UCITS or other UCIs.

In respect of a Sub-Fund's investments in UCITS and other UCIs linked to the Fund as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to such Sub-Fund and each of the UCITS or other UCIs concerned shall not exceed 5% of the relevant net assets under management. The Fund will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and other UCIs in which such Sub-Fund has invested during the relevant period.

- d) The Fund may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS or other UCI concerned, all compartments combined.
- e) A Sub-Fund may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Funds without the Fund being subject to the requirements of the Law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the condition however that:
  - the target Sub-Fund(s) do(es) not, in turn, invest in the Sub-Fund invested in this (these) target Sub-Fund(s); and
  - no more than 10% of the assets that the target Sub-Fund(s) whose acquisition is contemplated may be invested in units of other UCIs; and
  - voting rights, if any, attaching to the Shares of the target Sub-Fund(s) 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 Sub-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.

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

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

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

When a transferable security or money market instrument embeds a derivative, the latter

- must be taken into account when complying with the requirements of this paragraph VII.
- VIII. a) The Fund may not borrow for the account of any Sub-Fund amounts in excess of 10% of the net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Fund may acquire foreign currencies by means of back to back loans;
- b) The Fund may not grant loans to or act as guarantor on behalf of third parties. This restriction shall not prevent the Fund from acquiring transferable securities, money market instruments or other financial instruments referred to in I. (1) c), e) and f) which are not fully paid.
- c) The Fund may not carry out uncovered sales (“short sales”) of transferable securities, money market instruments or other financial instruments.
- d) The Fund may only acquire movable or immovable property which is essential for the direct pursuit of its business.
- e) The Fund may not acquire either precious metals or certificates representing them.
- IX. a) The Fund needs not comply with the limits laid down in this chapter when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from paragraphs III., IV. and VI. a), b) and c) for a period of six months following the date of their creation.
- b) If the limits referred to in paragraph a) are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its shareholders.
- c) To the extent that an issuer is a legal entity with multiple compartments where the assets of the compartment are exclusively reserved to the investors in such compartment and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that compartment, each compartment is to be considered as a separate issuer for the purpose of the application of the risk spreading rules set out in paragraphs III., IV. and VI.

## **RISK MANAGEMENT PROCEDURE**

In accordance with the 2010 Law and other applicable regulations, in particular CSSF Circular 11/512 regarding (i) the presentation of the main regulatory changes in risk management following the publication of CSSF Regulation 10-4 and ESMA clarifications, (ii) further clarifications from the CSSF on risk management rules and (iii) definition of the content and format of the risk management process to be communicated to the CSSF, the Management Company on behalf of the Fund uses a risk management process which enables it to assess the exposure of each Sub-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 employs a process for accurate and independent assessment of the value of OTC Derivatives and the Management



Company ensures for each of the Sub-Funds that its global exposure relating to financial derivative instruments does not exceed the limits as set out in the section "Investment Restrictions".

The global exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

Each Sub-Fund may invest, according to its investment policy and within the limits laid down in the section "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 the section "Investment Restrictions".

When a Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to any such limits set out in the section "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 these requirements set out in the section "Investment Restrictions".

Unless otherwise provided for any Sub-Fund in the relevant Appendix, the commitment approach is used to monitor and measure the global exposure of each Sub-Fund.

This approach measures the global exposure related solely to positions on financial derivative instruments under consideration of netting or hedging.

## **TECHNIQUES AND INSTRUMENTS**

Subject to the following conditions, the Fund is authorised for each Sub-Fund to resort to techniques and instruments bearing on Transferable Securities, Money Market Instruments, currencies and other eligible assets, on the condition that any recourse to such techniques and instruments be carried out for the purpose of hedging and/or efficient management of the portfolio, altogether within the meaning of the Grand-ducal regulation of 8th February 2008.

### **A. Techniques and Instruments relating to Transferable Securities, Money Market Instruments and other eligible assets**

#### (1) General

To optimise portfolio management and/or to protect its assets and liabilities, the Fund may use techniques and instruments involving Transferable Securities, Money Market Instruments, currencies and other eligible assets within the meaning of the Grand-ducal regulation of 8th February 2008 for each Sub-Fund 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 CSSF-Circulars issued from time to time, in particular, but not limited to CSSF-Circulars 08/356 and 14/592 and ESMA-Guidelines 2014/937 as amended from time to time. In particular, those techniques and instruments should not result in a change of the investment objective

of the relevant Sub-Fund or add substantial supplementary risks in comparison to the stated risk profile of such 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 Part A, chapter “Risk factors applicable to the investment in the Fund” of this Prospectus. All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the respective Sub-Fund. In particular, fees and costs may be paid to agents of the Fund and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation for 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 the Fund – will be available in the annual report of the Fund. Furthermore, each Sub-Fund is notably authorised to carry out transactions intended to sell or buy foreign exchange rate futures, to sell or buy currency futures and to sell call options or to buy put options on currencies, in order to protect its assets against currency fluctuations or to optimise yield, i.e., for the purpose of sound portfolio management.

## (2) Limitation

When transactions involve the use of derivatives, the Fund must comply with the terms and limits stipulated above in Part A, chapter “Investment Restrictions”, sections I. f), III. a) (ii) and b) and VII. of this Prospectus. The use of transactions involving derivatives or other financial techniques and instruments may not cause the Fund to stray from the investment objectives set out in the Prospectus.

## (3) Risks - Notice

In order to optimise their portfolio yield, all Sub-Funds are authorised to use the derivatives techniques and instruments described in this chapter and the chapter “Investment Restrictions” (particularly swaps of rates, currencies and other financial instruments, futures, and securities, rate or futures options), on the terms and conditions set out in said chapters. The investor's attention is drawn to the fact that market conditions and applicable regulations may restrict the use of these instruments. The success of these strategies cannot be guaranteed. Sub-funds using these techniques and instruments assume risks and incur costs they would not have assumed or incurred if they had not used such techniques. If the managers and sub-managers forecast incorrect trends for securities, currency and interest rate markets, the affected Sub-Fund may be worse off than if no such strategy had been used. In using derivatives, each Sub-Fund may carry out over-the-counter futures or spot transactions on indices or other financial instruments and swaps on indices or other financial instruments with highly-rated banks or brokers specialised in this area, acting as counterparties. Although the corresponding markets are not necessarily considered more volatile than other futures markets, operators have less protection against defaults on these markets since the contracts traded on them are not guaranteed by a clearing house.

## **B. Securities Lending**

The Fund may enter into securities lending transactions in accordance with the provisions of CSSF Circular 08/356 on the rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments (“Circular 08/356”). Such securities lending transactions may be used provided that the following rules are complied with in addition to the abovementioned conditions:

- (i) The borrower in a securities lending transaction must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (ii) The Fund may only lend securities to a borrower either directly or through a standardized system organized by a recognized clearing institution or through a lending system organized by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those provided by EU law and specialized in this type of transaction;
- (iii) 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.

## **C. Repurchase Agreement Transactions**

### (1) General

The Fund may enter into sale with right of repurchases transactions as well as reverse repurchase and repurchase agreement transactions in accordance with the provisions of Circular 08/356. Such repurchase agreements can 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 assets 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 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:

- (i) The counterparty to these transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (ii) The 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.

## (2) Risks

The principal risk when engaging in securities lending, repurchase or reverse repurchase transactions is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations to return securities or cash to the relevant Sub-Fund as required by the terms of the transaction. Counterparty risk is mitigated by the transfer or pledge of collateral in favour of the relevant Sub-Fund. However, securities lending, repurchase or reverse repurchase transactions may not be fully collateralised. Fees and returns due to the relevant Sub-Fund under securities lending, repurchase or reverse repurchase transactions may not be collateralised. In addition, the value of collateral may decline in between collateral rebalancing dates or may be incorrectly determined or monitored. In such a case, if a counterparty defaults, the relevant Sub-Fund may need to sell non-cash collateral received at prevailing market prices, thereby resulting in a loss to the Sub-Fund. A Sub-Fund may also incur a loss in reinvesting cash collateral received. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the relevant Sub-Fund to the counterparty as required by the terms of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

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

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

## **D. Financial Derivative Instruments**

### (1) General

Over-the-counter (OTC) financial derivative instruments (including total return swaps and other derivatives with similar characteristics) may be used by the Sub-Funds to gain exposure to underlying assets. OTC financial derivative instruments will be entered into with counterparties selected among first class financial institutions specialised in the relevant type of transaction, subject to prudential supervision and belonging to the categories of counterparties approved by the CSSF.

## (2) Total Return Swaps

### General description of the techniques used and rationale

A Sub-Fund may enter into total return swap transactions or other financial derivative instruments with similar characteristics to gain or reduce exposure to a reference asset as well as to hedge the existing long positions or exposures. The total return swap is a derivative contract in which one counterparty transfers to another party the total economic performance of a reference asset, including income from interest and, fees, market gains or losses from price movement as well as credit losses (“Total Return Swap” or “TRS”).

### Type of assets subject to TRS

The Sub-Funds may enter into TRS on:

- Equity,
- Equity indices,
- Fixed Income,
- Currency,
- Interest rate,
- Commodity related indices.

The underlying strategy and the composition of the investment portfolio of TRS will be consistent with the investment policy of the relevant Sub-Fund.

### Counterparty selection

The counterparties of the TRS shall be selected by using creditworthy financial institutions specialised in the relevant type of transactions located in the Nordic countries and the United Kingdom, taking into consideration different criteria such as the minimum credit rating (Ba3 (Moody’s) or BB- (Standard and Poor’s or Fitch)). To be approved by the board of directors of the Fund, the selected counterparties will also meet a legal status criterion, i.e. be subject to prudential supervision as well as being regulated by the relevant financial supervisory authority.

The relevant Sub-Fund annex will indicate if TRS transactions are used and, if applicable, state further details on these transactions.

## (3) Counterparty Risk

In accordance with its investment objective and policy, a Sub-Fund may trade ‘over-the-counter’ (OTC) financial derivative instruments such as non-exchange traded futures and options, forwards, swaps or contracts for difference. OTC derivatives are instruments specifically tailored to the needs of an individual investor that enable the user to structure precisely its exposure to a given position. Such instruments are not afforded the same protections as may be available to investors trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house. The counterparty to a particular OTC derivative transaction will generally be the

specific entity involved in the transaction rather than a recognised exchange clearing house. In these circumstances the Sub-Fund will be exposed to the risk that the counterparty will not settle the transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. This could result in substantial losses to the Sub-Fund.

Participants in OTC markets are typically not subject to the credit evaluation and regulatory oversight to which members of 'exchange-based' markets are subject. Unless otherwise indicated in the Prospectus for a specific Sub-Fund, the Fund will not be restricted from dealing with any particular counterparties.

The Fund's evaluation of the creditworthiness of its counterparties may not prove sufficient. The lack of a complete and foolproof evaluation of the financial capabilities of the counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses. The Fund may select counterparties located in various jurisdictions. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Sub-Fund and its assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize the effect of their insolvency on the Sub-Fund and its assets.

Investors should assume that the insolvency of any counterparty would generally result in a loss to the Sub-Fund, which could be material.

If there is a default by the counterparty to a transaction, the Fund will under most normal circumstances have contractual remedies and in some cases collateral pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays and costs. If one or more OTC counterparties were to become insolvent or the subject of liquidation proceedings, the recovery of securities and other assets under OTC derivatives may be delayed and the securities and other assets recovered by the Fund may have declined in value.

Regardless of the measures that the Fund may implement to reduce counterparty credit risk there can be no assurance that a counterparty will not default or that the Sub-Fund will not sustain losses on the transactions as a result. Such counterparty risk is accentuated for contracts with longer maturities or where the Sub-Fund has concentrated its transactions with a single or small group of counterparties.

## **E. Management of Collateral and Collateral Policy**

### General

In the context of OTC financial derivative transactions, 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

shall be considered as collateral for the purpose 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 CSSF Circulars issued from time to time notably in terms of liquidity and issuer credit quality, valuation, correlation, collateral diversification, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

(i) Liquidity and issuer credit quality – any collateral received other than cash shall 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.

(ii) Valuation – collateral received shall be valued on at least a daily basis and assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place;

(iii) Correlation – the collateral received by the Fund shall be issued by an entity that is independent from the counterpart and is expected not to display a high correlation with the performance of the counterpart;

(iv) Collateral diversification (asset concentration) – collateral shall be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from a counterpart of efficient portfolio management and OTC financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of the respective Sub-Fund's net asset value. When the Fund is exposed to different counterparts, the different baskets of collateral shall be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this sub-paragraph, the Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. In such a case, the Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the respective Sub-Fund's net asset value. The list of eligible jurisdictions includes, but is not limited to, Canada, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States of America;

Moreover, collateral received shall also comply with the provisions of Article 48(2) of the 2010 Law;

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

(vi) Risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the risk management process;

(vii) Where there is a title transfer, the collateral received shall be held by the depositary of the Fund.

For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral;

Subject to the abovementioned conditions, collateral received by the Fund may consist of the following instruments as accepted by the Commission Delegated Regulation (EU) 2016/2251 of the 4 October 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 (hereafter referred to as “CDR 2016/2251”):

- (i) Cash in an OECD country currency in accordance with Article 4(1) (a) of CDR 2016/2251,
- (ii) Debt securities issued or guaranteed by Member States’ central governments or central banks in accordance with Article 4(1) (c) of CDR 2016/2251,
- (iii) Debt securities issued by Member States’ regional governments or local exposures whose exposures are treated as exposures to the central government of that Member State listed in Article 115(2) of the Regulation (EU) 575/2013,
- (iv) Debt securities issued by multilateral banks listed in Article 117(2) of the Regulation (EU) of 575/2013,
- (v) Debt securities issued by international organisations listed in Article 118 of the Regulation (EU) No 575/2013,
- (vi) Corporate bonds,
- (vii) Convertible bonds provided they can be converted only into equities which are included in an index specified pursuant to point (a) of Article 197(8) of the Regulation (EU) No 575/2013,
- (viii) Equities included in an index specified pursuant to point (a) of Article 197(8) of the Regulation (EU) No 575/2013.

#### Level of Collateral

The Sub-Fund will determine the required level of collateral for OTC financial derivatives transactions and/or 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. This implies also that the counterparty exposure shall not exceed 10% of the total net assets of the Sub-Fund with regard to OTC derivative transactions and/or efficient portfolio management techniques.

#### Rules for application of Haircuts

Collateral will be valued on a daily basis using available market prices and the value of collateral will be adjusted by applying relevant haircuts. For this purpose, in accordance with Article 6 of CDR 2016/2251, the Fund will rely on the credit quality assessments issued by a recognised External Credit Assessment Institution or the credit quality of (ECAI) of an export credit agency and thus will use standard haircuts to be applied by asset type, maturity and credit quality of the issuer.



The following haircuts will be applied:

1. Cash Collateral

(i) Cash variation margin shall be subject to a haircut of 0%

(ii) Cash initial margin shall be subject to a haircut of 8% when the cash initial margin has been posted in a currency other than the currency in which the payments in case of early termination or default have to be made in accordance with the single derivative contract, the relevant exchange of collateral agreement or the relevant credit support annex ('termination currency').

In case no termination currency has been set out, the above haircut of 8% shall apply to the market value of all the assets posted as collateral.

2. Non-Cash Collateral

(i) Haircuts applicable to debt securities

Table 1 - Debt securities

Collateral	Credit Quality Step	Maturity		
		≤ 1 year	>1 ≤ 5 year(s)	> 5 years
(i) Debt securities issued or guaranteed by Member States' central governments or central banks in accordance with Article 4(1) (c) of CDR 2016/2251	1	0.5%	2%	4%
(ii) Debt securities issued by Member States' regional governments or local exposures whose exposures are treated as exposures to the central government of that Member State listed in Article 115(2) of Regulation (EU) 575/2013 and in accordance with CDR 2016/2251.				
(iii) Debt securities issued by multilateral banks listed in Article 117(2) of Regulation (EU) of 575/2013 and in accordance with CDR 2016/2251.	2-3	1%	3%	6%
(iv) Debt securities issued by international organisations listed in Article 118 of the Regulation (EU) No 575/2013 and in accordance with CDR 2016/2251				

(v)	Convertible bonds provided they can be converted only into equities which are included in an index specified pursuant to point (a) of article 197(8) of Regulation (EU) No 575/2013	1-3	15%		
(vi)	Corporate bonds in accordance with CDR 2016/2251.	1	1%	4%	8%
		2-3	2%	6%	12%

To determine the credit quality step, the second best rating from Moody's, S&P and Fitch shall be used and mapped using the table below. For the avoidance of the doubt, no credit quality step 4 is mapped since all debt securities shall be having an issuer rating of investment grade.

Table 2 – Credit Quality step mapping table

Credit Rating Agency	Rating type	Credit Quality Step		
		1	2	3
Fitch Ratings	Long-term Issuer Credit ratings scale	AAA, AA	A	BBB
Moody's Investors Service	Global long-term rating scale	Aaa, Aa	A	Baa
Standard & Poor's ratings Services	Long-term issuer credit ratings scale	AAA, AA	A	BBB

- (ii) Equities in main indices and bonds convertible to equities in main indices shall have a haircut of 15 %.
- (iii) Non cash initial margin posted in a currency other than the currency in which the payments in case of early termination or default have to be made in accordance with the single derivative contract, the relevant exchange of collateral agreement or the relevant credit support annex ('termination currency') shall be subject to an additional haircut of 8%.  
In case no termination currency has been set out, the above haircut of 8% shall apply to the market value of all the assets posted as collateral.
- (iv) Non-Cash variation margin posted in a currency other than those agreed in an individual derivative contract, the relevant governing master netting agreement or the relevant credit support annex shall be subject to an additional haircut of 8%.

The Fund reserves the right to review and amend the above haircuts at any time when the market conditions have changed and when and if this is deemed in the best interest of the Fund.

#### Reinvestment of Collateral

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

### Restrictions on the re-use of Cash Collateral

Cash Collateral received by the Fund shall neither be re-invested nor pledged.

## **BOARD OF DIRECTORS**

The Directors are responsible for the overall management and control of the Fund. They will review the operations of the Fund and the Management Company.

## **MANAGEMENT COMPANY**

Pursuant to a management company agreement dated 12<sup>th</sup> June 2015, the Directors have appointed FundRock Management Company S.A. as the management company of the Fund to be responsible on a day-to-day basis, under supervision of the Directors, for providing investment management, administration and marketing services in respect of all the Sub-Funds.

The Management Company was incorporated for an unlimited period on 10<sup>th</sup> November 2004 in the form of a "société anonyme" in Luxembourg under the name of "RBS (Luxembourg) S.A.". With effect from 31<sup>st</sup> December 2015, it changed its name to FundRock Management Company S.A. It is authorised and regulated by the CSSF as (i) a management company subject to Chapter 15 of the Law, and (ii) as alternative investment fund manager regulated under Chapter 2 of the law of 12<sup>th</sup> July 2013 on alternative investment funds managers, as amended from time to time. It has a subscribed and paid-up capital of EUR 10,000,000.

It has its registered office in Luxembourg at 33, rue de Gasperich, L-5826 Hesperange, Luxembourg. The articles of incorporation of the Management Company were published in the Mémorial C, official gazette of the Grand-Duchy of Luxembourg, as of 6<sup>th</sup> December 2004. The last amendment of the articles of incorporation of the Management Company was published on 31<sup>st</sup> March 2016.

In respect of all Sub-Funds, the Management Company has delegated its investment management and advisory functions to RAM ONE AB.

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

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

The Management Company will monitor on a continuing basis the activities of the third parties to which it has delegated functions. The agreements entered into between the Management Company

and the relevant third parties provide that the Management Company can give at any time further instruction to such third parties and that it can withdraw their mandate with immediate effect if this is in the interest of the Shareholders. The Management Company's liability towards the Fund is not affected by the fact that it has delegated certain functions to third parties.

The accounts of the Management Company are audited by an independent authorised auditor. This task has been entrusted to Deloitte Audit Sàrl.

## INVESTMENT MANAGER

The Management Company has appointed RAM ONE AB as investment manager of the Fund (the “Investment Manager”).

RAM ONE AB, an alternative investment fund manager (“AIFM”) supervised by the Swedish Financial Supervisory Authority (*Finansinspektionen*) has been appointed as Investment Manager for the Fund pursuant to an Investment Management Agreement terminable by either party giving no less than three months prior notice to the other party. RAM ONE AB was founded in 2002 with a primary focus on investment fund business and discretionary portfolio management. Its offices are located at Jakobsbergsgatan 13, 111 87 Stockholm, Sweden.

According to the Investment Management Agreement, the Investment Manager may, with the prior approval of the Management Company, delegate to a third party all or a part of its management duties. Any new delegation shall be reflected in an updated Prospectus.

## DEPOSITARY AND PAYING AGENT

Pursuant to a depositary and paying agent services agreement (the “**Depositary Agreement**”), Skandinaviska Enskilda Banken S.A. has been appointed as depositary of the Fund (the “**Depositary**”). The Depositary will also provide paying agent services to the Fund.

Skandinaviska Enskilda Banken S.A. is a public limited company (*société anonyme*) under the laws of Luxembourg incorporated for an unlimited duration. Its registered and administrative offices are at 4, rue Peternelchen, L-2370 Howald, Luxembourg. It is licensed to engage in all banking operations under Luxembourg law.

The Depositary has been appointed for the safe-keeping of the assets of the Fund which comprises the custody of financial instruments, the record keeping and verification of ownership of other assets of the Fund as well as the effective and proper monitoring of the Fund’s cash flows in accordance with the provisions of the Law, as amended from time to time, and the Depositary Agreement.

In addition, the Depositary shall also ensure that (i) the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with Luxembourg law and the Articles of Incorporation; (ii) the value of the Shares is calculated in accordance with Luxembourg law and the Articles of Incorporation; (iii) the instructions of the Management Company or the Fund are carried out, unless they conflict with applicable Luxembourg law and/or the Articles of Incorporation; (iv) in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits; and (v) the Fund's incomes are applied in accordance with Luxembourg law and the Articles of Incorporation.

In carrying out its functions the Depositary acts honestly, fairly, professionally and independently and solely in the interest of the investors. The Depositary is on an ongoing basis analyzing, based on applicable laws and regulations as well as its conflict of interest policy potential conflicts of interests that may arise while carrying out its functions.

When performing its activities, the Depositary obtains information relating to funds which could theoretically be misused (and thus raise potential conflict of interests issues) in relation to e.g. the interests of other clients of the SEB Group, whether engaging in trading in the same securities or seeking other services, particularly in the area of offering services competing with the interests of other counterparties used by the funds/fund managers, and the interests of the Depositary's employees in personal account dealings.

Consequently, to mitigate the potential conflicts of interest, it has been ensured that the activities of a depositary function are physically, hierarchically and systematically separated from other functions of the Depositary in order to establish information firewalls. Moreover, the depositary function has a mandate and a veto to approve or decline fund clients independent of other functions and has its own committees for escalation of matters connected to its role as a depositary, where other functions with potentially conflicting interests are not represented.

For further details on management, monitoring and disclosure of potential conflicts of interest please refer to Instruction for Handling of Conflicts of Interest in Skandinaviska Enskilda Banken S.A. which can be found on the following webpage: [http://sebgrouplu/siteassets/about-seb/policies/sebsa\\_conflict\\_of\\_interest.pdf](http://sebgrouplu/siteassets/about-seb/policies/sebsa_conflict_of_interest.pdf)

In compliance with the provisions of the Depositary Agreement and the Law, as amended from time to time, the Depositary may, subject to certain conditions and in order to effectively conduct its duties, delegate part or all of its safe-keeping duties in relation to financial instruments that can be held in custody, duly entrusted to the Depositary for custody purposes, and/or all or part of its duties regarding the record keeping and verification of ownership of other assets of the Fund to one or more delegate(s), as they are appointed by the Depositary from time to time.

In order to avoid any potential conflicts of interest, irrespective of whether a given delegate is part of the SEB Group or not, the Depositary exercise the same level of due skill, care and diligence

both in relation to the selection and appointment as well as in the on-going monitoring of the relevant delegate. Furthermore, the conditions of any appointment of a delegate that is member of the SEB Group will be negotiated at arm's length in order to ensure the interests of the investors. Should a conflict of interest occur and in case such conflict of interest cannot be neutralized, such conflict of interest as well as the decisions taken will be disclosed to the investors and the Prospectus revised accordingly. An up-to-date list of these delegates can be found on the following webpage: <http://sebgroup.lu/siteassets/corporations-and-institutions/global-custody-network.pdf>

Where the law of a third country requires that financial instruments are held in custody by a local entity and no local entity satisfies the delegation requirements of article 34bis, paragraph 3, lit. b) i) of the Law, as amended, the Depositary may delegate its functions to such local entity to the extent required by the law of that third country for as long as there are no local entities satisfying the aforementioned requirements.

In order to ensure that its tasks are only delegated to delegates providing an adequate standard of protection, the Depositary has to exercise all due skill, care and diligence as required by the Law, as amended, in the selection and the appointment of any delegate to whom it intends to delegate parts of its tasks and has to continue to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any delegate to which it has delegated parts of its tasks as well as of any arrangements of the delegate in respect of the matters delegated to it. In particular, any delegation is only possible when the delegate at all times during the performance of the tasks delegated to it segregates the assets of the Fund from the Depositary's own assets and from assets belonging to the delegate in accordance with the Law, as amended. The Depositary's liability shall not be affected by any such delegation unless otherwise stipulated in the Law, as amended and/or the Depositary Agreement.

An up-to-date information regarding the Depositary, its duties and the conflicts of interest that may arise, any safekeeping functions delegated by the Depositary, the list of delegates and any conflicts of interests that may arise from such delegation, is available to the investors upon request at the registered office of the Management Company.

The Depositary is liable to the Fund or its investors for the loss of a financial instrument held in custody by the Depositary and/or a delegate. In case of loss of such financial instrument, the Depositary has to return a financial instrument of an identical type or the corresponding amount to the Fund without undue delay. In accordance with the provisions of the Law, as amended, the Depositary will not be liable for the loss of a financial instrument, if such loss 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.

The Depositary shall be liable to the Fund and to the investors for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its duties in accordance with applicable law, in particular the Law, as amended, and/or the Depositary Agreement.

The Fund and the Depositary may terminate the Depositary Agreement at any time by giving ninety (90) days' notice in writing. In case of a voluntary withdrawal of the Depositary or of its removal by the Fund, the Depositary must be replaced at the latest within two (2) months after the expiry of the aforementioned termination notice by a successor depositary to whom the Fund's assets are to be delivered and who will take over the functions and responsibilities of the Depositary. If the Fund does not name such successor depositary in time the Depositary may notify the CSSF of the situation. The Management Company/Fund will take the necessary steps, if any, to initiate the liquidation of the Fund, if no successor depositary bank has been appointed within two (2) months after the expiry of the aforementioned termination notice of ninety (90) days.

## **ADMINISTRATION AGENT**

The Management Company also acts as central administration agent (hereinafter the “**Central Administration Agent**”).

The registered address of the Central Administration Agent is 33, rue de Gasperich, L-5826 Hesperange.

The Central Administration Agent has delegated, at its own expense, the duties relating to the administration of the Fund as well as the transfer and registrar agent function to European Fund Administration S.A., a *société anonyme* established in Luxembourg (hereinafter the “Administration Agent”). In this capacity, the Administration Agent will carry out all administrative duties related to the administration of the Fund, including the calculation of the Net Asset Value of the Shares and the provision of accounting services to the Fund. As Registrar and Transfer Agent, it will process all subscriptions, redemptions and transfers of shares and will register these transactions in the register of the Fund.

## **AUDITOR**

PricewaterhouseCoopers, *société coopérative* has been appointed as Auditor of the Fund.

## **SHARE DEALING**

### **I. Subscription for Shares**

#### **Initial Offer Period**

Applications for subscription may be made during the Initial Offer Period (if applicable) specified for each Class in the relevant Appendix for each Sub-Fund.

**Initial Issue Price**

During any Initial Offer Period (if applicable), the issue price per Share of each Class is the price specified in the relevant Appendix for each Sub-Fund plus any applicable subscription charge.

**Minimum Initial Subscription and Holding Amounts**

The Directors will set and waive in their discretion a minimum initial subscription amount and a minimum ongoing holding amount per Class in each Sub-Fund for each registered Shareholder, to be specified in the relevant Appendix for each Sub-Fund.

**Subsequent Subscriptions**

If the Directors determine that it is in the interest of Shareholders of a Sub-Fund to accept subscriptions after the Initial Offer Period, applications for subscription may be made on or prior to any day that is a Valuation Day for the Sub-Fund or Class concerned (or on such other days as the Directors may from time to time determine), subject to any prior notice requirements specified in the relevant Appendix for each Sub-Fund. The Directors may discontinue the issue of new Shares in any Sub-Fund or Class at any time in their discretion.

**Minimum Subsequent Subscription Amount**

The Directors will set and waive in their discretion a minimum subsequent subscription amount, to be specified in the relevant Appendix for each Sub-Fund.

**Prior Notice Requirements**

The Directors may in their discretion refuse to accept any application for subscription received after the first day of any prior notice period specified for each Class in the relevant Appendix for each Sub-Fund.

**Subscription Price Per Share**

After any Initial Offer Period, the Subscription Price per Share of each Class is the Net Asset Value per Share of such Class determined as at the Valuation Day on which the application has been accepted, increased by any applicable subscription charge.

**Subscription Charge**

Financial intermediaries are entitled to the subscription charge, which can be partly or fully waived at the discretion of such intermediaries. The subscription charge attributed to each Class is specified in the relevant Appendix for each Sub-Fund.



### **Payment of Subscription Price**

The full purchase price of the Shares subscribed must be received in immediately available funds by the Depositary or its agent in the reference currency of the Class concerned not later than the date specified in the relevant Appendix for each Sub-Fund. Unless otherwise specified in the relevant Appendix for each Sub-Fund, no interest will be paid on payments received prior to the closing date of any Initial Offer Period or prior to any Valuation Day.

### **Acceptance of Subscriptions**

The Directors reserve the right to accept or refuse any application to subscribe Shares in whole or in part.

### **Suspension of Subscriptions**

The Directors will suspend the issue of Shares of any Sub-Fund or Class whenever the determination of the Net Asset Value of such Sub-Fund or Class is suspended.

### **Price Information**

The Net Asset Value per Share is available from the registered office of the Fund.

### **Subscription in kind**

The subscription price (not including the sales commission) may, upon approval of the Directors and subject to all applicable laws, namely with respect to a special audit report from the auditor of the Fund confirming the value of any assets contributed in kind, be paid by contributing to the Fund securities acceptable to the Directors consistent with the investment policy and investment restrictions of the Fund. The costs of any such contribution shall be borne by the relevant investor or by a third party, but will not be borne by the Fund unless the Director considers that the contribution in kind is in the interests of the Fund or made to protect the interests of the Fund, in which case such costs may be borne in all or in part by the Fund.

### **Types of Share**

Shares are either issued in registered form or in dematerialised form with no par value. The dematerialised Shares are held in accounts with a clearing institution or a central account holder. Shareholders of registered shares shall receive a written confirmation of their registration but no certificate representing the Shares will be issued.

Fractional entitlements to registered Shares will be rounded downwards to three decimal places. Fractions of Shares do not confer voting rights at any meeting of Shareholders but entitle the holder thereof to a correspondent amount in case of payment of dividend distribution or liquidation proceeds.

### **Share-Classes Hedging**

The Fund may issue Classes which are denominated in currencies other than the reference currency of the relevant Sub-Fund and which share a common investment objective. The Management Company will comply with the provisions set forth in the current and forthcoming regulations on UCITS share classes.

### **Anti Money Laundering Procedures and Fight Against Financing of Terrorism**

Pursuant to international rules and Luxembourg laws and regulations comprising but not limited to the law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended and circulars of the supervising authority, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the Registrar and Transfer Agent of a Luxembourg undertaking for collective investment must in principle ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Registrar and Transfer Agent may require subscribers to provide any document it deems necessary to effect such identification.

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

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

### **Institutional Investors**

As detailed in the relevant Appendix for each Sub-Fund, the sale of Shares of certain Classes may be restricted to Institutional Investors and the Fund will not issue or give effect to any transfer of Shares of such Classes to any investor who may not be considered an Institutional Investor.

The Fund may, at its discretion, delay the acceptance of any subscription for Shares of a Class restricted to Institutional Investors until such date as it has received sufficient evidence on the qualification of the investor as an Institutional Investor.

## **Ineligible Investors**

The Application Form requires each prospective applicant for Shares to represent and warrant to the Fund that, among other things, he is able to acquire and hold Shares without violating applicable laws.

The Shares may not be offered, issued or transferred to any person that would qualify as a Prohibited Person.

Prohibited Person means any person, firm or corporate entity, determined in the sole discretion of the Management Company, as being not entitled to subscribe to or hold Shares:

1. if in the opinion of the Fund such holding may be harmful/damaging to the Fund;
2. if it may result in a breach of any law or regulation, whether Luxembourg or foreign;
3. if as a result thereof the Fund or the Management Company may become exposed to disadvantages of a tax, legal or financial nature that it would not have otherwise incurred;  
or
4. if such person would not comply with the eligibility criteria for Shares (e.g. in relation to “U.S. Persons”).

The Fund has not been and will not be registered under the United States Investment Company Act of 1940 as amended (the “Investment Company Act”). The Shares of the Fund have not been and will not be registered under the United States Securities Act of 1933 as amended (the “Securities Act”) or under the securities laws of any state of the US and such shares may be offered, sold or otherwise transferred only in compliance with the Securities Act of 1933 and such state or other securities laws. The Shares of the Fund may not be offered or sold within the US or to or for the account, of any US Person. For these purposes, US Person is as defined in Rule 902 of Regulation S under the Securities Act.

Rule 902 of Regulation S under the Securities Act defines US Person to include inter alia any natural person resident of the United States and with regards to investors other than individuals, (i) a corporation or partnership organised or incorporated under the laws of the US or any state thereof; (ii) a trust (a) of which any trustee is a US Person except if such trustee is a professional fiduciary and a co-trustee who is not a US Person has sole or shared investment discretion with regard to trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person or (b) where a court is able to exercise primary jurisdiction over the trust and one or more US fiduciaries have the authority to control all substantial decisions of the trust and (iii) an estate (a) which is subject to US tax on its worldwide income from all sources; or (b) for which any US Person is executor or administrator except if an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with regard to the assets of the estate and the estate is governed by foreign law.

The term “US Person” also means any entity organised principally for passive investment (such as a commodity pool, Investment Company or other similar entity) that was formed:

(a) for the purpose of facilitating investment by a US Person in a commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations promulgated by the United States Commodity Futures Trading Commission by virtue of its participants being non-US Persons or (b) by US Persons principally for the purpose of investing in securities not registered under the Securities Act, unless it is formed and owned by “accredited investors” (as defined in Rule 501 (a) under the Securities Act) who are not natural persons, estates or trusts.

Applicants for the subscription to Shares will be required to certify that they are not US Persons and might be requested to prove that they are not Prohibited Persons.

Shareholders are required to notify the Registrar and Transfer Agent of any change in their domiciliation status.

Prospective investors are advised to consult their legal counsel prior to investing in Shares of the Fund in order to determine their status as non US Persons and as non-Prohibited Persons.

The Fund may refuse to issue Shares to Prohibited Persons or to register any transfer of shares to any Prohibited Person. Moreover the Fund may at any time forcibly redeem/repurchase the Shares held by a Prohibited Person.

The Fund can furthermore reject an application for subscription at any time at its discretion, or temporarily limit, suspend or completely discontinue the issue of shares, in as far as this is deemed to be necessary in the interests of the existing Shareholders as an entirety, to protect the Fund in the interests of the investment policy or in the case of endangering specific investment objectives of the Fund.

Subject as mentioned above, Shares are freely transferable. The Directors may, however, refuse to register a transfer which would result in either the transferor or the transferee remaining or being registered (as the case may be) as the holder of Shares in a Sub-Fund valued at less than the minimum holding requirement.

The Fund will require from each registered Shareholder acting on behalf of other investors that any assignment of rights to Shares be made in compliance with applicable securities laws in the jurisdictions where such assignment is made and that in unregulated jurisdictions such assignment be made in compliance with the minimum holding requirement.

The Directors may require the compulsory redemption of Shares owned by Investors in breach of the restrictions above.

## II. Redemption of Shares

### **Redemption Procedure**

Subject to the restrictions set out in the main part of this Prospectus and in the relevant Appendix for each Sub-Fund, any Shareholder may apply for the redemption of some or all of his Shares or of a fixed amount. All redemption requests are to be received by the Registrar and Transfer Agent no later than the time specified in the relevant Appendix for each Sub-Fund failing which the redemption request will be treated as received for the following Valuation Day and Shares will be redeemed based on the Redemption price applicable for that Valuation Day. If the value of a Shareholder's holding on the relevant Valuation Day is less than the fixed amount which the Shareholder has applied to redeem, the Shareholder will be deemed to have requested the redemption of all of his Shares.

Shareholders are required to notify the Registrar and Transfer Agent immediately if at any time they become Prohibited Persons, including (but not limited to) US Persons or hold Shares for the account or benefit of such persons.

### **Minimum Holding Amount**

If as a result of a redemption, the value of a Shareholder's holding would become less than the minimum holding amount specified for each Class in the relevant Appendix for each Sub-Fund, the Directors may decide that the redeeming Shareholder shall be deemed to have requested the conversion of the rest of his Shares into Shares of the Class of the same Sub-Fund with a lower minimum holding amount (subject to the fulfilment of any requirements imposed on such Class) and, if the redeeming Shareholder was holding Shares of the Class with the lowest minimum holding amount, the Directors may decide that the redeeming Shareholder shall be deemed to have requested the redemption of all of his Shares. The Directors may also at any time decide to compulsorily redeem all Shares from any Shareholder whose holding is less than the minimum holding amount specified for each Class in the relevant Appendix for each Sub-Fund. Before any such compulsory redemption or conversion, each Shareholder concerned will receive one month prior notice to increase his holding above the applicable minimum holding amount at the applicable Net Asset Value per Share.

### **Redemption Charge**

In each Class of each Sub-Fund, a redemption charge may be charged or waived in whole or in part, as specified in the relevant Appendix for each Sub-Fund.

### **Redemption Price per Share**

The Redemption Price per Share of each Class is the Net Asset Value per Share of such Class determined as at the Valuation Day on which the redemption application has been accepted, reduced by any applicable redemption charge.

## **Payment of Redemption Proceeds**

Redemption proceeds, net of any applicable redemption charge, are paid in the reference currency of the relevant Sub-Fund or Class by or on behalf of the Depositary on the date specified in the relevant Appendix for each Sub-Fund.

## **Redemptions in kind**

In exceptional circumstances the Directors may request in accordance with the provisions of the Articles of Incorporation, that a Shareholder accepts 'redemption in kind' (i.e. receives a portfolio of assets from the relevant Class of equivalent value to the appropriate cash redemption payment). In such circumstances the Shareholder must specifically accept the redemption in kind. The Shareholder may always request a cash redemption payment in the reference currency of the Class. Where the Shareholder agrees to accept redemption in kind he will, as far as possible, receive a representative selection of the Class' holdings pro rata to the number of Shares redeemed and the Directors will make sure that the remaining Shareholders do not suffer any loss therefrom. Insofar as required by law, the value of the redemption in kind will be certified by a certificate drawn up by the auditors of the Fund in accordance with the requirements of Luxembourg law, the costs of which shall be borne by the relevant Shareholder, unless the Directors consider that the redemption in kind is in the interest of the Fund or made to protect the interests of the Fund.

## **Compulsory Redemption of Shares**

If the Directors become aware that a Shareholder of record is holding Shares for the account of a person who does not meet the Shareholder eligibility requirements specified in this Prospectus, or 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 for the Fund or a majority of its Shareholders, or otherwise be detrimental to the interests of the Fund, the Directors may compulsorily redeem such Shares in accordance with the provisions of the Articles of Incorporation. Shareholders are required to notify the Fund and the Registrar and Transfer Agent immediately if they cease to meet the Shareholder eligibility requirements specified in "Subscriptions for Shares" above or in the relevant Appendix for each Sub-Fund, or hold Shares for the account or benefit of any person who does not or has ceased to meet such requirements, or hold Shares in breach of any law or regulation or otherwise in circumstances having, or which may either have adverse regulatory, tax or fiscal consequences for the Fund or be detrimental to the interests of the Fund.

If the Directors become aware that a Shareholder has failed to provide any information or declaration required by the Directors within ten days of being requested to do so, the Directors may compulsorily redeem the relevant Shares in accordance with the provisions of the Articles of Incorporation.

## **Large Redemptions**

If applications for the redemption of more than 10% of the total number of Shares outstanding of any Sub-Fund are received in respect of any Valuation Day, the Directors may decide to defer redemption requests so that the 10% limit is not exceeded. Under these circumstances, redemptions may be deferred to a following Valuation Day, as the Directors may decide. Any redemption requests in respect of the relevant Valuation Day so reduced will be given priority over subsequent redemption requests received for the succeeding Valuation Day, subject always to the 10% limit. The above limitations will be applied pro rata to all Shareholders who have requested redemptions to be effected on or as at such Valuation Day so that the proportion redeemed of each holding so requested is the same for all such Shareholders.

## **Suspension of Redemptions**

Redemption of Shares of any Sub-Fund or Class will be suspended whenever the determination of the Net Asset Value of such Sub-Fund or Class is suspended.

## **Revocability of Redemption Requests**

In normal circumstances, except in the event of a suspension of the determination of the Net Asset Value of the relevant Sub-Fund, applications for redemptions of Shares are irrevocable and may not be withdrawn by any Shareholder. In the event of such a suspension, the Shareholders of the relevant Sub-Fund, who have made an application for redemption of their Shares, may give written notice to the Fund that they wish to withdraw their application. Further, the Directors may at their discretion, taking due account of the principle of equal treatment between Shareholders and the interest of the relevant Sub-Fund, decide to accept any withdrawal of an application for redemption.

## **III. Conversion of Shares**

Conversions between Sub-Funds will only be accepted if specifically mentioned in the relevant Appendix for each Sub-Fund.

No conversion of Shares into Shares of another existing Class within the same or a different Sub-Fund may be made at any time when issues and redemptions of Shares in either or both of the relevant Classes are suspended.

## **Irrevocability of Conversion Requests**

Any request for conversions shall be irrevocable and may not be withdrawn by any Shareholder in any circumstances, except in the event of a suspension of the determination of the Net Asset Value of the relevant Sub-Fund or Class. In the event of a suspension, the Fund will process the conversion requests on the first applicable Valuation Day following the end of the period of suspension.

## **Conditions**

Acceptance of any application for conversion is contingent upon the satisfaction of any conditions (including any minimum subscription and prior notice requirements) applicable to the Class into which the conversion is to be effected. If as a result of a conversion, the value of a Shareholder's holding in the new Class would be less than any minimum holding amount specified in the relevant Appendix for each Sub-Fund, the Directors may decide not to accept the conversion request. If as a result of a conversion, the value of a Shareholder's holding in the original Class would become less than the minimum subscription amount specified for each Class in the relevant Appendix for each Sub-Fund, the Directors may decide that such Shareholder shall be deemed to have requested the conversion of all of his Shares.

## **Prior Notice Requirements**

Unless specifically otherwise provided, the prior notice requirements for redemptions as specified for a given Sub-Fund in the relevant Appendix for each Sub-Fund shall be applicable to conversion requests.

## **Conversion Value**

The number of full and fractional Shares issued upon conversion is determined on the basis of the Net Asset Value per Share of each Class concerned on the common Valuation Day on which the conversion request is effected. If there is no common Valuation Day for any two Classes, the conversion is made on the basis of the Net Asset Value calculated on the next following Valuation Day of the Class of Shares to be converted and on the following Valuation Day of the Class into which conversion is requested, or on such other days as the Directors may reasonably determine.

## **Compulsory Conversions**

If the Shareholder of a given Class accumulates a number of Shares of that Class with an aggregate Net Asset Value equal to or in excess of the minimum subscription amount of a parallel Class within the same Sub-Fund and such parallel Class is subject to a lower fee structure, the Directors may in their discretion convert the Shareholder's Shares into Shares of the parallel Class with such lower fee structure. A "parallel class" within a Sub-Fund is a Class that is identical in all material respects (including investment objective and policy) save for the minimum subscription amount and fee structure applicable to it.

## **Conversion Fee**

To cover any transaction costs which may arise from the conversion, the Directors may charge, for the benefit of the original Sub-Fund, a conversion fee of up to the amount of the Redemption Charge applicable to the Shares to be converted.



In addition, the subscription charge of the Class or Sub-Fund in which the conversion is effected may be levied as if the Investor were subscribing in that Class or Sub-Fund.

#### **IV. Calculation of Net Asset Value**

##### **Calculation of the Net Asset Value per Share**

- (A) The Net Asset Value per Share of each Class will be calculated as of each Valuation Day in the currency of the relevant Class. It will be calculated by dividing the net asset value attributable to each Class, being the proportionate value of its assets less its liabilities, by the number of Shares of such Class then in issue. The resulting sum shall be rounded downwards to the nearest five decimal places.
- (B) The Directors reserve the right to allow the Net Asset Value per Share of each Class to be calculated more frequently than once daily, or to otherwise alter dealing arrangements on a permanent or a temporary basis, for example, where the Directors consider that a material change to the market value of the investments in one or more Sub-Funds so demands. The Prospectus will be amended, following any such permanent alteration, and Shareholders will be informed accordingly.
- (C) In valuing total assets, the following rules will apply:
  - (1) The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Fund may consider appropriate in such case to reflect the true value thereof.
  - (2) The value of any securities, money market instruments and derivative instruments will be determined on the basis of the last available price on the stock exchange or any other Regulated Market as aforesaid on which these securities, money market instruments or derivative instruments are traded or admitted for trading unless otherwise mentioned in the relevant Appendix for each Sub-Fund. Where such securities, money market instruments or derivative instruments are quoted or dealt in on one or more than one stock exchange or on any other Regulated Market, the Directors shall make regulations for the order of priority in which stock exchanges or other Regulated Markets shall be used for the provision of prices of securities, money market or derivative instruments.
  - (3) If a security, money market instrument or derivative instrument is not traded or admitted on any official stock exchange or any Regulated Market, or in the case of securities, money market instruments and derivative instruments so traded or admitted the last available price of which does not reflect their true value, the Directors are required to

proceed on the basis of their expected sales price, which shall be valued with prudence and in good faith.

- (4) Each share or unit in an open-ended investment fund will be valued at the last available net asset value (or bid price for dual priced investment funds) whether estimated or final, which is computed for such unit or shares on the same Valuation Day, failing which, it shall be the last net asset value (or bid price for dual priced investment funds) computed prior to the Valuation Day on which the Net Asset Value of the Shares in the Fund is determined.
- (5) In respect of shares or units of an investment fund held by the Fund, for which issues and redemptions are restricted and a secondary market trading is effected between dealers who, as main market makers, offer prices in response to market conditions, the Directors may decide to value such shares or units in line with the prices so established.
- (6) If, since the day on which the latest net asset value was calculated, events have occurred which may have resulted in a material change of the net asset value of shares or units in other investment funds held by the Fund, the value of such shares or units may be adjusted in order to reflect, in the reasonable opinion of the Directors, such change of value.
- (7) The value of any security which is dealt principally on a market made among professional dealers and institutional investors shall be determined by reference to the last available price.
- (8) If any of the aforesaid valuation principles do not reflect the valuation method commonly used in specific markets or if any such valuation principles do not seem accurate for the purpose of determining the value of the Fund's assets, the Directors may fix different valuation principles in good faith and in accordance with generally accepted valuation principles and procedures.
- (9) Any assets or liabilities in currencies other than the reference currency of the Sub-Funds will be converted using the relevant spot rate quoted by a bank or other responsible financial institution.
- (10) In circumstances where the interests of the Fund or its Shareholders so justify (avoidance of market timing practices, for example), the Directors may take any appropriate measures, such as applying a fair value pricing methodology to adjust the value of the Fund's assets, as further described below under "Market Timing and Frequent Trading Policy".

V. **Suspensions or Deferrals**

- (A) The Fund reserves the right to extend the period of payment of redemption proceeds to such period as shall be necessary to repatriate proceeds of the sale of investments in the event of impediments due to exchange control regulations or similar constraints in the markets in which a substantial part of the assets of the Fund are invested or in exceptional circumstances where the liquidity of the Fund is not sufficient to meet the redemption requests.
- (B) The Fund may suspend or defer the calculation of the Net Asset Value of any Class in any Sub-Fund and the issue and redemption of any Class in such Sub-Fund, as well as the right to convert Shares of any Class in any Sub-Fund into Shares of the same Class of the same Sub-Fund or any other Sub-Fund:
- (a) during any period when any of the principal stock exchanges or any other Regulated Market on which any substantial portion of the Fund's investments of the relevant Class for the time being are quoted, is closed (otherwise than for ordinary holidays), or during which dealings are restricted or suspended; or
  - (b) during any period when the Net Asset Value of one or more investment funds, in which the Fund will have invested and the units or the shares of which constitute a significant part of the assets of the Fund, cannot be determined accurately so as to reflect their fair market value as at the Valuation Day; or
  - (c) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of investments of the relevant Sub-Fund by the Fund is impracticable; or
  - (d) during any breakdown in the means of communication normally employed in determining the price or value of any of the Fund's investments or the current prices or values on any market or stock exchange; or
  - (e) during any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of such Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of such Shares cannot in the opinion of the Directors be effected at normal rates of exchange; or
  - (f) when the net asset value of one or more investment funds in which a Sub-Fund has invested and the units or the shares of which constitute at least 10% of the net assets of the Sub-Fund has not been made available to the Central Administration Agent as at the relevant Valuation Day, or if, for any exceptional circumstances, the value of any asset of the Fund attributable to such Sub-Fund may not be determined as rapidly and accurately as required; or

- (g) if the Fund or the relevant Sub-Fund is being or may be wound-up on or following the date on which notice is given of the meeting of Shareholders at which a resolution to wind up the Fund or the Sub-Fund is proposed; or
  - (h) if the Directors have determined that there has been a material change in the valuations of a substantial proportion of the investments of the Fund attributable to a particular Class in the preparation or use of a valuation or the carrying out of a later or subsequent valuation; or
  - (i) during any other circumstance or circumstances where a failure to do so might result in the Fund or its Shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or other detriment which the Fund or its Shareholders might so otherwise have suffered.
- (C) The suspension of the calculation of the Net Asset Value of any Sub-Fund or Class shall not affect the valuation of other Sub-Funds or Classes, unless these Sub-Funds or Classes are also affected.
- (D) During a period of suspension or deferral, a Shareholder may withdraw his request in respect of any Shares not redeemed or converted, by notice in writing received by the Registrar and Transfer Agent before the end of such period.

Shareholders and applicants for Shares will be informed of any suspension or deferral as appropriate.

## VI. **Market Timing and Frequent Trading Policy**

The Fund does not knowingly allow dealing activity which is associated with market timing or frequent trading practices, as such practices may adversely affect the interests of all Shareholders.

Market timing is held to mean subscriptions into, conversions between or redemptions from the various Classes (whether such acts are performed singly or severally at any time by one or several persons) that seek or could reasonably be considered to appear to seek profits through arbitrage or market timing opportunities. Frequent trading is held to mean subscriptions into, conversions between or redemptions from the various Classes (whether such acts are performed singly or severally at any time by one or several persons) that by virtue of their frequency or size cause any Sub-Fund's operational expenses to increase to an extent that could reasonably be considered detrimental to the interests of the Fund's other Shareholders.

Accordingly, the Directors may, whenever they deem it appropriate, cause the Management Company to implement either one, or both, of the following measures:

- The Management Company may combine Shares which are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can

be deemed to be involved in market timing practices. Accordingly, the Directors reserve the right to cause the Management Company to reject any application for conversion and/or subscription of Shares from investors whom the former considers market timers or frequent traders.

- If a Sub-Fund is primarily invested in markets which are closed for business at the time the Sub-Fund is valued, the Directors may, during periods of market volatility, and by derogation from the provisions below, under “Calculation of Net Asset Value”, cause the Management Company to allow for the Net Asset Value per Share to be adjusted to reflect more accurately the fair value of the Sub-Fund’s investments at the point of valuation.

## **GENERAL INFORMATION**

### **I. Fees, Charges and Expenses**

#### **Directors**

Each of the Directors of the Fund is entitled to remuneration for his services at a rate determined by the Fund in the General Meeting from time to time. External Directors will be remunerated for their services in line with market practice and standards. In addition, each Director may be paid reasonable expenses incurred while attending meetings of the board of directors or General Meetings of the Fund.

#### **Management Company**

The Management Company will receive a management company fee for the provision of its services. The management company fee is specified in the relevant Appendix. The Management Company will also be reimbursed for reasonable out-of-pocket expenses relating to the services thereto.

#### **Investment Manager**

The different Sub-Funds and Classes will incur annual investment management services fees, consisting of i) the investment management fee and ii) the research fee, payable to the Investment Manager. The investment management services fees are specified in the relevant Appendix. Furthermore, the Investment Manager may be, if applicable, entitled to be paid out of each Sub-Fund’s assets a performance fee as specified in the relevant Appendix.

#### **Central Administration Agent**

The fees and expenses to be paid to the Central Administration Agent are calculated on the basis set out in the relevant Appendix. The Depositary and the Administration Agent and the Registrar

and Transfer Agent will in part be paid out of this fee and reimbursed for reasonable out-of-pocket expenses relating to the services thereto.

### **Depositary**

The fees and expenses to be paid to the Depositary are calculated on the basis set out in the relevant Appendix. The Depositary will be reimbursed for reasonable out-of-pocket expenses relating to the services thereto.

### **Other Charges and Expenses**

The Fund will pay all charges and expenses incurred in the operation of the Fund including, without limitation, taxes, expenses for legal and auditing services, brokerage fees, governmental duties and charges, settlement costs and bank charges, stock exchange listing expenses and fees due to supervisory authorities in various countries, including the costs incurred in obtaining and maintaining registrations so that the Shares of the Fund may be marketed in different countries (including any information or documentation that may be required for the distribution of the shares); expenses incurred in the issue and redemption of Shares and payment of dividends, registration fees, insurance, interest and the costs of computation and publication of Share prices and postage, telephone, facsimile transmission and the use of other electronic communication; costs of printing proxies, statements, Share certificates or confirmations of transactions, Shareholders' reports, prospectus, KIID and supplementary documentation (including the PRIIPs KID (as and when required) as well as any other documentation in relation to PRIIPs), explanatory brochures and any other periodical information or documentation (including any information or documentation that may be required for the distribution of the Shares).

The Fund shall bear its incorporation expenses, including the costs of drawing up and printing the Prospectus and KIID, notary public fees, the filing costs with administrative and stock exchange authorities and any other costs pertaining to the setting up and launching of the Fund.

These expenses, estimated at EUR 52,000.- will be amortised on a straight line basis over five (5) years from the date on which the Fund commenced business under the UCITS regime. The Directors may, in their absolute discretion, shorten the period over which such costs and expenses are amortised.

The expenses incurred by the Fund in relation to the launch of additional Sub-Funds may be borne by, and payable out of the assets of, those Sub-Funds and will be amortised on a straight line basis over five (5) years from the launch date.

## **II. General and Statutory Information**

*The information below includes a summary of some of the provisions of the Articles of Incorporation and Material Contracts described below and is provided subject to the general provisions of each of such documents.*

## 1. The Fund

The Fund is an umbrella open-ended investment company with variable share capital, organised as a *société anonyme* and qualifies as a *Société d'Investissement à Capital Variable* (SICAV) under the Law. The Fund was incorporated as an undertaking for collective investment in transferrable securities (“UCITS”) for an unlimited period on 12 June 2015 with an initial capital of EUR 31,000 and its Articles of Incorporation were published in the *Mémorial C* on 26 June 2015. The Articles of Incorporation were last amended on 19 December 2018 and the amendment was published in the *Recueil Electronique des Sociétés et Associations* (“RESA”) on 10 January 2019.

The Fund is registered under Number B 197805 with the *Registre de Commerce et des Sociétés* in Luxembourg, where the Articles of Incorporation have been filed and are available for inspection. The Fund exists for an indefinite period.

## 2. Share Capital

The minimum capital of the Fund required by the Law is EUR 1,250,000. The share capital of the Fund is represented by fully paid Shares of no par value and is at any time equal to its Net Asset Value. Should the capital of the Fund fall below two thirds of the minimum capital, an Extraordinary General Meeting of Shareholders must be convened to consider the dissolution of the Fund. Any decision to liquidate the Fund must be taken by a majority of the votes cast by the Shareholders present or represented at the General Meeting. Where the share capital falls below one quarter of the minimum capital, the Directors must convene an Extraordinary General Meeting of Shareholders to decide upon the liquidation of the Fund. At that General Meeting, the decision to liquidate the Fund may be taken by Shareholders holding together one quarter of the Shares present or represented.

For consolidation purposes, the reference currency of the Fund is SEK.

## 3. Material Contracts

The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into:

- a) Management Company Agreement dated 12 June 2015 between the Fund and the Management Company.
- b) Investment Management Agreement dated 12 June 2015 between the Management Company and the Investment Manager.
- c) Depositary Agreement dated 13 October 2016 between the Fund and the Depositary.

The material contracts listed above may be amended from time to time by agreement between the parties thereto.

4. Documents available for inspection or upon request

Copies of the Articles of Incorporation, Prospectus, KIID, material contracts mentioned above and most recent annual reports and semi-annual reports may be obtained free of charge and upon request, from the registered office of the Fund and are available for inspection during normal business hours, at the registered office of the Fund.

5. Historical information

If available, past performance information will be included in the Key Investor Information Documents, which are available free of charge from the registered office of the Fund.

**III. Dividend Policy**

The dividend policy applicable for each Sub-Fund or Class is specified in the relevant Appendix.

Within each Sub-Fund, there may be created different Classes which are entitled to regular dividend payments (“Distribution Shares”) or with earnings reinvested (“Accumulation Shares”).

If a dividend is declared by the Fund, it will be paid to each Shareholder concerned in the currency of the relevant Sub-Fund or Class, normally by bank transfer to the address shown on the register of Shareholders, and in case of joint shareholding, to the first registered holder of the relevant Distribution Shares.

Dividend payments are restricted by law in that they may not reduce the net assets of the Fund below the required minimum capital imposed by Luxembourg law.

In the event that a dividend is declared and remains unclaimed after a period of five years from the date of declaration, such dividend will be forfeited and will revert to the Sub-Fund or Class in relation to which it was declared.

However, no dividends will be distributed if their amount is below the amount of hundred (100) EUR or its equivalent in another currency or such other amount to be decided by the Directors. Such amount will automatically be reinvested.



#### **IV. Taxation**

**The following summary is based on the laws and practices currently in force and is subject to any future changes. The following information is not exhaustive and does not constitute legal or tax advice.**

**It is expected that Shareholders of the Fund will be resident in many different countries. Consequently, no attempt is made in this Prospectus to summarize the taxation consequences for each investor of subscribing, converting, holding, redeeming or otherwise acquiring or disposing of Shares in the Fund. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances.**

##### **Taxation in Luxembourg**

The Fund is subject to Luxembourg legislation. Buyers of the Fund's Shares should inform themselves about the legislation and rules applicable to the purchase, holding and possible sale of Shares with regard to their residence or nationality.

In accordance with current legislation in Luxembourg, neither the Fund nor the Shareholders, except those whose domicile, residence or permanent establishment is Luxembourg, are subject to any tax on income or capital gains in Luxembourg. The Fund's income may however be subject to withholding tax in the countries where the Fund's assets are invested.

The net assets of the Fund are subject to a Luxembourg tax ("*taxe d'abonnement*") at an annual rate of 0.05% payable at the end of that quarter. Shares of institutional classes, if applicable, as defined in Article 174 (2) (c) of the 2010 Law are subject to a "*taxe d'abonnement*" of 0.01% per annum. The Management Company ensures that such institutional share classes are only acquired by investors complying with rules set out in the afore-mentioned article. The value of the assets represented by the shares/units held in other Luxembourg undertakings for collective investment already subject to a "*taxe d'abonnement*" is exempt from the payment of such tax.

##### **Common Reporting Standard**

The Fund is subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters (the "Standard") and its Common Reporting Standard (the "CRS") as set out in the Luxembourg law dated 18 December 2015 on the Common Reporting Standard (loi relative à l'échange automatique de renseignements relatifs aux comptes financiers en matière fiscale) (the "CRS Law").

The CRS Law is based on the European Directive 2014/107/EU of 9 December 2014 amending provisions of Directive 2011/16/EU on administrative cooperation in the field of taxation and the OECD's multilateral agreements. Consequently, to eliminate the overlap of reporting obligations created between the EU Savings Directive (the "EUSD") and the Directive 2014/107/EU, the EUSD directive has been repealed with effect from 31 December 2015 and the last reporting in

accordance with the EUSD directive, will be effected in 2016 for the calendar year 2015. Further, the first reporting to the Luxembourg tax authority (the “LTA”) under the CRS Law, will be applied in 2017 for the calendar year 2016. The LTA will onward report to participating foreign tax authorities by 30 September 2017.

The intention of CRS is to safeguard against tax evasion. Accordingly, under the terms of the CRS Law, the Fund is likely to be treated as a Luxembourg Reporting Financial Institution. Consequently, the Fund is required to collect personal and financial information as described in Annex I of the CRS Law with effect from 1 January 2016 and without prejudice to other applicable data protection provisions as set out in the Fund documentation, the Fund is required to annually report this information to the LTA since 2017.

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

The investors are further informed that the Information related to Reportable Persons within the meaning of the CRS Law will be disclosed to the LTA annually for the purposes set out in the CRS Law.

The investors undertake to immediately inform the Fund of, and provide the Fund with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

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

If investors are in doubt, they should consult their tax advisor, stockbroker, bank manager, solicitor, account or other financial advisor regarding the possible implications of CRS on an investment in the Fund.

## **General**

The receipt of dividends (if any) by Shareholders, the redemption or transfer of Shares and any distribution on a winding-up of the Fund may result in a tax liability for the Shareholders according to the tax regime applicable in their various countries of residence, citizenship or domicile. Shareholders resident in or citizens of certain countries which have anti-offshore fund legislation may have a current liability to tax on the undistributed income and gains of the Fund. The Directors, the Fund and each of the Fund’s agents shall have no liability in respect of the individual tax affairs of Shareholders.

## **Foreign Account Tax Compliance Act (“FATCA”)**

The Hiring Incentives to Restore Employment Act (the “Hire Act”) was signed into US law in March 2010. It includes special provisions laid down in the Foreign Account Tax Compliance Act, generally known as “FATCA”. The intention of FATCA is that details of US investors holding assets outside the US will be reported by financial institutions to the Internal Revenue Service (IRS), as a safeguard against US tax evasion.

This regime will become effective in phases between 1 July 2014 and 15 March 2018. Based on the Treasury Regulations §1.1471-§1.1474 issued on 17 January 2013 (the “Treasury Regulations”) the Fund is a “Financial Institution”. As a result of the Hire Act, and to discourage non-US Financial Institutions from staying outside this regime, on or after 1 July 2014, a Financial Institution that does not enter and comply with the regime will be subject to a US withholding tax of 30% on gross proceeds as well as on income from the US and, on or after 1 January 2017, also potentially on non-US investments.

Luxembourg has entered into a Model I Intergovernmental Agreement (“IGA”) with the United States. Under the terms of the IGA, the Fund will be obliged to comply with the provisions of FATCA under the terms of the IGA and under the terms of Luxembourg legislation implementing the IGA (the “Luxembourg IGA legislation”), rather than under the US Treasury Regulations implementing FATCA.

In order to protect Shareholders from the effect of any penalty withholding, it is the intention of the Fund to be compliant with the requirements of the FATCA regime and hence, qualify as a so-called “participating financial institution” as defined in the IGA.

The Fund qualifies as a so-called “sponsored financial institution” as defined in the IGA. The Administration qualifies as a so-called “sponsoring financial institution”. The Administration Agent agrees to sponsor the Fund for the purpose and within the meaning of the IGA. The Fund intends not to register with the IRS and intends to be so-called “non-reporting sponsored financial institutions” within the meaning of the IGA. In case the Fund would be subject to reporting obligations under the FATCA regulation, the Administration Agent will register the Fund as its sponsoring entity with the IRS and hence, the Administration Agent will comply as set out in article 2 and 4 as well as Annex II, Chapter IV, section A. 3 of the IGA in due time (i.e. not later than 90 (ninety) days after the reportable event has first been identified) with all due diligence, withholding, registration and reporting obligations on behalf of the Fund regarding certain holdings by and payments made to (a) certain US investors, (b) certain US controlled foreign entity investors and (c) non-US financial institution investors that do not comply with the terms of the Luxembourg IGA legislation. Further, the Administration Agent will perform any requirements that the Fund would have been required to perform if it were a reporting Luxembourg financial institution as defined in the IGA. Under the Luxembourg IGA, such information will be onward reported by the Luxembourg tax authorities to the IRS under the general information exchange provisions of the US-Luxembourg Income Tax Treaty. The Administration Agent is required to

monitor its own and the Fund's status as being a participating financial institution and a non-reporting entity on an ongoing basis and has to ensure that the Administration Agent and the Fund meet the conditions for such status over the time.

In cases where investors invest in the Fund through an intermediary or a distributor, investors are reminded to check whether such intermediary is FATCA compliant and hence, qualifies as a participating financial institution as defined in the IGA. In case any of the Fund's distributor should change its status as participating financial institution, such distributor will notify the Management Company within ninety (90) days from the change in status of such change and the Management Company is entitled a) to redeem all Shares held through such distributor, b) to convert such Shares into direct holdings of the Fund, or c) to transfer such Shares to another nominee within six (6) months of the change in status. Further, any agreement with a distributor can be terminated in case of such change in status of the distributor within ninety (90) days of notification of the distributor's change in status.

Although the Fund and the Management Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the US withholding tax, no assurance can be given that the Fund and the Management Company will be able to satisfy these obligations. If the Fund becomes subject to a withholding tax as a result of the FATCA regime, the value of the Shares held by the Shareholders may suffer material losses.

Other jurisdictions currently are in the process of adopting tax legislation concerning the reporting of information. The Fund also intends to comply with such other similar tax legislation that may apply to the Fund, although the precise requirements are not fully known yet. As a result, the Fund may need to seek information about the tax status of investors under the laws of such jurisdictions for disclosure to the relevant governmental authorities.

**If you are in any doubt, you should consult your tax advisor, stockbroker, bank manager, solicitor, accountant or other financial adviser regarding the possible implications of FATCA on an investment in the Fund.**

## V. Meetings and Reports

### Meetings

The Annual General Meeting of Shareholders of the Fund will be held at the registered office of the Fund (or any other place indicated in the convening notice) at a date and time decided by the Directors being no later than six months after the end of the Fund's previous financial year. For all General Meetings of Shareholders notices are sent to registered Shareholders by post or any other means of communication having been individually accepted by a Shareholder allowing the information of the Shareholder at least eight (8) days prior to the General Meeting. Notices will be published in the *Recueil Electronique des Sociétés et Associations* ("RESA"), which is Luxembourg's central electronic platform of official publication and in a Luxembourg newspaper (if legally required) and in such other newspapers as the Directors may decide. Such notices will

include the agenda and specify the place of the General Meeting. The legal requirements as to notice, quorum and voting at all General Meetings of the Fund and any General Meetings for a specific Sub-Fund or Class are included in the Articles of Incorporation. General Meetings of Shareholders of any given Sub-Fund or Class shall decide upon matters relating to that Sub-Fund or Class only.

## **Reports**

The financial year of the Fund ends on 31 December each year.

The audited annual report and the non-audited semi-annual report will comprise consolidated financial statements of the Fund expressed in SEK, being the reference currency of the Fund, and financial information on each Sub-Fund in the reference currency of each Sub-Fund.

Copies of the annual report and semi-annual report and financial statements may be obtained free of charge from the registered office of the Fund and the Placement and Distribution Agent.

## **VI. Details of Shares**

### **Shareholder rights**

Subject to any holding restrictions applicable in relation to any specific Class, the Shares issued by the Fund are freely transferable to eligible Investors and entitled to participate equally in the profits, and dividends of the Class to which they relate, and in the net assets of such Class upon liquidation. The Shares carry no preferential and pre-emptive rights.

### **Voting**

At General Meetings, each Shareholder has the right to one vote for each whole Share held.

A Shareholder of any particular Sub-Fund or Class will be entitled at any separate General Meeting of the Shareholders of that Sub-Fund or Class to one vote for each whole Share of that Sub-Fund or Class held.

In the case of a joint holding, only the first named Shareholder may vote.

### **Compulsory redemption**

The Directors may impose or relax restrictions on any Shares and, if necessary, require redemption of Shares to ensure that Shares are neither acquired nor held by or on behalf of a person which is not an eligible Investor or any person in otherwise breach of the law or requirements of any country or government or regulatory authority or which might have adverse taxation or other pecuniary consequences for the Fund including a requirement to register under the laws and regulations of any country or authority. The Directors may in this connection require a Shareholder to provide

such information as they may consider necessary to establish whether the Shareholder is the beneficial owner of the Shares which they hold.

If it shall come to the attention of the Directors at any time that Shares are beneficially owned by a United States Person who is an ineligible Investor, the Fund at its sole discretion reserves the right to instruct the Registrar and Transfer Agent to compulsorily redeem such Shares.

### **Transfers**

The transfer of registered Shares may be effected by delivery to the Registrar and Transfer Agent of a duly signed stock transfer form. Any new Investors in receipt of stock transfers need to comply with the provisions under the heading “Subscription for Shares”.

### **Rights on a winding-up**

The Fund has been established for an unlimited period. However, the Fund may be liquidated at any time by a resolution adopted by an Extraordinary General Meeting of Shareholders, at which General Meeting one or several liquidators will be named and their powers defined. Liquidation will be carried out in accordance with the provisions of Luxembourg law. The net proceeds of liquidation corresponding to each Sub-Fund shall be distributed by the liquidators to the Shareholders of the relevant Sub-Fund in proportion to the value of their holding of Shares.

If and when the net assets of a specific Class in a Sub-Fund are less than EUR 1,000,000 or if all Classes in a Sub-Fund are less than EUR 10,000,000 or its equivalent in the Class’ or Sub-Fund’s reference currency, or if any economic or political situation would constitute a compelling reason therefore, or if required in the interest of the Shareholders of the relevant Class or Sub-Fund, the Directors may decide to redeem all the Shares of that Sub-Fund. In any such event Shareholders will be notified by notices sent per registered mail and, to the extent required by Luxembourg law, published in such newspapers determined by the Directors at least one calendar month prior to compulsory redemption, and will be paid the Net Asset Value of the Shares of the relevant Class or Sub-Fund held as at the redemption date.

The Directors may decide to reorganise a compartment or class of shares by means of a division into two or more Sub-Fund or Classes.

The Directors may also decide to consolidate Classes of Shares of any Sub-Fund. The Directors may also submit the question of the consolidation of a Class of Shares to a meeting of holders of such Class of Shares. Such meeting will resolve on the consolidation with a simple majority of the votes cast.

Notwithstanding the powers conferred to the Directors by the preceding paragraphs, a general meeting of Shareholders of any Sub-Fund (or Class of Shares as the case may be) may, upon proposal from the Directors, (i) decide the liquidation of the relevant Sub-Fund/Class of Shares,

and/or (ii) decide upon the division of a Sub-Fund or the division, consolidation or amalgamation of Classes of Shares in the same Sub-Fund. There shall be no quorum requirements for such general meeting of Shareholders at which resolutions shall be adopted by simple majority of the votes cast if such decision does not result in the liquidation of the Fund.

Any liquidation proceeds remaining unclaimed will be deposited in escrow at the *Caisse de Consignation*. Amounts not claimed from escrow within the period fixed by law may be liable to be forfeited in accordance with the provisions of Luxembourg law.

### **Mergers**

For the purposes of this section, the term UCITS also refers to a sub-fund of a UCITS or Classes.

Any merger between Sub-Funds or Classes or between a Sub-Fund or a Class or the Fund and another UCITS and the effective date shall be decided by the Directors except for any merger where the Fund would cease to exist, in the latter case the effective date of the merger must be decided by a meeting of Shareholders of the Fund deciding in accordance with the quorum and majority requirements provided in the Articles of incorporation.

In the case required by the Law, the Fund shall entrust either an authorised auditor or, as the case may be, an independent auditor to perform the necessary validations prescribed by the Law.

Practical terms of mergers will be performed and will have the effect in accordance with the Articles of Incorporation and Chapter 8 of the Law.

Information on the merger shall be made available to the investors of the merging and/or receiving UCITS in all forms prescribed by laws or related regulations of the countries, where the relevant Shares are sold.

## **VII. Risks of Investment**

As with all investments, subscribing or purchasing Shares in any Sub-Fund involves certain risks. Investors will be subject to the risks associated with transferable securities, such as, but not limited to, bonds and convertible bonds, equity and equity related securities, including fluctuations in market prices, adverse issuer or market information and the fact that equity and equity related interests are subordinated in the right of payment to other corporate securities, including debt securities. Where investments in a Sub-Fund involve selected risks, which are not described below, such risks are described in the Appendix relating to the relevant Sub-Fund.

### **a) General**

Investors should be aware that the securities and other investments of a Sub-Fund are subject to normal market fluctuations and other risks inherent in investing in securities and other investments. There can be no assurance that the value of securities and other investments will rise. The value of

securities and the income derived from them may fall as well as rise and investors may not recover the original amount invested in a Sub-Fund. There is no assurance that the investment objective of any Sub-Fund will actually be achieved.

Investors are reminded that if the calculation of a Sub-Fund's NAV is suspended they may not at that time redeem Shares as set out under "Suspension or Deferrals". In addition the Fund reserves the right to scale down applications for redemptions in certain circumstances.

Depending on an Investor's currency of reference, exchange rate changes may adversely affect the value of an investment in one or more of the Sub-Funds.

b) Illiquid assets

A Sub-Fund has the right to invest up to 10% of its NAV in securities, which are not traded on stock exchanges or on a Regulated Market. In such situations the Sub-Fund may not be able to immediately sell such securities. In addition, there may be contractual restrictions on resale of such securities. If the Sub-Fund is unable to dispose of some or all of the securities held by it, the Sub-Fund may experience a delay in the proceeds of disposition until such time as it is able to dispose of such securities.

c) Emerging markets

In emerging markets, in which some of the Sub-Fund might invest, the legal, judicial and regulatory infrastructure is still developing and there is much legal uncertainty both for local market participants and their foreign counterparts. Some markets carry significant risks for investors who should therefore ensure that, before investing, they understand the relevant risks and are satisfied that an investment is suitable. The following statements are intended to summarise some of these risks, but are not exhaustive, nor do they offer advice on the suitability of investments.

*Political and economic risks*

Economic and/or political instability could lead to legal, fiscal and regulatory changes or the reversal of legal/fiscal/regulatory/market reforms. Assets could be compulsorily acquired without adequate compensation.

The economic circumstances of a country could lead to the sudden imposition of taxes or exchange controls.

High inflation can mean that businesses have difficulty managing working capital.

Local management teams are often inexperienced in operating companies in free market conditions.

A country may be heavily dependent on its commodity and resource exports and therefore be vulnerable to weaknesses in world prices for these products.



### *Legal environment*

The interpretation and application of decrees and legislative acts can often be contradictory and uncertain particularly in respect of matters relating to taxation.

Legislation could be imposed retrospectively or may be issued in the form of internal regulations which the public may not be made aware of.

Judicial independence and political neutrality cannot be guaranteed.

State bodies and judges may not adhere to the requirements of the law and the relevant contract. There is no certainty that investors will be compensated in full or in part for any damage incurred or loss suffered as a result of legislation imposed or decisions of state bodies or judges.

### *Accounting practices*

The accounting and audit systems may not accord with international standards. Even when reports have been brought into line with international standards, they may not always contain correct information.

Obligations on companies to publish financial information may be limited.

### *Shareholder risk*

Existing legislation may not be adequately developed to protect the rights of minority shareholders. There is generally a less developed concept of fiduciary duty to shareholders on the part of management.

There may be limited recourse for violation of such shareholder's rights.

### *Market and settlement risks*

The securities markets of some countries lack the liquidity, efficiency, regulatory and supervisory controls, such as rules against the use of insider information, of more developed markets.

Lack of liquidity may adversely affect the value or ease of disposal of assets.

The share register may not be properly maintained and the ownership interests may not be, or remain, fully protected.

Registration of securities may be subject to delay and during the period of delay it may be difficult to prove beneficial ownership of the securities.

The provision for custody of assets may be less developed than in other more mature markets and thus provides an additional level of risk for the Sub-Funds.

### *Price movement and performance*

Factors affecting the value of securities in some markets cannot easily be determined.

Investment in securities in some markets carries a high degree of risk and the value of such investments may decline or be reduced to zero.

### *Currency risk*

Conversion into foreign currency or transfer from some markets of proceeds received from the sale of securities cannot be guaranteed.

The value of the currency in some markets, in relation to other currencies, may decline such that the value of the investment is adversely affected.

Exchange rate fluctuations may also occur between the trade date for a transaction and the date on which the currency is acquired to meet settlement obligations.

### *Taxation*

Investors should note in particular that the proceeds from the sale of securities in some markets or the receipt of any dividends or other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at source. Tax law and practice in certain countries into which a Sub-Fund invests or may invest in the future is not clearly established. It is possible therefore that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. It is therefore possible that the Fund could become subject to additional taxation in such countries that is not anticipated either at the date of the Prospectus or when investments are made, valued or disposed of.

### *Execution and counterparty risk*

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

#### d) Specific risks linked to securities lending and repurchase transactions

Entering into securities lending and repurchase transactions involves certain risks, some of which are listed in the paragraphs below. In addition there can be no assurance that the objective sought to be obtained from such transactions will be achieved.

In relation to repurchase transactions, investors must be aware in particular that (A) in the event of the failure of the counterparty with which the Sub-Fund's cash has been placed there is a risk that the collateral received by such Sub-Fund may yield less than the cash that has been placed, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; (B) the ability of a Sub-Fund to meet redemption requests, security purchases or, more

generally, reinvestment may be restricted by (i) entering into transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral; and (C) repurchase transactions may further expose a Sub-Fund to risks similar to those associated with optional or forward derivative financial instruments.

In relation to securities lending transactions, investors must be aware in particular that (A) if the borrower of securities lent by a Sub-Fund fails to return these securities there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; (B) in the case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, or (ii) yield a sum less than the amount of collateral to be returned; and (C) delays in the return of securities on loans may restrict the ability of a Sub-Fund to meet delivery obligations under security sales.

e) Use of derivatives

While the prudent use of derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in a Sub-Fund.

*Market risk*

This is the general risk in all investments that the value of a particular derivative will change in a way detrimental to a Sub-Fund's interests. Accordingly, the use of derivatives may affect the inherent market risk that a Sub-Fund is normally exposed to so that when the market rises the NAV of a Sub-Fund may rise by more or less than the broader market and in the event of a market fall the impact on the NAV of a Sub-Fund could be increased or reduced by the use of derivatives.

*Counterparty risk*

Any Sub-Fund entering into derivatives transactions is exposed to counterparty risk under these transactions, particularly where they do not take place on a regulated exchange. In assessing this risk, investors should recognise the protection offered by the regulatory requirement that any swap counterparty post collateral for the benefit of the relevant Sub-Fund when the exposure of the relevant Sub-Fund to the swap counterparty exceeds 5% or 10% of the NAV of the Sub-Fund, in accordance with the requirements of the Law, depending on the counterparty.

*Management risk*

Derivative products are highly specialised instruments that require investment techniques and risk analyses different from those associated with equity and fixed-income securities. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Sub-Fund and the ability to forecast the relative price, interest rate or

currency rate movements correctly. This may have a negative effect on the Fund and its Shareholders.

#### *Liquidity risk*

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

#### *Other risks*

Other risks in using derivatives include the risk of differing valuations of derivatives arising out of different permitted valuation methods and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Consequently, a Sub-Fund's use of derivatives may not always be an effective means of, and sometimes could be counterproductive to, furthering a Sub-Fund's investment objective.

#### f) Risk from investing in small capitalisation companies

The Sub-Funds may invest in small and medium sized companies. Investing in the securities of smaller, lesser-known companies may involve greater risk and the possibility of greater price volatility than investment in larger, more mature, better-known firms. The value of small company stocks may fluctuate independently of larger company stock prices and broad stock market indices. This is caused by, among other things, the less certain growth prospects of smaller firms, the lower degree of liquidity of the markets for such stocks and the greater sensitivity of smaller companies to changing market conditions. For example, greater business risk is involved in small size and limited product lines, markets, distribution channels and financial and managerial resources.

#### g) Concentration in certain sectors

The Sub-funds may, subject to the diversification requirements contained in the investment restrictions, be more exposed to the securities of companies in certain sectors than others. Some such sectors will consist of smaller capitalisation companies (see above), and will be particularly subject to the risks of adverse political, industrial, social, regulatory, technological and economic events affecting the relevant sector.

#### h) Concentration in certain countries or geographical regions

The Sub-Funds may have a clear geographical focus for its investments, and hence have great exposure to risk of adverse social, political or economic events which may occur in such a country or region.

#### i) Potential conflicts of interest

The Management Company and the Investment Manager may effect transactions in which the Management Company or the Investment Manager has, directly or indirectly, an interest which

may involve a potential conflict with the Management Company's and Investment Manager's duties to the Fund. Neither the Management Company nor the Investment Manager shall be liable to account to the Fund for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Management Company's or the Investment Manager's fees, unless otherwise provided, be abated.

The Management Company or the Investment Manager will ensure that such transactions are effected on terms which are not less favourable to the Fund than if the potential conflict had not existed.

Such potential conflicting interests or duties may arise because the Management Company or the Investment Manager may have invested directly or indirectly in the Fund or in securities held by a Sub-Fund of the Fund.

More specifically, the Management Company, under the rules of conduct applicable to it, must try to avoid conflicts of interests and, when they cannot be avoided, ensure that its clients (including the Fund) are fairly treated.

The Investment Manager and its directors, officers and their respective affiliates and associates may engage in the promotion, management or investment management of other accounts or funds which invest primarily in the securities held by one or more Sub-Funds. Although officers, directors and professional staff of the Investment Manager will devote as much time to the Sub-Funds as is deemed appropriate to perform the Investment Manager's duties, the staff or the Manager may have conflicts in allocating their time and services among the Sub-Fund(s) and other funds managed by the Investment Manager.

## **Disclosures**

### **Conflicts of interest**

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

The Board of Directors has adopted and implemented a conflicts of interest policy in accordance with its Code of Conduct.

The Management Company, the Fund and the Investment Manager have adopted and implemented a conflicts of interest policy and have made appropriate organisational and administrative arrangements to identify and manage conflicts of interests so as to minimise the risk of the Fund's interests being prejudiced, and if they cannot be avoided, ensure that the Fund's investors are treated fairly.

In the conduct of its business the Management Company adopted a conflicts of interest policy (the “Conflicts of Interest Policy”) to identify, manage and where necessary prohibit any action or transaction that may give rise to conflicts entailing a material risk of damage to the interest of the Fund or its Shareholders. The Management Company strives to manage any conflicts in a manner consistent with the highest standards of integrity and fair dealing. For this purpose, it has implemented procedures that shall ensure that any business activities involving a conflict, which may harm the interests of the Fund or its Shareholders, are carried out with an appropriate level of independence and that any conflicts are resolved fairly.

Notwithstanding its due care and best effort, there is a risk that the organizational or administrative arrangements made by the Management Company for the management of conflicts of interest are not sufficient to ensure with reasonable confidence, that risks of damage to the interests of the Fund or its Shareholders will be prevented. In such case where a conflict of interest cannot be avoided and/or requires particular actions, the Management Company or the Board of Directors will report to Shareholders by an appropriate durable medium and give reasons for the decision.

A paper version of the Conflicts of Interest Policy is available free of charge at the registered office of the Management Company.

Detailed information regarding the Conflict of Interest Policy can also be found on the following webpage of the Management Company: <https://www.fundrock.com/conflict-of-interest/>

### **Preferential treatment of investors**

Shareholders are being given a fair treatment by ensuring that they are subject to the same rights and, as the case may be, the same obligations vis-à-vis the Fund (as such rights are obligations notably result from the Articles of Incorporation and this Prospectus) as those to which other Shareholders, having invested in, and equally or similarly contributed to, the same class of Shares, are subject to. Notwithstanding the foregoing paragraph, it cannot be excluded that a Shareholder be given a preferential treatment in the meaning of, and to the widest extent, allowed by, the Articles of Incorporation. Whenever a Shareholder obtains preferential treatment or the right to obtain a preferential treatment, a description of that preferential treatment, the type of Shareholder who obtained such preferential treatment and, where relevant, their legal or economic links with the Fund or the Management Company will be made available at the registered office of the Fund subject the same limits required by the Law.

### **Remuneration Policy**

The Management Company has established and applies a remuneration policy in accordance with principles laid out under the UCITS Directive and any related legal and regulatory provisions applicable in Luxembourg.

The remuneration policy is aligned with the business strategy, objectives, values and interests of the Management Company, the Fund and of the Shareholders, and which includes, inter alia, measures to avoid conflicts of interest. The remuneration policy 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 instruments of incorporation of the Fund.

As an independent management company relying on a full-delegation model (i.e. delegation of the collective portfolio management function), the Management Company ensures that its remuneration policy adequately reflects the predominance of its oversight activity within its core activities. As such, it should be noted that the Management Company's employees who are identified as risk-takers under UCITS Directive are not remunerated based on the performance of the UCITS under management.

An up-to-date version of the remuneration policy (including, but not limited to, the description of how remuneration and benefits are calculated, as well as the identity of the persons responsible for awarding the remuneration and benefits and the composition of the remuneration committee) is available at: [http://www.fundrock.com/pdf/Fundrock\\_Remuneration\\_policy.pdf](http://www.fundrock.com/pdf/Fundrock_Remuneration_policy.pdf). A paper version of this remuneration policy is made available free of charge at the Management Company's registered office.

The Management Company's remuneration policy, in a multi-year framework, ensures a balanced regime where remuneration both drives and rewards the performance of its employees in a measured, fair and well-thought-out fashion which relies on the following principles\*:

- identification of the persons responsible for awarding remuneration and benefits (under the supervision of the remuneration committee and subject to the control of an independent internal audit committee);
- identification of the functions performed within the Management Company which may impact the performance of the entities under management;
- calculation of remuneration and benefits based on the combination of individual and company's performance assessment;
- determination of a balanced remuneration (fixed and variable);
- implementation of an appropriate retention policy with regards to financial instruments used as variable remuneration;
- deferral of variable remuneration over 3-year periods;
- implementation of control procedures/adequate contractual arrangements on the remuneration guidelines set up by the Management Company's respective portfolio management delegates.

\*It should be noted that, upon issuance of final guidelines, this remuneration policy may be subject to certain amendments and/or adjustments.

## **Other Policies**

The Management Company will make the following additional information available at its registered office upon request in accordance with Luxembourg laws and regulations: the procedures relating to complaints handling, the strategy followed for the exercise of voting rights of the Fund, the best execution policy and the procedure for the giving and receiving of inducements.



## **APPENDIX 1: Rational Asset Management – Equity Long/Short**

### **Investment Objective**

The objective of the Sub-Fund is to generate a long-term absolute return, subject to a balanced level of risk, and regardless of the general market direction. Portfolio allocation will be performed with an aim to obtain the best risk-adjusted return within the given market environment.

### **Investment Strategy**

The Sub-Fund is best described as a Global equity long/short fund with a Nordic bias. The Sub-Fund's investment process has a strong focus on fundamentals – in the long run, stock prices will be determined by companies' underlying earnings capacity, growth prospects and ability to sustain profit margins within a given market environment.

The Sub-Fund will apply a combination of strategies in equities and derivatives markets, while ensuring a constant direct investment into equity participations of at least 51% of the Sub-Fund's net assets.

The Sub-Fund will mainly consist of long and short directional positions in equities. Quantitative strategies, relative positions and risk arbitrage positions will also be applied. Equity exposure may derive from direct investments in equities, equity derivatives, swaps and convertible securities.

In addition, the Sub-Fund may invest its assets in open ended and closed-ended ETFs.

The Sub-Fund will also seek short exposures by using different instruments including CFDs, equity derivatives, swaps, ETFs, index futures and derivative instruments. The Sub-Fund may use financial derivative instruments both for investment and hedging purposes. The Sub-Fund will be allowed to invest in fixed income securities and derivative instruments thereon primarily to manage the Sub-Fund's cash positions. The Sub-Fund may seek indirect exposure to market equity indices through investments in financial derivative instruments on financial indices eligible pursuant to applicable UCITS regulations.

The Sub-Fund will not invest more than 10% of its net assets in units/shares of other UCITS or UCIs.

The Sub-Fund does not make use of any securities financing transactions within the meaning of the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse. The Prospectus will be updated accordingly prior to the use of any such instruments or techniques.

### **Total Return Swaps:**

The Sub-Fund will enter into Total Return Swap transactions ("TRS") or other financial derivative instruments with similar characteristics to gain or reduce exposure to a reference asset as well as to

hedge the existing long positions or exposures.

#### Maximum and expected proportion

The maximum proportion of assets under management that can be subject to TRS is 10% of the assets under management of the Sub-Fund expressed as an absolute amount of the sum of unrealised result while the expected proportion is 5% of the assets under management of the Sub-Fund expressed as an absolute amount of the sum of unrealised result. For any avoidance of doubt, diversification rules under the Law shall apply to the underlying exposure of TRS.

#### Specification on how assets subject are safe-kept

When the Sub-Fund is the total return payer of the TRS (i.e. owns the reference asset of the TRS), the Depositary is entitled to perform its duties by ensuring the safe-keeping of the reference asset of the TRS.

#### Disclosure of policy on profit-sharing

The Sub-Fund is entitled to receive 100% (no profit-sharing agreement) of the revenues earned from the TRS.

The global exposure of the Sub-Fund will be monitored by using the Absolute Value-at-Risk (VaR) methodology. The level of the monthly Value-at-Risk determined on the basis of a 99% interval for the Sub-Fund shall not exceed 12% of its total net asset value.

The Sub-Fund's expected level of leverage will be determined taking into account the financial derivative instruments concluded by the UCITS; the sum of notionals of the financial derivative instruments shall be used as a reference for the determination of leverage. Accordingly, the leverage shall not exceed 500% of the Net Asset Value.

**There is no assurance that the Sub-Fund will be successful and will achieve its investment objectives. An investment in the Sub-Fund is speculative and involves substantial risks. Subscribers are specifically directed to the section "Risks of Investment" of the Prospectus for a discussion of the various risk factors and other considerations surrounding an investment in the Sub-Fund.**

#### Profile of the typical investor

The Sub-Fund is a long/short equity fund. The Sub-Fund is aimed at Investors seeking equity-like returns but without the high volatility typically associated with equity markets. The Sub-Fund's return profile will be a consequence of the alpha that is generated as well as decisions based on the direction of the equity markets.

#### Reference Currency

The reference currency of the Sub-Fund is SEK.

## **Classes of Shares**

### Shares Classes

The Fund may offer several Classes, which differ in their charges, dividend policy, persons authorised to invest, minimum investment amount, minimum holding, eligibility requirements, reference currency or other characteristics.

Some types of Classes are described more in detail hereafter.

#### Dividend policy

The Management Company may decide to issue capitalisation Shares (“C” Shares) and distribution Shares (“D” Shares).

The “C” Shares will reinvest their income, if any. The “D” Shares may pay a dividend to its Shareholders, upon decision of the Management Company. Dividends are paid annually, except decided otherwise by the Management Company.

#### Hedging policy

The Management Company may issue Classes whose reference currency is not the reference currency of the Sub-Fund, but where the currency exposure of the Class’ reference currency against the reference currency of the Sub-Fund will be hedged. In case of a currency hedge in favour of the reference currency of a respective Class, an “H-” will precede the currency denomination of this Class.

Classes with specific currency hedges serve the purpose of achieving similar performance numbers in local currency terms between the different Classes.

#### Target investors

The Fund may issue Shares taking into account the target investors. The Classes may therefore be:

- Shares which may be acquired by all kinds of investors (“R” Classes) or
- Shares which may only be acquired by institutional investors as defined by Article 174 paragraph. (2) c) of the Law; (“I” Classes).
- Shares which may only be acquired by high net worth individuals (“HNW” Class). HNW Shares are only issued as capitalisation Shares.
- Shares which may only be acquired by investors (retail or institutional) subscribing through the Placement and Distribution Agent or other intermediaries which have entered into an agreement with the Placement and Distribution Agent and which are prohibited from accepting and retaining inducements from third parties under applicable laws and regulations or which are contractually not entitled to accept and retain inducements from third parties (“M” Class(es)).

Class	ISIN CODE	Investment Management Services Fee		Performance Fee	Hurdle Rate	High Watermark	Minimum Initial Subscription	Additional Investment	Subscription Fee	Redemption Fee	Conversion Fee
		Investment Management Fee	Research Fee								
RC(SEK)	LU1207429579	1.50% pa	Max. 0.30% pa	20%	None	Yes	SEK 10 000	SEK 10 000	Up to 3%	None	None
RC(H-EUR)	LU1207429900	1.50% pa	Max. 0.30% pa	20%	None	Yes	EUR 1 000	EUR 1 000	Up to 3%	None	None
IC(SEK)	LU1207429736	1.00% pa	Max. 0.30% pa	20%	None	Yes	SEK 1 000 000	SEK 100 000	Up to 3%	None	None
IC(H-EUR)	LU1207430155	1.00% pa	Max. 0.30% pa	20%	None	Yes	EUR 1 000 000	EUR 100 000	Up to 3%	None	None
XC(SEK) <sup>1</sup>	LU1207430312	NA	Max. 0.30% pa	NA	NA	NA	NA	NA	NA	None	None
ID(SEK)	LU1207430585	1.00% pa	Max. 0.30% pa	20%	None	Yes	SEK 1 000 000	SEK 100 000	Up to 3%	None	None
HNW(SEK)	LU1207430825	1.00% pa	Max. 0.30% pa	20%	None	Yes	SEK 500 000	SEK 100 000	Up to 3%	None	None
IC(H-CHF)	LU1785468999	1.00% pa	Max. 0.30% pa	20%	None	Yes	CHF 1 000 000	CHF 100 000	Up to 3%	None	None
IC(H-GBP)	LU1785469021	1.00% pa	Max. 0.30% pa	20%	None	Yes	GBP 1 000 000	CHF 100 000	Up to 3%	None	None
IC(H-USD)	LU1785469294	1.00% pa	Max. 0.30% pa	20%	None	Yes	USD 1 000 000	USD 100 000	Up to 3%	None	None

<sup>1</sup> No Investment Management Fee and Performance Fee are levied on the "XC" Class. The initial investment by a new investor in this XC(SEK) Class will need the approval from the Board of Directors, whereas all subsequent investments do not require such approval.

Class	ISIN CODE	Investment Management Services Fee		Performance Fee	Hurdle Rate	High Watermark	Minimum Initial Subscription	Additional Investment	Subscription Fee	Redemption Fee	Conversion Fee
		Investment Management Fee	Research Fee								
RC(H-CHF)	LU1785469377	1.50% pa	Max. 0.30% pa	20%	None	Yes	CHF 10 000	CHF 10 000	Up to 3%	None	None
RC(H-GBP)	LU1785469450	1.50% pa	Max. 0.30% pa	20%	None	Yes	GBP 10 000	GBP 10 000	Up to 3%	None	None
RC(H-USD)	LU1785469534	1.50% pa	Max. 0.30% pa	20%	None	Yes	USD 10 000	USD 10 000	Up to 3%	None	None
MC (SEK)	LU1785469617	0.50% pa	Max. 0.30% pa	20%	None	Yes	SEK 1000 000	SEK 100 000	Up to 3%	None	None

The Minimum Initial Subscription and Minimum Additional Investment amounts may be waived at the Fund's discretion.

The Fund may rebate all or part of the Subscription fee to recognised financial intermediaries and/or investors.

### **Initial Offer Period**

Class RC(SEK) was launched on 31 August 2015 at a subscription price of SEK 100 per Share after an Initial Offer period from 17 August 2015 to 31 August 2015.

Class IC(SEK) was launched on 31 August 2015 at a subscription price of SEK 100 per Share after an Initial Offer period from 17 August 2015 to 31 August 2015.

Class RC(H-EUR) was launched on 31 August 2015 at a subscription price of EUR 100 per Share after an Initial Offer Period from 17 August 2015 to 31 August 2015.

Class IC(H-EUR) Shares have been launched on 31 August 2015 at a subscription price of EUR 100 per Share after an Initial Offer Period from 17 August 2015 to 31 August 2015.

Class XC(SEK) Shares was launched on 31 August 2015 at a subscription price of SEK 100 per Share after an Initial Offer Period from 17 August 2015 to 31 August 2015.

Class ID(SEK) Shares was launched on 31 August 2015 at a subscription price of SEK 100 per Share after an Initial Offer Period from 17 August 2015 to 31 August 2015.

Class HNW (SEK) Shares was launched on 31 August 2015 at a subscription price of SEK 100 per Share after an Initial Offer Period from 17 August 2015 to 31 August 2015.

Class IC(H-CHF), Class IC(H-GBP), Class IC(H-USD), RC(H-CHF), RC(H-GBP) and RC(H-USD) will be launched upon decision of the Directors.

Class MC(SEK) will be launched upon decision of the Directors.

### **Valuation Day**

The Net Asset Value of each Class shall normally be calculated on each Business Day (a "Valuation Day").

### **Business Day**

A Business Day is a day on which banks are normally open for business in Luxembourg and Stockholm, except for 24 December in each year.

### **Daily Subscriptions**

The Directors may in their discretion accept subscriptions as of each Valuation Day.

### **Prior Notice for Subscriptions**

All applications for subscription shall be deemed to be received at the time they are received by the Registrar and Transfer Agent in Luxembourg.

No application for subscription will be accepted unless the application is received on or prior to 3.30 p.m. (Luxembourg time) on the Business Day preceding the relevant Valuation Day. Applications for subscriptions received thereafter will be dealt with on the following Valuation Day. The Directors may in their discretion waive this requirement.

### **Subscription Charge**

A subscription charge may be applied up to 3% per annum of the Sub-Fund's net assets.

### **Payment of Subscription Price**

The full Subscription Price must be received in immediately available funds by the Depository or its agent no later than 3.30 p.m. (Luxembourg time) on the relevant Valuation Day.

### **Daily Conversions**

Conversions are authorised between Sub-Funds and between Classes within the same Sub-Fund.

### **Prior Notice for Conversions**

All applications for conversion shall be deemed to be received at the time they are received by the Registrar and Transfer Agent in Luxembourg.

No application for conversion will be accepted unless the application is received on or prior to 3.30 pm. (Luxembourg time) on the Business Day preceding the relevant Valuation Day. Applications for conversion received thereafter will be dealt with on the following Valuation Day. No conversion fee shall be charged.

Conversions are dealt with as redemptions followed by subscription.

### **Daily Redemptions**

Each Shareholder may apply for the redemption of all or part of his Shares at the relevant Net Asset Value per Share.

### **Prior Notice for Redemptions**

All applications for redemptions shall be deemed to be received at the time they are received by the Registrar and Transfer Agent in Luxembourg. No application for redemption will be accepted unless the application is received on or prior to 3.30 p.m. (Luxembourg time) on the Business Day preceding the relevant Valuation Day. Applications for redemption received thereafter will be dealt with on the following Valuation Day. No redemption fee shall be charged.

A request for a partial redemption of Shares may be treated as a request for the redemption of the entire holding if, as a result of such partial redemption, the total Net Asset Value of the Shares retained by the Shareholder in the Sub-Fund would be less than the minimum ongoing holding amount.

### **Payment of Redemption Proceeds**

Payment of redemption proceeds will normally be made on the third Business Day following the relevant Valuation Day.

### **Management Company Fee**

The Management Company will receive a management company fee, accrued daily and payable monthly in arrears, of maximum 0.10 % p.a. of the net assets of the Sub-Fund, subject to an annual minimum of EUR 28 000 for the Sub-Fund.

The Management Company will further receive a fee for the provision of risk management services.

Furthermore, the Management Company is entitled to be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements.

### **Administration Agent / registrar and Transfer Agent Fee**

#### **Central Administration Agent**

Out of the Sub-Fund's assets, an administration fee consisting of a flat fee of EUR 29 500 p.a. plus maximum 0.07% is payable to the Central Administration Agent. The fees will be accrued on a daily basis, based on the net assets of the Sub-Fund and will be paid out monthly in arrears.

The Central Administration Agent is furthermore entitled to receive out of the Sub-Fund's assets, in respect of the register and transfer agent functions, further fees for each additional active Class of Shares and for any additional services in accordance with Luxembourg customary banking practice, accrued daily and payable monthly in arrears.



The Central Administration Agent will also be compensated for all reasonable out of pocket expenses.

**Depository Fee**

The Depository will receive a safekeeping fee determined as an annual percentage calculated per market on a monthly basis based on the Sub-Fund’s assets in custody and paid monthly in arrears out of the Sub-Fund’s assets. The Depository will further receive a supervisory fee of 0.015% p.a. based on the Sub-Fund’s assets, calculated and paid monthly out of the Sub-Fund’s assets.

In addition, the Depository is entitled to be reimbursed out of the assets of the Sub-Fund for its reasonable out of pocket expenses and disbursements.

**Investment Management Services Fees**

The Investment Manager will receive investment management services fees, accrued daily and payable monthly or quarterly in arrears, based on the net assets of the Sub-Fund as detailed in the above chart.

The Investment Manager may in its absolute discretion waive charges and/or fees and may rebate any fees payable to it to an investor or a distributor or to any other person or entity in the discretion of the Investment Manager but always in compliance with applicable laws and regulations. The decision will be based on various criteria including, but not limited to: timing of investment, investment amount, investment horizon, frequency of new inflows, global business level.

**Performance fee**

In addition to the Investment Management Fee, a Performance Fee will be calculated and charged as follows for all Classes except XC(SEK) class, as specified in the table below and in accordance with the principles outlined in Schedule 1 “Calculation of Performance Fees”.

Performance Fee Mechanism	High Water Mark
Performance Fee Calculation Period	Monthly
Performance Fee Hurdle Rate	NA
Performance Fee Rate	20%

**Dividend Policy**

The Directors have the intention to make distributions to Shareholders in the Sub-Fund in the ID (SEK) Class.

### **Specific risk warnings**

**Severalty of underlying funds:** In order to ensure diversification in terms of management strategies and markets, the Investment Manager will select a certain number of underlying funds who operate independently. Although such diversification intends to reduce the risk of loss while preserving the ability to benefit from price fluctuations, no guarantee can be given that the diversification of the underlying funds shall not result globally in losses recorded on certain underlying funds exceeding the profits generated by others.

**Future returns:** No assurance can be given that the strategies employed by the underlying funds in the past to achieve attractive returns will continue to be successful or that the return on the Sub-Fund's investments will be similar to that achieved by the Sub-Fund or such underlying funds in the past.

**Risks of special techniques used by underlying funds:** Some of the underlying funds in which the Sub-Fund may invest will use special investment techniques that may subject the Sub-Fund's investments to risks different from those posed by investments in equity and fixed income funds. The Sub-Fund in any event is not designed to correlate to the broad equity market, and should not be viewed as a substitute for equity or fixed income investments.

**Currency risk:** The value of an investment represented by an underlying fund in which the Sub-Fund invests may be affected by fluctuations in the currency of the country where such underlying fund invests, by foreign exchange rules, or by the application of the various tax laws of the relevant countries (including withholding taxes), government changes or variations of the monetary and economic policy of the relevant countries.

**Accumulation of fees:** As the Sub-Fund may invest in underlying funds, investors in the Sub-Fund may incur a duplication of fees and commissions (such as management fees including performance fees, custody and transaction fees, central administration fees, advisory fees and audit fees). To the extent these underlying funds invest in turn in other funds, shareholders may incur additional fees to those mentioned above.

**Country Risk / Geographical Risk:** Investments in a limited geographical market may be subject to a higher than average risk due to a higher degree of concentration, less market liquidity, or greater sensitivity to changes in market conditions.

**Derivatives:** "Derivatives" is a generic name for instruments getting their return from underlying assets. The instruments are agreements on the purchase or sale of the underlying assets on a future date at a pre-set price. The return of the agreement depends on the return of the underlying asset. Common derivatives are futures, options and swaps.

Specific risks associated with derivatives:

- a) Derivatives are time limited and will expire; and
- b) The low payment normally required to establish a position permits a high degree of

leverage. As a result, a relatively small movement in the price of a futures contract or a swap may result in a profit or a loss which is high in proportion to the amount of assets actually placed as payment and may result in further loss exceeding any payment deposited.

## **SCHEDULE 1**

### **Calculation of Performance Fees**

#### **Calculation of Performance Fee by application of a “High Water Mark Mechanism”**

Some Sub-Funds may follow a High Water Mark for the calculation of their Performance Fee. The purpose of the High Water Mark is to ensure that the Investment Manager is not in effect paid a Performance Fee more than once for the same performance.

##### **1. Calculation of Performance Fee**

Where the Investment Manager is entitled to receive from the net assets of each Sub-Fund or Class a performance-based incentive fee (the “Performance Fee”), this Performance Fee will be equal to the given percentage (the “Performance Fee Rate”) of the Class Return (defined in 2 below) in excess of the greater of the Hurdle Rate Return (as set out in 4 below, if applicable) and the High Water Mark Return (defined in 3 below), where applicable, (the “Excess Return”), calculated as described below. The first Calculation Period will commence on the Valuation Day immediately following the close of the Initial Offering Period. The Performance Fee will be calculated and accrued on each Valuation Day as an expense of the relevant Class and will be payable to the Investment Manager in arrears at the end of each Calculation Period.

##### **2. Class Return**

On each Valuation Day, the Net Asset Value of each Class of each Sub-Fund for which a Performance Fee applies, which includes all fees and expenses to be borne by the relevant Class, is adjusted for any dividend distributions and for subscriptions and redemptions dealt with on that Valuation Day, if any, and any Performance Fee accrued through that Valuation Day in respect of such Class is added back (the “Adjusted Net Asset Value”). For purposes of calculating the Performance Fee, the “Class Return” is computed on each Valuation Day, as the difference between the Net Asset Value (adjusted by adding back any accrued Performance Fee) on such Valuation Day and the Adjusted Net Asset Value on the previous Valuation Day, expressed as a return based on the previous Valuation Day’s Adjusted Net Asset Value for that Class.

##### **3. High Water Mark Return**

A high water mark is the point after which a Performance Fee becomes payable. The high water mark will be the higher of the Net Asset Value at launch of the Class, or the Net Asset Value at which the last Performance Fee has been paid.

The “High Water Mark Return” is defined as the return necessary, since the start of the Calculation Period, to equal the Net Asset Value per Share of each Class of each Sub-Fund at the end of the previous Calculation Period in which a Performance Fee was charged. If no Performance Fee has been charged since the launch of the Class, the High Water Mark Return is the return necessary to equal the initial Net Asset Value per Share of that Class.

#### **4. Hurdle Rate Return (if applicable)**

The “Hurdle Rate Return” is determined on each Valuation Day by taking the percentage difference between the hurdle rate on such Valuation Day and the hurdle rate on the previous Valuation Day. The hurdle rate is determined on the basis of quotations available from independent sources, rounded upwards, to the nearest four decimal places and computed in accordance with prevailing market practices.

#### **5. Performance Fee Accruals**

If the Class Return exceeds the Hurdle Rate Return (if applicable) and the cumulative Class Return exceeds the High Water Mark Return, the Performance Fee accrual is increased by the Performance Fee Rate multiplied by the Excess Return multiplied by the previous Valuation Day's Adjusted Net Asset Value for that Class. If the Class Return does not exceed the Hurdle Rate Return (if applicable), the Performance Fee accrual is reduced (but not below zero) by the Performance Fee Rate multiplied by the negative Excess Return multiplied by the previous Valuation Day's Adjusted Net Asset Value for that Class. Following a period of negative Excess Return whereby the Performance Fee accrual has been reduced to zero, no new Performance Fee is accrued until such time as the cumulative Class Return exceeds the greater of the High Water Mark Return and the cumulative Hurdle Rate Return (if applicable) since the beginning of the Calculation Period. The Performance Fee accrued on any Valuation Day is reflected in the Net Asset Value per Share on the basis of which subscriptions and redemptions may be accepted.

#### **Example of calculation**

Day	Change in NAV	-	Change in Hurdle Rate	=	Difference	X	Performance Fee rate	=	Daily Accrual	+/-	Cumulative Accrual
1	+1.0%	-	+0.015%	=	+0.985	X	Up to 20%	=	+0.197%	+	+0.197%
2	+0.2%	-	+0.015%	=	+0.185	X	Up to 20%	=	+0.037%	+	+0.234%
3	-0.50%	-	+0.015%	=	-0.515%	X	Up to 20%	=	-0.103%	-	+0.131%

#### **6. Performance Fee Redemptions**

If a redemption is made from the relevant Class as of a Valuation Day other than the end of a Calculation Period, the Performance Fee (if accrued as of the date of such redemption) shall be crystallized in respect of the Shares being redeemed and paid to the Investment Manager. On any Valuation Day, the “Performance Fee Redemption” is given by the previous Valuation Day Performance Fee accrual expressed as a percentage of the previous Valuation Day Net Asset Value multiplied by the redemption amount.

#### **7. Computation of Performance Fees**

Performance Fee computations are made by the Administration Agent and audited annually by the auditors of the Fund. The Management Company may make such adjustments of

accruals as it deems appropriate to ensure that the accrual represents fairly and accurately the Performance Fee liability that may eventually be payable by the Sub-Fund or Class to the Investment Manager.

**8. Payment of Performance Fees**

The Performance Fee payable is equal to the Performance Fee accrued at the end of the relevant Calculation Period. Performance Fees payable to the Investment Manager in any Calculation Period are not refundable in any subsequent Calculation Periods.