



# ALQUITY SICAV

*Société d'Investissement à Capital Variable*

PROSPECTUS

January 2022

SUBSCRIPTIONS SHALL ONLY BE VALID IF MADE ON THE BASIS OF THE KIIDS OR THE CURRENT PROSPECTUS ACCOMPANIED BY THE MOST RECENT ANNUAL REPORT AS WELL AS BY THE MOST RECENT SEMI-ANNUAL REPORT IF PUBLISHED MORE RECENTLY THAN THE MOST RECENT ANNUAL REPORT. NO ONE IS AUTHORISED TO STATE OTHER INFORMATION THAN THE ONE CONTAINED IN THE PROSPECTUS AS WELL AS IN THE DOCUMENTS HEREIN MENTIONED, WHICH ARE AVAILABLE TO THE PUBLIC.

## **ALQUITY SICAV**

Société d'Investissement à Capital Variable (SICAV)

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### **BOARD OF DIRECTORS**

#### **Chairman:**

Mr Antonio THOMAS

Luxembourg Resident Independent Director  
ARTAS Sàrl  
2A Rue Nicolas Bové  
L-1253  
Luxembourg

#### **Directors:**

Mr Paul ROBINSON

Executive Chairman  
ALQUITY INVESTMENT MANAGEMENT LTD  
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London, WC2B 6XF  
United Kingdom

Mrs Karine Christine HIRN

Chief Sustainability Officer  
East Capital Asia Limited  
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Hong Kong

**REGISTERED OFFICE**

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**MANAGEMENT COMPANY**

EAST CAPITAL ASSET MANAGEMENT S.A.

11, rue Sainte-Zithe

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Grand Duchy of Luxembourg

**DEPOSITARY AND PAYING AGENT**

SKANDINAVISKA ENSKILDA BANKEN AB, Luxembourg Branch

4, rue Peternelchen

L - 2370 Howald

Grand Duchy of Luxembourg

**CENTRAL ADMINISTRATION AGENT, REGISTRAR AND TRANSFER AGENT**

EUROPEAN FUND ADMINISTRATION S.A.

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Grand Duchy of Luxembourg

**INVESTMENT MANAGER AND DISTRIBUTOR**

ALQUITY INVESTMENT MANAGEMENT LIMITED

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London, England, WC2B 6XF

**GLOBAL DISTRIBUTOR**

EAST CAPITAL ASSET MANAGEMENT S.A.

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**AUDITORS**

DELOITTE AUDIT

20, Boulevard de Kockelscheuer,

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Grand Duchy of Luxembourg

**LEGAL ADVISERS**

Elvinger Hoss Prussen, Société Anonyme

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Grand Duchy of Luxembourg

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**PROSPECTUS**  
relating to the permanent offer of shares  
in the Company

**ALQUITY SICAV**

**ALQUITY SICAV** (the “**Company**”) is listed on the official list of undertakings for collective investment pursuant to the law of 17<sup>th</sup> December 2010 concerning undertakings for collective investment as may be amended from time to time (hereafter referred to as the “**2010 Law**”). The Company is subject to the provisions of the 2010 Law and to the law of 10<sup>th</sup> August 1915 on commercial companies, as amended (the “**1915 Law**”). It is subject in particular to the provisions of Part I of the 2010 Law, which relates specifically to undertakings for collective investment in transferable securities (“**UCITS**”), as defined by the Directive 2009/65/EC of the European Parliament and the Council, as may be amended from time to time by the provisions of Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014, regarding depositary functions, remuneration policies and sanctions (“**UCITS V Directive**”). However, such listing does not require any Luxembourg authority to approve or disapprove either the adequacy or the accuracy of this Prospectus or the portfolio of securities held by the Company. Any representation to the contrary would be unauthorised and unlawful.

The Company’s board of directors (the “**Board of Directors**”) has taken all possible precautions to ensure that the facts indicated in this Prospectus are accurate in all material respects and that no point of any importance has been omitted which could render erroneous any of the statements set forth herein.

Any information or representation not contained herein, in the Appendixes to the Prospectus, in the Key Investor Information Document (“**KIID**”) or in the reports, which form an integral part hereof, must be regarded as unauthorised. Neither the remittance of this Prospectus, nor the offer, issue or sale of shares of the Company will constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date hereof. In order to take account of important changes such as the opening of a new sub-fund of shares, this Prospectus, as well as its Appendixes will be updated at the appropriate time. Subscribers are therefore advised to contact the Company in order to establish whether any later Prospectus has been published.

References to the terms or abbreviations set out below designate the following currencies:  
USD: US Dollars, GBP: GB Pounds, EUR: Euro.

The Company is registered as a “recognised scheme” for the purposes of Section 264 of the United Kingdom Financial Services and Markets Act 2000 (the “**FSMA**”) and, may be promoted and sold directly to the public in the United Kingdom subject to compliance with the FSMA and applicable regulations made thereunder.

Potential investors in the United Kingdom should be aware that all, or most, of the rules made under the FSMA for the protection of retail clients will not apply to an investment in the Company, and compensation under the Financial Services Compensation Scheme of the United Kingdom will not be available.

**Investor’s Reliance on U.S. Federal Tax Advice in this Prospectus**

**The discussion contained in this Prospectus as to U.S. federal tax considerations is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties. Such discussion is written to support the promotion or marketing of the transactions or matters addressed herein. Each taxpayer should seek U.S. federal tax advice based on the taxpayer’s particular circumstances from an independent tax advisor.**

This Prospectus contains forward-looking statements, which provide current expectations or forecasts of future events. Words such as “may”, “expects”, “future” and “intends”, and similar expressions, may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements include statements about the Company’s plans, objectives, expectations and intentions and other statements that are not historical facts. Forward-looking statements are subject to known and unknown risks and uncertainties and inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the

forward-looking statements. Prospective shareholders should not unduly rely on these forward-looking statements, which apply only as of the date of this Prospectus.

# I. GENERAL DESCRIPTION

## 1. INTRODUCTION

**ALQUITY SICAV** is an investment company with variable share capital consisting of various sub-funds, each relating to a portfolio of specific assets made up of transferable securities and money market instruments within the meaning of the 2010 Law and the Grand-ducal regulation of 8<sup>th</sup> February 2008 (“**Transferable Securities**” and “**Money Market Instruments**” respectively) as well as other eligible assets in compliance with article 41 of the 2010 Law denominated in various currencies. The characteristics and investment policies of each sub-fund are defined in Appendix III.

The capital of the Company is divided into several sub-funds each of which may offer several classes of shares, as defined in Section III. below and for each sub-fund in accordance with the respective provisions described in the sub-fund's relevant data sheet under Appendix III.

The Company may create new sub-funds. In such an event, this Prospectus will be amended accordingly and will contain detailed information on the new sub-funds in its sub-funds' data sheets under Appendix III. The actual launch of any new sub-fund or class of shares within a sub-fund mentioned in the Prospectus and in the KIIDs will be decided by the Board of Directors. More particularly, the Board of Directors will determine the initial subscription price and subscription period/day, as well as the payment date of those initial subscriptions.

The shares of each sub-fund of the Company are issued and redeemed at prices calculated for each sub-fund with a frequency in accordance with the respective provisions described in the sub-fund's relevant data sheet under Appendix III. and provided the banks in Luxembourg are open for business (a “**Bank Business Day**”) on this day (the calculation day so defined being hereafter referred to as a “**Valuation Day**”). For the avoidance of doubt, half-closed bank business days in Luxembourg are considered as being closed for business.

The Net Asset Value of each sub-fund of shares will be expressed in its reference currency, as stipulated in the sub-fund's relevant data sheet under Appendix III. The Registrar Agent may convert the Net Asset Value per Share into any other currency, including, but not limited to the Singapore Dollar, South-African Rand, Hong Kong Dollar, Japanese Yen, Australian Dollar, Indian Rupee, Norwegian Kroner, Swedish Krona, Canadian Dollar, Swiss Franc, USD, GBP and EUR as well as any other currency to be determined by the Board of Directors in its sole discretion.

The reference currency of the Company is expressed in USD.

## 2. THE COMPANY

The Company was incorporated in Luxembourg for an unlimited period on 13<sup>th</sup> April 2010 under the name “**ALQUITY SICAV**”.

The minimum capital as provided by law is set at the equivalent in US Dollars of EUR 1,250,000.- (one million two hundred and fifty thousand Euro). The Company's initial capital was equal to USD 50,000.- (fifty-thousand US Dollars). The Company's capital is at all times equal to the sum of the values of the net assets of its sub-funds and represented by shares of no par value.

Variations in the capital are effected “*ipso jure*” (automatically by the effect of law).

The latest amendments to the Articles of Incorporation were made on 1<sup>st</sup> July 2021 and were published in the *Recueil Electronique des Sociétés et Associations* (the “**RESA**”) on 26 July 2021 and have been filed with the *Registre de Commerce et des Sociétés*.

The Company is entered in the *Registre de Commerce et des Sociétés* in Luxembourg under the number B 152.520.

Information relating to the Company, including the latest versions of the Prospectus (and any supplements), financial reports and the latest available Net Asset Value will be available on the website

www.alquity.com (this website does not form part of this Prospectus and this website has not been reviewed by any regulator).

## **II. MANAGEMENT AND ADMINISTRATION**

### **1. BOARD OF DIRECTORS**

The Board of Directors is responsible for the administration and management of the Company and of the assets of each sub-fund. It may carry out all acts of management and administration on behalf of the Company; it may in particular purchase, sell, subscribe or exchange any Transferable Securities, Money Market Instruments and other eligible assets and exercise all rights directly or indirectly attached to the Company's assets.

The list of the members of the Board of Directors, as well as of the other administrative bodies in operation may be found in this Prospectus and in the periodic reports.

### **2. DEPOSITARY AND PAYING AGENT, CENTRAL ADMINISTRATION AGENT, REGISTRAR AND TRANSFER AGENT**

#### **A. DEPOSITARY AND PAYING AGENT**

Pursuant to a depositary and paying agent services agreement (the "**Depositary Agreement**"), Skandinaviska Enskilda Banken AB (publ), Luxembourg Branch, registered with the Luxembourg trade and companies register under n° B39819 and having its place of business at 4 rue Petermelchen, L-2370 Howald, Grand-Duchy of Luxembourg, has been appointed as depositary of the Company (the "**Depositary**"). The Depositary will also provide paying agent services to the Company.

The Depositary is a branch of Skandinaviska Enskilda Banken AB (publ), a credit institution incorporated under and pursuant to the laws of Sweden, subject to the prudential supervision of the Swedish Financial Supervisory Authority, Finansinspektionen. The Depositary is further supervised by the Commission de Surveillance du Secteur Financier, in its role as host member state authority.

The Depositary has been appointed for the safe-keeping of the assets of the Company which comprises the custody of financial instruments, the record keeping and verification of ownership of other assets of the Company as well as the effective and proper monitoring of the Company's cash flows in accordance with the provisions of the 2010 Law 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 are carried out, unless they conflict with applicable Luxembourg law and/or the Articles of Incorporation; (iv) in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits; and (v) the Company'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 of the Company. The Depositary is on an ongoing basis analyzing, based on applicable laws and regulations 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. Potential conflicts of interests in the SEB Group can be further exemplified as not market equivalent pricing of the depositories' services and the undue influence in the management and board of directors of the funds/fund managers by the Depositary, and vice versa.

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 AB (publ), Luxembourg Branch which can be found on the following webpage: <https://sebgroup.lu/conflictinterest>. In compliance with the provisions of the Depositary Agreement and the 2010 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 Company 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: <https://sebgroup.lu/globalcustodynetwork>.

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 2010 Law, 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 2010 Law 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 Company from the Depositary's own assets and from assets belonging to the delegate in accordance with the 2010 Law. The Depositary's liability shall not be affected by any such delegation unless otherwise stipulated in the 2010 Law 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 Company 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 Company without undue delay. In accordance with the provisions of the 2010 Law, 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 Company 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 2010 Law and/or the Depositary Agreement.

The Company 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 Company, 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 Company assets are to be delivered and who will take over the functions and responsibilities of the Depositary. If the Management Company/ Company does not name such successor depositary in time the Depositary may notify the CSSF of the situation. The Management Company/ Company will take the necessary steps, if any, to initiate the liquidation of the Company, if no successor depositary bank has been appointed within two (2) months after the expiry of the aforementioned termination notice of ninety (90) days.

#### **B. CENTRAL ADMINISTRATION AGENT, REGISTRAR AND TRANSFER AGENT**

Under the terms of an Administrative, Registrar and Transfer Agent Agreement, European Fund Administration S.A. has been appointed as central administration agent (the "**Central Administration Agent, Registrar and Transfer Agent**") which is responsible for calculating the net asset value, processing the issue, redemption, transfer and cancellation of shares, as well as for the keeping of the Shareholders' register. The registered address of the Central Administration Agent is at 2, Rue d'Alsace, L - 1122 Luxembourg, Luxembourg, Grand Duchy of Luxembourg.

### **3. MANAGEMENT COMPANY**

Pursuant to a Management Company Agreement, East Capital Asset Management S.A. (the "**Management Company**") has been appointed to act as management company of the Company. The Management Company will be responsible on a day-to-day basis under the supervision of the Board of Directors of the Company, for providing administration, marketing and investment management services in respect of all the sub-funds with the possibility to delegate part or all of such functions to third parties.

The Management Company has delegated the central administration and registrar and transfer agent functions to the Central Administration Agent, Registrar and Transfer Agent.

The Management Company has delegated the portfolio management function with respect to the sub-funds to the Investment Manager as further described in Section II.4. below.

The Management Company assumes the marketing and distribution function and may appoint one or more distributors as further described in Section II. 5. below.

The Management Company was incorporated in the form of a société anonyme under the laws of the Grand Duchy of Luxembourg on 29 January 2008 for an unlimited duration under the name of East Capital Advisory S.A. As of 15 March 2013, the Management Company changed its name into East Capital Asset Management S.A. and is approved by the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), as a UCITS management company subject to the chapter 15 of the 2010 Law and as alternative investment fund manager within the meaning of article 1(46) of the law of 12 July 2013 on alternative investment fund managers. The Management Company has also opened a branch in Stockholm, Sweden. The share capital of the Management Company is held by East Capital Holding AB. The Management Company has a subscribed and paid-up capital of EUR 1,000,000 (as at the date of this Prospectus).

The Management Company shall ensure compliance of the Company with the investment restrictions and oversee the implementation of the Company's strategies and investment policy. The Management Company will be responsible for ensuring that adequate risk measurement processes are in place to ensure a sufficient control environment in accordance with Luxembourg laws and regulations.

The Management Company will monitor, on a continued basis, the activities of third parties to which it has delegated functions and will receive periodic reports from the delegates and service providers to enable it to perform its monitoring and supervision duties in accordance with Luxembourg laws and regulations.

The Management Company has established remuneration policies for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company or the Company, that:

- are consistent with and promote a sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles of the Company or its sub-funds or with its Articles of Incorporation;
- are in line with the business strategy, objective values and interests of the Management Company and which do not interfere with the obligation of the Management Company to act in the best interests of the Company;
- include an assessment of performance set in a multi-year framework appropriate to the holding period recommended to the investors of the Company in order to ensure that the assessment process is based on the longer-term performance of the Company and its investment risks; and
- appropriately balance fixed and variable components of total remuneration.

The remuneration policy which is established on the level of East Capital Asset Management S.A. is under the control of the board of directors of the Management Company who shall on a regular basis review (at least annually) the policy and is responsible for overseeing and implementing any necessary revisions required to the policy. The Compliance Officer controls on a regular basis whether remunerations paid by the Management Company comply with the remuneration policy and the results of such review shall be reported to the board of directors of the Management Company.

The up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee (if any), are available at <http://www.eastcapital.com/Corporate/Regulatory-information/Legal-information1>. A paper copy is available free of charge upon request at the Management Company's registered office.

#### 4. INVESTMENT MANAGERS

For the definition of the investment policy and the day-to-day management of each of the Company's sub-funds, the board of directors of the Management Company may be assisted under its overall control and responsibility by one or several investment manager(s) ("**Investment Manager(s)**"), it being understood that the Prospectus will be amended accordingly and will contain detailed information.

Pursuant to an Investment Management Agreement, Alquity Investment Management Limited has been appointed Investment Manager and put in charge by the Management Company of the investment management of the Company with regard to its choice of investments and the trend of its investment policy.

Alquity Investment Management Limited is a company incorporated under United Kingdom law with registered office situated at 9 Kingsway, London, England, WC2B 6XF. Alquity Investment Management Limited was incorporated for an indeterminate period of time in London on 6 December 2006 in the form of a private limited company, in accordance with the Companies Acts 1985 and 1989.

Alquity Investment Management Limited is authorised and regulated by the United Kingdom Financial Conduct Authority and by the United States Securities and Exchange Commission. Alquity Investment Management Limited is part of the Alquity Group that has been established and managing funds since 1999.

Alquity Investment Management Limited, has a dedicated investment committee composed by at least three members appointed specifically for Environmental, Social Responsibility and Governance ("ESG") investments. The members of the investment committee are Mr. Mike Sell responsible for ESG analysis, Mr. Suresh Mistry responsible for all ESG reporting matters and Mr. Brad Crombie (CEO) who has overall responsibility for ESG application across the business of the firm.

Supervision of the activities of the Investment Manager(s) is the sole responsibility of the Management Company. However, the Board of Directors assumes ultimate responsibility for the investment management.

The fees of the Investment Manager(s) are described in the sub-fund's relevant data sheet under Appendix III.

In addition the Investment Manager may be entitled to receive a performance fee in accordance with the provision for each sub-fund, as described in the sub-fund's relevant data sheet under Appendix III.

## **5. DISTRIBUTORS**

The Management Company assumes the marketing and distribution of the Company as global distributor. The Management Company may appoint one or several placement & distribution agents or other financial intermediaries to market, promote and distribute the shares of the Company in such countries where either the Company has applied for public distribution or in those other countries where it may offer shares on a private placement basis.

Pursuant to a Distribution Agreement, Alquity Investment Management Limited has been appointed distributor of certain sub-funds.

## **6. NOMINEES**

The Company, the Management Company, in its capacity as global distributor, and the distributors may decide to appoint distributors and local paying agents to act as nominees (hereinafter the "**Nominees**"). Nominees must be professionals of the financial sector, domiciled in countries in which financial intermediaries are subject to similar obligations of identification as those which are provided for under Luxembourg law and under Section III. 2. D. "Fight against money laundering" below. Such Nominees may be appointed for the purpose of assisting it in the distribution of the shares of the Company in the countries in which they are marketed. Certain distributors and local paying agents may not offer all of the sub-funds/classes of shares or all of the subscription/redemption currencies to their customers. Customers are invited to consult their distributor or local paying agent for further details.

Nominee contracts will be signed between the Company or the Management Company, and the various distributors and/or local paying agents.

Copies of the various Nominee contracts, if any, are available to shareholders during normal office hours at the Management Company's registered office and at the registered office of the Company.

The shares of the Company may be subscribed directly at the head office of the Central Administration Agent, Registrar and Transfer Agent or through the intermediary of distributors appointed by the Management Company in countries where the shares of the Company are distributed.

Distributors and Local Paying Agents are banks or financial intermediaries that pertain to a regulated group headquartered in a FATF (Financial Action Task Force on Money Laundering) country. Such groups apply FATF provisions regarding money laundering issues to all their subsidiaries and affiliates.

A list of the distributors and Local Paying Agents, if any, shall be at disposal at the Management Company's and the Company's registered office.

## **7. SUPERVISION OF THE COMPANY'S TRANSACTIONS**

The Company's accounts and annual reports are audited by Deloitte Audit, 20, Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg, in its capacity as the Company's auditors.

## **III. THE SHARES**

### **1. GENERAL PRINCIPLES**

The Company's capital is represented by the assets of its various sub-funds, each sub-fund having its own investment policy. Subscriptions are invested in the assets of the relevant sub-fund.

#### **A. CLASSES OF SHARES**

Pursuant to the Articles of Incorporation, the Board of Directors may decide to issue, within each sub-fund, one or several class(es) of shares, the assets of which will be commonly invested but subject to specific features which are defined hereunder for the different classes of shares such as, but not limited to, sales and/or redemption charge structures, currency structures, marketing target or hedging policies. Where different classes are issued within a sub-fund, the details of each class are described in the sub-fund's relevant data sheet under Appendix III. References herein to shares of a sub-fund should be construed as being to shares of a class of a sub-fund also, if the context so requires.

For the time being, within each sub-fund, the Company has decided to issue classes of shares as further described in the synthetic table under Appendix III. C.

Should it become apparent that shares reserved to institutional investors within the meaning of articles 174, 175 and 176 of the 2010 Law, are held by individuals other than those authorised, the Board of Directors will have the said shares converted, at the cost of the relevant shareholder, into shares of another class, if available, or redeemed, at the cost of the relevant shareholder.

Before subscribing, investors are invited to check in each sub-fund's data sheet under Appendix III. which classes of shares are available in each sub-fund. Any minimum initial subscription amount, minimum further subscription amount and minimum holding amount, if any, are also mentioned in the list of sub-funds launched under Appendix III. C.

The shares will be issued at the subscription prices calculated on each Valuation Day mentioned under each sub-fund's relevant data sheet under Appendix III.

The assets of the various classes of a sub-fund are combined into one single portfolio.

The Company may, in the interests of the shareholders, split or consolidate the shares of any sub-fund or class.

The Company may open further sub-funds and thus create new shares of each class representing the assets of these sub-funds.

Any individual or corporate entity may acquire shares in the various sub-funds making up the net assets of the Company by following the procedures defined in this Section.

The shares of each sub-fund are of no par value and carry no preferential subscription rights upon the issue of new shares. Each share carries one vote at the general meetings of shareholders, regardless of its Net Asset Value.

All shares in the Company must be fully paid up.

#### **B. REGISTERED SHARES**

The shares of each sub-fund are, as determined by the Board of Directors, issued in registered form.

Shares may be traded in eligible clearing systems.

### **C. CERTIFICATES AND FRACTIONS OF SHARES**

Shareholders will receive share certificates or confirmations of inscription in the Register, at the shareholder's requests. Registered share certificates are only issued upon the shareholder's formal request.

Shareholders who request the material delivery of their registered share certificates in paper form may have to pay the cost incurred by such delivery.

Fractions of shares with up to three decimal places will be issued for registered shares deposited directly with the Depository. Any amount of the subscription monies that is left over further to the issue of shares (with or without attribution of fractions of shares), will be reimbursed to the shareholder, unless the amount is less than EUR 25.- (twenty-five Euro) or its currency equivalent, as the case may be. Amounts thus not reimbursed will revert to the relevant sub-fund.

Share transfer forms for the transfer of registered shares are available at the registered office of the Central Administration Agent, Registrar and Transfer Agent.

### **D. GBP DENOMINATED CLASSES**

Subject to the Board of Directors' discretion to determine otherwise, classes of shares denominated in GBP are generally reserved to United Kingdom resident and/or United Kingdom ordinarily resident investors.

The Board of Directors intend to seek designation as a "reporting fund" for the classes of shares denominated in GBP for United Kingdom tax purposes in accordance with the provisions in the United Kingdom Offshore Funds (Tax) Regulations 2009 (the "**Regulations**"). In order to qualify as a "reporting fund", the Company must report 100 per cent. of the relevant sub-fund's income (in respect of the relevant classes) and United Kingdom resident shareholders will be taxable on such reported income whether or not the income is actually distributed. While the Company intends to seek designation of each class of shares denominated in GBP by the Board of Directors of HM Revenue & Customs as a "reporting fund", there is no guarantee that this designation will be granted.

Shareholders should note that as it is not intended to pay dividends in relation to the income attributable to the GBP denominated share class, reportable income under the new reporting fund rules will be attributed only to those shareholders who remain as shareholders at the end of each relevant accounting period.

Chapter 6 of Part 3 of the Regulations provides that specified transactions carried out by a UCITS fund, such as the Company, will not generally be treated as trading transactions for reporting funds that meet a genuine diversity of ownership condition.

The Directors intend to elect for reporting fund status for the classes denominated in GBP. The Directors confirm that these classes are primarily intended for and marketed to the categories of United Kingdom retail and institutional investors although subscriptions may also be accepted from all other classes of investor. For the purposes of the Regulations, the Directors undertake that these interests in the Company will be widely available and will be marketed and made available sufficiently widely to reach the intended categories of investors and in a manner appropriate to attract those kinds of investors.

## **2. SHARE ISSUE AND SUBSCRIPTION PRICE**

### **A. CONTINUOUS OFFERING**

After the close of the Initial Offering Period (as stipulated in each sub-fund's relevant data sheet under Appendix III) each sub-fund's share may be subscribed at the registered office of the Central Administration Agent, Registrar and Transfer Agent on any Valuation Day as stipulated in each sub-fund's relevant data sheet under Appendix III. at a price per share equal to the Net Asset Value per share calculated on such relevant Valuation Day for the relevant sub-fund plus a maximum subscription

fee (for the benefit of the distributor) in accordance with the provision described in the sub-fund's relevant data sheet under Appendix III.

This subscription fee may be retroceded to the various financial intermediaries involved in the marketing of the shares.

Any investor applying for subscription of shares may at any time request such subscription by way of a written application or of instructions as may be accepted by the Central Administration Agent, Registrar and Transfer Agent, considered irrevocable, sent to the Central Administration Agent, Registrar and Transfer Agent. Requests must contain the following information: the exact name and address of the person making the subscription request and the subscription amount, the sub-fund to which such subscription applies as well as the class of shares concerned.

For retail investors, the application will only be accepted in amounts and shares will only be allotted on receipt of the duly completed application form or instruction and on receipt of the payment in cleared funds at the latest one (1) Business Day before the Valuation Day.

For approved nominees, distributors or sales agents authorised by the Management Company and institutional investors, the application will only be accepted in amounts and shares will only be allotted on receipt of the duly completed application form or instruction at the latest one (1) Business Day before the Valuation Day. The corresponding subscription amount shall be payable within four (4) Business Days after the Valuation Day.

If timely settlement is not made the subscription may lapse and be cancelled at the cost of the applicant or its financial intermediary. Failure to make good settlement by the settlement date may result in the Management Company and/or the Company bringing an action against the defaulting investor or its financial intermediary or deducting any costs or losses incurred by the Management Company and/or the Company against any existing holding of the applicant in the Company. In all cases any money returnable to the investor will be held by the Management Company without payment of interest pending receipt of the remittance.

Provided the duly completed application form or instruction, together with any required documentation as well as cleared funds are received prior to 12 p.m., Luxembourg time, on the Bank Business Day preceding the next applicable Valuation Day, the shares will be issued based on the Net Asset Value per share applicable on the next Valuation Day. If received thereafter, shares will be issued based on the Net Asset Value per share applicable on the next following Valuation Day.

The Directors may, however, decide, at their sole discretion, to fix an earlier deadline for receipt of applications.

The Company reserves the right to reject any application in whole or in part and to reject any application in number of shares. Details of the method of application for shares are set out in the application form. Application forms can be obtained from the registered office of the Central Administration Agent, Registrar and Transfer Agent. Investors may apply for shares by facsimile or letter at the registered office of the Central Administration Agent, Registrar and Transfer Agent, or any other electronic communication means as accepted by the Central Administration Agent, Registrar and Transfer Agent. The Board of Directors may moreover reserve the right to discontinue without notice both the issue and the sale of the shares of the Company.

Payment must be made in the reference currency of the class of shares in accordance with the provisions described in the sub-fund's relevant data sheet under Appendix III. However, a subscriber may, with the agreement of the Company, effect payment to the Depositary in any other freely convertible currency. The Central Administration Agent, Registrar and Transfer Agent may convert the Net Asset Value per Share into any other currency, including, but not limited to the Singapore Dollar, South-African Rand, Hong Kong Dollar, Japanese Yen, Australian Dollar, Indian Rupee, Norwegian Kroner, Swedish Krona, Canadian Dollar, Swiss Franc, USD, GBP and EUR as well as any other currency to be determined by the Board of Directors in its sole discretion. The Central Administration Agent, Registrar and Transfer Agent will arrange, on the Valuation Day concerned, for any necessary currency transaction to convert the subscription monies from the currency of subscription into the reference currency of the relevant class of shares. Any such currency transaction will be effected at the subscriber's cost and risk. Currency exchange

transactions may however delay any issue of shares since the Central Administration Agent, Registrar and Transfer Agent may choose, in its discretion, to delay the execution of any foreign exchange transaction until cleared funds have been received by it.

The Board of Directors may, under its own responsibility and in accordance with this Prospectus accept subscriptions by way of *in specie* transfer of assets. In exercising its discretion, the Board of Directors will take into account the investment objective, philosophy and approach of the sub-fund and whether the proposed *in specie* assets comply with those criteria including the permitted investments of the sub-fund.

In order for shares in the Company to be issued further to an *in specie* subscription, the transfer of the legal ownership of the assets to Company must have been completed and the assets in question must have already been valued. In the specific case of an *in specie* transfer of shares or units of a UCITS or other UCI, shares will only be issued once the name of the Company has been entered into in the register of shareholders or unitholders of the relevant UCITS or other UCI and the shares or units of the UCITS or other UCI have been valued on the basis of the next net asset value to be calculated after the aforementioned entry.

For any *in specie* subscription, the Central Administration Agent, Registrar and Transfer Agent will be required to have a valuation report drawn up by the Company's auditors giving in particular the quantity, denomination and method of valuation adopted for these assets. Such report will also specify the total value of the assets expressed in the currency of the sub-fund concerned by this contribution. Upon receipt of that verification and a properly completed application form or duly received instruction, the Administrative Agent will allot the requisite number of shares in the normal manner. The Board of Directors reserves the right to decline to register any person on the Register until the subscriber has been able to prove title to the assets in question. The subscriber shall be responsible for all custody and other costs involved in changing the ownership of the relevant assets unless the Board of Directors otherwise agrees.

Taxes or brokerage fees that may be due on a subscription are paid by the subscriber. Under no circumstances may these costs exceed the maximum authorised by the laws, regulations and general banking practices of the countries in which the shares are acquired.

The Board of Directors has resolved to only accept shareholders' initial applications for ownership in any sub-fund class of shares for a minimum initial subscription amount stipulated in the list of sub-funds launched under Appendix III. C.

The Board of Directors may set for each sub-fund or class of shares different minimum initial subscription amounts, minimum further subscription amounts and minimum holding amounts, in accordance with the provision described in the list of sub-funds launched under Appendix III.C.

No shares will be issued by the Company in a sub-fund during any period when the calculation of the Net Asset Value per share of such sub-fund is suspended by the Board of Directors pursuant to the power reserved to it by the Articles of Incorporation and described under Section IV. "Net Asset Value" hereafter. Notice of any such suspension shall be given to the persons having applied for subscription, and any application either presented or suspended along such suspension may be withdrawn by way of a written notice to be received by the Company prior to the termination of the relevant suspension. Unless so withdrawn, any application shall be taken into consideration on the first Valuation Day following such suspension.

The issue price of shares in the sub-fund is available at the registered office of the Company, of the Management Company and of the Central Administration Agent, Registrar and Transfer Agent.

## **B. REFUSAL OF SUBSCRIPTIONS**

The Company may restrict or prevent the ownership of shares by any person, firm or company and refuse to issue shares to such person, firm or company. More specifically, the Company may restrict the ownership of shares by nationals, citizens or residents of the United States of America or of any of its territories or possessions or areas subject to its jurisdiction and by persons who are normally resident therein (including the estate of any such person or corporations or partnerships created or organised therein) ("**United States Persons**"). The Company reserves the right to make a private placement of its shares to a limited number or category of United States Persons. Where it appears to the Company that

any person who is precluded from holding shares either alone or in conjunction with any other person is a beneficial owner of shares, the Company may compulsorily purchase all the shares so owned.

The Company does not allow market timing (defined as an arbitrage method through which an investor systematically subscribes and redeems or converts shares of the Company within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the Company).

Moreover, in any case of suspicion of such market timing practice, the Board of Directors reserves the right to:

- refuse any subscription;
- redeem at any time shares in the Company.

Such actions do not need to be justified.

#### **C. CERTIFICATES**

Share certificates are made available to subscribers, upon formal request, at the Central Administration Agent, Registrar and Transfer Agent's offices, or at other establishments designated by the Company. They may be replaced, should the certificates not be materially available, by a simple confirmation signed by the Central Administration Agent, Registrar and Transfer Agent until delivery of the certificates.

#### **D. FIGHT AGAINST MONEY LAUNDERING**

Pursuant to international rules and the Luxembourg law of 17 July 2008 on the fight against money laundering and terrorist financing which amends Luxembourg law of 12 November 2004 relating to the prevention of money laundering and terrorist financing, and the CSSF circular 13/556 and the CSSF Regulation 12/02, as amended from time to time, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering purposes and terrorist financing purposes. Within this context some important points have been introduced: a general risk-based approach, specific provisions regarding customer identification which include concepts such as beneficial owner and politically exposed person, detailed description of the customer identification procedure and the use of specific third parties in the customer identification procedure, among others.

This identification procedure must be complied with by the Company in the case of direct subscriptions to a Sub-Fund, and in the case of subscriptions received by the Sub-Fund from any intermediary resident in a country that does not impose on such intermediary an obligation to identify investors equivalent to that required under Luxembourg laws for the prevention of money laundering and terrorist financing.

The Company (and the Central Administration Agent, Registrar and Transfer Agent acting on behalf of the Company) reserves the right to request any further documentation as is necessary to verify the identity of an investor in conformity with the abovementioned laws and regulations.

In light with above and within the context of the fight against money laundering, application forms must be accompanied by a true copy certified by a competent authority (such as an embassy, consulate, notary or police commissioner) of the subscriber's identity card, for individuals, or by a copy of the articles of incorporation and extract of the trade register for corporate entities, in the following cases:

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

Moreover, the Company is legally responsible for identifying the origin of monies transferred. In this purpose the directors have entrusted the Management Company with the function as responsible person for controlling compliance with AML/CFT obligations in accordance with the provisions of Article 4(1) Luxembourg law of 12 November 2004 and the CSSF regulation 12/02 (“the **RC**”).

Furthermore the members of the Board of Directors, as governing body, acting jointly, are responsible for the respect of compliance with AML/CFT obligations at the management level of the Company itself (the “**RR**”).

Subscriptions and payment of redemption proceeds may be temporarily suspended until such monies or the identity of the relevant shareholder has been correctly identified.

It is generally accepted that investment professionals and financial sector institutions resident in countries adhering to the conclusions of the FATF report (Financial Action Task Force on Money Laundering) are considered to be required to enforce an identification procedure equal to the one required by Luxembourg law.

### **3. REDEMPTION OF SHARES**

Shareholders may place redemption orders every Bank Business Day for all or part of their shareholdings. Redemption orders or instructions as may be accepted by the Central Administration Agent, Registrar and Transfer Agent, considered irrevocable, should be sent at the registered office of the Central Administration Agent, Registrar and Transfer Agent. Requests must contain the following information: the exact name and address of the person making the redemption request and the number of shares or the amount to be redeemed, the sub-fund to which such shares belong, the form of the shares, as well as the class of shares.

Redemption requests are to be accompanied by the certificate(s) representing the registered shares.

Provided the application together with any required documentation is received prior to 12 p.m., Luxembourg time, on the Bank Business Day preceding the next applicable Valuation Day, the shares will be redeemed based on the Net Asset Value per share applicable on the next Valuation Day. If received thereafter, the application will be deferred to the next following Valuation Day.

The Directors may, however, decide, at their sole discretion, to fix an earlier deadline for receipt of applications.

A redemption fee (for the benefit of the relevant class) at a maximum rate in accordance with the provision described in the sub-fund’s relevant data sheet under Appendix III. may be deducted from this amount.

The redemption value may be higher than, equal to, or lower than the initial purchase price.

The redemption proceeds will normally be paid by bank transfer on the fifth Bank Business Day after the relevant Valuation Day or from the day of receipt of the relevant certificates. In the case of approved nominees, distributors or sales agents authorised by the Management Company, redemption proceeds will normally be paid by bank transfer on the fourth Bank Business Day after the relevant Valuation Day or from the day of receipt of the relevant certificates.

Redemption orders will not actually be processed, and the redemption proceeds will not actually be paid until

- the Central Administration Agent, Registrar and Transfer Agent has received the certificate(s) representing the shares to be redeemed, or
- the Central Administration Agent, Registrar and Transfer Agent has received confirmation from an independent depository that irrevocable instructions have in fact been given for the delivery of the share certificates, or
- the redemption form for registered shares has been received.

Neither the Board of Directors, nor the Central Administration Agent, Registrar and Transfer Agent will be held responsible for any lack of payment of whatever form resulting from the application of possible exchange controls or other circumstances beyond its/their control which may limit or render impossible the transfer of the redemption proceeds to other countries.

In relation to an application for redemption, or transfer of shares, the Company and/or Central Administration Agent, Registrar and Transfer Agent may require at any time such documentation as it/they deem appropriate. Failure to provide such information in a form which is satisfactory to the Company and/or Central Administration Agent, Registrar and Transfer Agent may result in an application for redemption or transfer not being processed. Should documentation not be forthcoming with regard to the return of payments or the redemption of shares, then such payment may not proceed.

No third party payments will be made.

In addition to the suspension of the issue of shares, a suspension of the calculation of the Net Asset Value of a sub-fund entails also the suspension of redemptions of that sub-fund as set out in Section IV. 2. below. Any suspension of redemptions will be notified in accordance with Section IV. "Net Asset Value" by all appropriate means to the shareholders having presented their requests, the execution of which has been differed or suspended. The Board may decide to delay the payment of redemption proceeds, in circumstances where the Company is unable to repatriate cash proceeds or during any period where the calculation of the Net Asset Value has been suspended.

The payment of redemption proceeds that has been delayed will occur as soon as reasonably practicable after the Valuation Day.

If the total net redemption requests received for one sub-fund or one class on any Valuation Day exceed 10% of the Net Asset Value thereof, the redemption requests presented may be reduced and differed proportionally so as to reduce the number of shares redeemed on such day to 10% of the Net Asset Value of the sub-fund or class in question. Any redemption request thus differed will have priority over the redemption requests received on the following Valuation Day, but always subject to the limit of 10% mentioned above.

In normal circumstances the Board of Directors will maintain adequate level of liquid assets in order to meet redemption requests.

### **Redemption in specie**

The Board of Directors may at the request of a shareholder elect to satisfy a redemption in whole or in part by way of the transfer *in specie* of assets of the Company. The Board of Directors will ensure that the transfer of assets *in specie* in cases of such redemptions will not be detrimental to the remaining shareholders of the Company by pro-rating the redemption *in specie* as far as possible across the entire portfolio of securities. Such *in specie* redemptions will be subject to a special audit report confirming the number, the denomination and the value of the assets which the Board of Directors will have determined to be transferred in counterpart of the redeemed shares. This audit report will also confirm the way of determining the value of the assets which will have to be identical to the procedure for determining the Net Asset Value of the shares. The specific costs for such redemptions *in specie*, in particular the cost of the special audit report will be borne by the redeeming shareholder.

## **4. CONVERSION OF SHARES**

A conversion can be analyzed as a simultaneous transaction of redemption and subscription of shares.

Consequently, such a transaction may only be processed on the first Valuation day on which both the Net Asset Values of the sub-funds involved in the said transaction are calculated.

Shareholders of one class in a sub-fund may request at any time the conversion of all or part of their holdings into shares of another class in the same or another sub-fund. Only institutional investors within

the meaning of articles 174, 175 and 176 of the 2010 Law may convert their shares into a class that is reserved to institutional investors.

Conversion requests, considered irrevocable, must be sent at the registered office of the Central Administration Agent, Registrar and Transfer Agent by letter or facsimile, and by indicating the name of the sub-fund into which the shares are to be converted and specifying the class of the shares to be converted, the class of the shares of the new sub-fund to be issued. If this information is not given, the conversion will be made into shares of the same type.

Provided the application together with the required documentation is received prior to 12 p.m., Luxembourg time, on the Bank Business Day in Luxembourg preceding the next applicable Valuation Day, the shares will be converted based on the Net Asset Value per share applicable on the next Valuation Day. If received thereafter, the application will be deferred to the next following Valuation Day.

The Directors may, however, decide to fix an earlier deadline for receipt of applications if they consider that as a result of large market fluctuations this is necessary to protect the Company and its shareholders.

Conversion requests are to be accompanied by the certificate(s) representing the registered shares.

Subject to a suspension of the calculation of the Net Asset Value, shares may be converted on any Valuation Day following receipt of the conversion request, by reference to the Net Asset Value of the shares of the sub-funds concerned as established on such Valuation Day.

The rate at which all or part of the holding of a given sub-fund or class (the "original sub-fund") is converted into shares of another sub-fund or class (the "new sub-fund") is determined as precisely as possible in accordance with the following formula:

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

- A being the number of shares of the new sub-fund to be attributed;
- B being the number of shares of the original sub-fund to be converted;
- C being the prevailing Net Asset Value per share of the original sub-fund on the day in question;
- D being the prevailing Net Asset Value per share of the new sub-fund on the day in question; and
- E being the exchange rate applicable at the time of the transaction between the currency of the sub-fund to be converted and the currency of the sub-fund to be attributed;
- F being a conversion fee payable to the original sub-fund, at a maximum rate in accordance with the provision described in the sub-fund's relevant data sheet under Appendix III.

A conversion fee (for the benefit of the original class) at a maximum rate in accordance with the provision described in the sub-fund's relevant data sheet under Appendix III. may be deducted from the prevailing Net Asset Value per share of the original sub-fund used for the conversion. This maximum rate should be the same applicable rate for all the conversion order executed on the same Valuation Day.

After conversion, the Central Administration Agent, Registrar and Transfer Agent will inform the shareholders of the number of shares obtained of the new sub-fund and their cost.

In converting shares of a sub-fund into shares of another class or sub-fund, a shareholder must meet the applicable minimum initial subscription amount requirements of this class or sub-fund, if any.

If, as a result of any request for conversion, the number of shares held by any shareholder in a sub-fund or class would fall below the value of minimum initial subscription amount indicated in the old sub-fund, the Company may treat such request as a request to convert the entire shareholding of such shareholder. In addition, the shareholder must comply with the minimum holding requirements, if any, with respect to the new sub-fund, as stipulated in the list of sub-funds launched under Appendix III.C.

No conversion of shares may be carried out whenever the calculation of the Net Asset Value of one of the sub-funds involved in the conversion operation is suspended.

Any suspension of conversions will be notified in accordance with Section IV. "Net Asset Value" by all appropriate means to the shareholders having presented their requests, the execution of which has been differed or suspended.

## **5. STOCK EXCHANGE LISTING**

The Board of Directors may decide to list the shares of each sub-fund or classes, as and when issued, on the Luxembourg Stock Exchange.

## **IV. NET ASSET VALUE**

### **1. GENERAL PRINCIPLES**

#### **A. DEFINITION AND CALCULATION OF THE NET ASSET VALUE**

The Net Asset Value per share of each sub-fund and class of shares of the Company is calculated in Luxembourg by the Administrative Agent, under the responsibility of the Board of Directors, on each Valuation Day on a frequency as defined in the sub-funds' relevant data sheets under Appendix III.

The Net Asset Values are expressed in the sub-fund's and class' respective reference currency, as stated in the list of sub-funds launched under Appendix III. C.

The value of the shares of each sub-fund and class is obtained by dividing the Net Asset Value of the assets of the sub-fund and class considered by the number of outstanding shares of these sub-funds and classes.

In every sub-fund in which both reporting shares and capitalisation shares shall have been issued and are outstanding, the Net Asset Value shall be determined for each reporting share as well as for each capitalisation share.

If the Board of Directors considers that the Net Asset Value calculated on a given Valuation Day is not representative of the true value of the Company's shares, or if, since the calculation of the Net Asset Value, there have been significant fluctuations on the stock exchanges concerned, the Board of Directors may decide to actualise the Net Asset Value on that same day. In these circumstances, all subscription, redemption and conversion requests received for that day will be handled on the basis of the actualised Net Asset Value with due care and good faith.

#### **B. DEFINITION OF THE PORTFOLIOS OF ASSETS**

The Board of Directors will establish a distinct portfolio of net assets for each sub-fund. Where relations between shareholders and third parties are concerned, this portfolio will be attributed only to the shares issued by the sub-fund in question, taking into account, if necessary, the break-down of this portfolio between the distribution and/or capitalisation shares of this sub-fund, in accordance with the provisions of this clause.

In order to establish these different portfolios of net assets:

1. if two or more shares' classes belong to a given sub-fund, the assets allocated to such classes will be invested together according to the investment policy of the relevant sub-fund subject to the specific features of said shares' classes;
2. the proceeds resulting from the issue of the shares of a class of a given sub-fund will be attributed in the Company's accounts to the relevant class of this sub-fund and the assets, liabilities, income and expenses relating to this sub-fund/class will also be attributed thereto;
3. the assets, liabilities, income and expenses relating to this sub-fund/class will also be attributed thereto;

4. where any asset derives from another asset, such derivative asset will be applied in the books of the Company to the same sub-fund from which it was derived, and on each subsequent revaluation of an asset, the increase or decrease in value will be attributed to the sub-fund to which it belongs;
5. if the Company has to bear a liability which is connected with an asset of a particular sub-fund or class with a transaction carried out in relation to an asset of a particular sub-fund or class, this liability will be attributed to that particular sub-fund or class (for example: hedging transactions);
6. in the case where any asset or liability of the Company cannot be considered as being attributable to a particular class of shares, such asset or liability shall be allocated to all the classes of shares pro rata to their respective Net Asset Values or in such other manner as determined by the Board of Directors acting in good faith. With reference to the relations between shareholders and third parties, each sub-fund and class of shares will be treated as a separate entity;
7. after payment of dividends to shares of a particular class, the Net Asset Value of this class will be reduced by the amount of such dividends.

### C. VALUATION OF ASSETS

The assets of each sub-fund of the Company will be valued in accordance with the following principles:

1. The value of any cash at hand or on deposit, bills, demand notes and accounts receivable, prepaid expenses, dividends and interests matured but not yet received shall be valued at the par-value of the assets, except if it appears that such value is unlikely to be received. In such a case, subject to the approval of the Board of Directors, the value shall be determined by deducting a certain amount to reflect the true value of the assets.
2. The value of Transferable Securities, Money Market Instruments and/or financial derivative instruments listed on an official Stock Exchange or dealt in on a regulated market which operates regularly and is recognised and open to the public (a "**Regulated Market**"), as defined by laws and regulations in force, is based on the latest available price and if such Transferable Securities are dealt in on several markets, on the basis of the latest known price on the stock exchange which is normally the principal market for such securities. If the latest known price is not representative, the value shall be determined based on a reasonably foreseeable sales price to be determined prudently and in good faith.
3. In the event that any Transferable Securities or/and Money Market Instruments are not listed or dealt in on any stock exchange or any other Regulated Market operating regularly, recognised and open to the public, as defined by the laws and regulations in force, the value of such assets shall be assessed on the basis of their foreseeable sales price estimated prudently and in good faith.
4. The liquidating value of derivative contracts not traded on exchanges or on other Regulated Markets shall mean their net liquidating value determined by the Board of Directors in a fair and reasonable manner, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward and options contracts traded on exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded by the Company; provided that if a futures, forward and options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable.
5. The value of Money Market Instruments not listed or dealt in on any stock exchange or any other Regulated Market and with remaining maturity of less than 12 (twelve) months and of more than ninety (90) days is deemed to be the nominal value thereof, increased by any interest accrued thereon. Money market instruments with a remaining maturity of 90 (ninety) days or less will be valued by the amortised cost method, which approximates market value.
6. Units of UCITS and/or other UCI will be valued at their last determined and available Net Asset Value or, if such price is not representative of the fair market value of such assets, then the price

shall be determined by the Directors on a fair and equitable basis. Units or shares of a closed-ended UCI will be valued at their last available stock market value.

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

The value of all assets and liabilities not expressed in the reference currency of a sub-fund will be converted into the reference currency of such sub-fund at rates last quoted by major banks. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the Board of Directors.

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

Every other asset shall be assessed on the basis of the foreseeable realisation value which shall be estimated prudently and in good faith.

In the event that extraordinary circumstances render valuations as aforesaid impracticable or inadequate, the Company is authorised, prudently and in good faith, to follow other rules in order to achieve a fair valuation of its assets.

All and any assets not expressed in the currency of the sub-fund to which they belong shall be converted into the currency of that sub-fund at the exchange rate applying on the concerned Bank Business Day or at such exchange rate as may be agreed in the relevant forward contracts.

The value of the net assets per share of each class, reporting shares and capitalisation shares, as well as their issue, redemption and conversion prices shall be made available at the registered office of the Company every Bank Business Day.

Adequate deductions will be made for expenses to be borne by the Company and account will be taken of the Company's liabilities according to fair and prudent criteria. Adequate provisions will be made for the expenses to be borne by the Company and account may be taken of the Company's off balance sheet liabilities according to fair and prudent criteria.

## **2. SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE, OF ISSUES, CONVERSIONS AND REDEMPTIONS OF SHARES**

- A. The Board of Directors is authorised to suspend temporarily the calculation of the Net Asset Value of the assets of one or more sub-fund(s) or class(es) of the Company and the Net Asset Value per share of such sub-fund(s) or class(es), as well as the issue, redemption and conversion of the shares of these sub-funds or classes, in the following cases:
  - a) when any of the principal stock exchanges, on which a substantial portion of the assets of one or more sub-funds of the Company is quoted, is closed other than for ordinary holidays, or during which dealings therein are suspended or restricted;
  - b) when the market of a currency, in which a substantial portion of the assets of one or more sub-fund(s) or class(es) of the Company is denominated, is closed other than for ordinary holidays, or during which dealings therein are suspended or restricted;
  - c) when any breakdown arises in the means of communication normally employed in determining the value of the assets of one or more sub-fund(s) or class(es) of the Company or when for whatever reason the value of one of the Company's investments cannot be rapidly and accurately determined;
  - d) when exchange restrictions or restrictions on the transfer of capital render the execution of transactions on behalf of the Company impossible, or when purchases or sales made on behalf of the Company cannot be carried out at normal exchange rates;

- e) when political, economic, military, monetary or fiscal circumstances which are beyond the control, responsibility and influence of the Company prevent the Company from disposing of the assets, or from determining the Net Asset Value, of one or more sub-fund(s) or class(es) of the Company in a normal and reasonable manner;
  - f) as a consequence of any decision to liquidate or dissolve the Company or one or several sub-fund(s);
  - g) any other circumstances beyond the control of the Board of Directors as determined by the Directors in their discretion.
- B. Any suspension of the calculation of the Net Asset Value of the shares of one or more sub-fund(s) or class(es) will be announced by all appropriate means, and in particular by publication, if appropriate, in the newspapers in which these values are usually published. The Company will inform the shareholders having requested the subscription, redemption or conversion of the shares of these sub-funds or classes of any suspension of calculation in the appropriate manner.

Such suspension with regard to any sub-fund or classes of shares shall have no effect on the calculation of the Net Asset Value of another sub-fund or class.

During the suspension period, shareholders may cancel any subscription, redemption or conversion orders they have placed. If orders are not cancelled, shares will be issued, redeemed or converted on the basis of the first Net Asset Value calculated after the suspension period.

- C. In exceptional circumstances which may be detrimental to the shareholders' interests (for example large numbers of redemption, subscription or conversion requests, strong volatility on one or more market(s) in which the sub-fund(s) or class(es) is (are) invested, the Board of Directors reserves the right to postpone the determination of the value of this (these) sub-fund(s) or class(es) until the disappearance of these exceptional circumstances and, if the case arises, until any essential sales of securities on behalf of the Company have been completed.

In such cases, subscriptions, redemption requests and conversions of shares, which were suspended simultaneously, will be satisfied on the basis of the first Net Asset Value calculated thereafter.

## V. DIVIDENDS

The Board of Directors does not currently intend to cause the Company to make distributions of income and capital gains to shareholders. The income resulting from the investments realised by every sub-fund shall be fully capitalised.

However, for certain classes of shares ("**Distribution Shares**"), the Board of Directors may decide to make distributions of income and capital gains. For these Distribution Shares (identified in the sub-fund's relevant data sheet under Appendix III with "(dis)" next to the ISIN Code), it is expected that the net income (net of expenses and reserves) actually received by the relevant sub-fund attributable to the relevant class will be distributed to the relevant shareholders. Income attributable to shareholders in Distribution Shares will generally be distributed annually unless otherwise specified in Appendix III.

No distribution may be made which would result in the net assets of the Company falling below the minimum provided for by Luxembourg law.

Dividends not claimed within five (5) years from their payment date will lapse and revert to the relevant sub-fund.

## VI. CHARGES AND EXPENSES

### 1. FEES TO BE BORNE BY THE COMPANY

The fees payable to the Depositary and Paying Agent, the Central Administration Agent, Registrar and Transfer Agent and the Management Company will be within a range of 0.35-0.50% with a minimum fee of up to EUR 70,000 applicable per sub-fund per annum. The fees are payable monthly and accrued on each Valuation Day.

The actual amount paid by the Company are disclosed in the periodic reports of the Company.

The following costs will also be charged to the Company:

- costs incurred in connection with the formation of the Company, including the cost of services rendered in the incorporation of the Company and in obtaining approval by the competent authorities;
- remuneration of the Investment Manager and, if any, the correspondents and other providers of services as deemed appropriate by the Board;
- other administrative fees;
- Auditors' costs and audit fees;
- remuneration of the Directors and reimbursement of their reasonable expenses, if any;
- costs of printing and publishing information for the shareholders, including the costs of printing and distributing the periodic reports, marketing materials (except in respect of sub-funds which are authorized for public offering in Hong Kong) as well as the Prospectus and KIIDs;
- costs associated with the marketing of the Company and its sub-funds (except in respect of sub-funds which are authorized for public offering in Hong Kong);
- costs associated with the maintenance of electronic portals such as websites to ensure necessary information is available to investors;
- brokerage fees and any other fees arising from transactions involving securities in the Company's portfolio;
- all taxes and duties which may be payable on the Company's income;
- the annual registration fee (cf. Section VII. 1.), as well as taxes or other fees payable to the CSSF and costs relating to the distribution of dividends;
- the fees of any regulatory authority and legal fees in any country in which the Company and its sub-funds are or may be marketed;
- extraordinary expenses, in particular those relating to the consultation of experts or other such proceedings as may protect the shareholders' interests;
- annual fees payable for stock exchange listing, if any;
- subscriptions to professional associations and other organisations in Luxembourg, which the Company will decide to join in its own interest and in that of its shareholders;
- risk and compliance management and fund reports;
- Systems and system development costs that are aimed at reducing aggregate costs for shareholders of the Company
- Research charges;
- Corporate Access charges.

In order to comply with applicable rules, corporate access cannot be part of the research charges. Corporate Access under applicable rules cannot be defined as research. It also cannot be bundled with brokerage commissions. The Investment Manager is prohibited from accepting any non-monetary benefit from a third party in relation to the provision of services to clients unless it is minor in nature, irrespective of whether they have a trading relationship or not with the third party. Corporate Access is an integral part of the Investment Managers investment process. Corporate Access will be paid out of the assets of the Company and allocated among the sub-funds based on the fair allocation methodology specified in the written policy set by the Investment Manager and agreed by the Board of Directors.

Unless otherwise provided for in the appendix of the relevant sub-fund, Alquity Investment Management Limited, as distributor is entitled to receive a fee of up to a maximum of 0.5% per annum. This fee is payable monthly and based on the average net assets of each class during the relevant month.

In consideration for the investment management services provided to the Company, the Investment Manager is entitled to receive from the Company investment management fees of a percentage of the net assets of the relevant class, as further detailed in Appendix III. The investment management fees are up to 1.90% depending on the relevant sub-fund and class of shares. The investment management fees are expressed in annual rate but are calculated on the basis of the average net assets for the past month and payable at the end of each month.

In addition, any reasonable disbursements and out-of-pocket expenses, including telephone, telex, facsimile, electronic transmission and postage expenses etc. incurred by the Depositary and Paying Agent, the Central Administration Agent, Registrar and Transfer Agent, the Management Company, distributors or Investment Manager within the framework of their mandates, as well as correspondents' costs, will be borne by the relevant sub-fund of the Company. In its capacity as Paying Agent, the Depositary may charge the usual fee charged in the Grand Duchy of Luxembourg.

The Company will pay fees appearing in each sub-fund's relevant data sheet under Appendix III.

All recurring general costs will be charged first against investment income, then, should this not be sufficient, against realised capital gains.

The setup costs of any new sub-fund will be amortised over a period of five (5) years starting on the date of the sub-fund's establishment. The amortisation method used is a progressive depreciation method where the amount amortised is increasing each year until the full amortization on the fifth year as per the following percentages:

6.67% for the first year,  
13.33% for the second year,  
20.00% for the third year,  
26.67% for the fourth year and  
33.33% for the fifth year.

When a sub-fund is liquidated, any setup costs that have not yet been amortised will be charged to the sub-fund being liquidated.

## **2. FEES TO BE BORNE BY THE SHAREHOLDERS**

The fees paid by shareholders are described under Appendix III.

In connection with the purchase and/or sales of the shares in the local markets, local intermediaries may charge additional costs.

## **3. ONGOING CHARGES**

The ongoing charges (the "**Ongoing Charges**") include all the annual charges and other payments taken from the assets of a sub-fund which include, but are not limited to, investment management fee, distribution fee, management company fees, sub-administrative agent fees, sub-registrar agent fees, custodian fees, Directors' fees and expenses, registration costs, regulatory fees, audit fees, legal fees, setup costs, translation costs, printing costs, publication costs including value-added tax (VAT) or similar taxes that might apply in any jurisdiction. The actual charges included in the Ongoing Charges will be sufficiently and adequately disclosed in the semi-annual and annual reports of the Company.

For the Alquity Sicav – Alquity Africa Fund the actual charges are levied.

For all other sub-funds, the Ongoing Charges are included in a Flat TER for each class of shares of each sub-fund. The Flat TER is flat in the sense that:

(i) to the extent that the Ongoing Charges per class exceed the Flat TER, the Investment Manager will pay such excess amount;

(ii) to the extent that the Ongoing Charges per class are below the Flat TER, the Investment Manager will be entitled to receive the amount of Flat TER in excess of the Ongoing Charges.

Hence, investors should note that under the Flat TER process, the amount to be borne by the sub-funds may be greater than the actual ongoing costs of operating the relevant sub-funds. Conversely, the expenses the sub-funds would have had to pay might be greater than the Flat TER and the effective amount paid by the sub-funds would be less.

The Flat TER is accrued on a daily basis and any payment (either by the Investment Manager or to the Investment Manager) will be on a quarterly basis.

For all sub-funds (except for the Alquity Sicav – Alquity Africa Fund for which the actual charges are levied), each class of shares will incur a distinct Flat TER expressed in a percentage of the average net asset value of the relevant class of shares. Such percentage is disclosed for each class of shares in Appendix III.

The Flat TER is used to determine the ongoing charges included in the KIID of the relevant class of shares and will be disclosed in the annual financial statements of the Company.

The flat TER process is not supposed to apply indefinitely. The Board of Directors will review its relevance at least annually, notably in light of the level of assets under management of each sub-fund, and shareholders would be informed in case it appears that the flat TER process is no longer required.

The Flat TER of each class of shares may be amended by the Board of Directors upon notice to the relevant shareholders. In case of increase of the Flat TER, a one-month prior notice will be given to the shareholders, during which they may redeem the shares they hold in the concerned class of shares free of charge, except for the Class B shares for which any outstanding redemption penalty detailed on page 71 will apply.

## **VII. TAX STATUS - APPLICABLE LAW - OFFICIAL LANGUAGE**

### **1. TAX STATUS**

THE DISCUSSION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND, FURTHERMORE, ONLY PERTAINS TO CERTAIN ASPECTS OF INVESTMENTS IN SHARES. EACH PROSPECTIVE SHAREHOLDER SHOULD CONSULT ITS PROFESSIONAL TAX ADVISER WITH RESPECT TO THE TAX ASPECTS OF AN INVESTMENT IN THE COMPANY. TAX CONSEQUENCES MAY VARY DEPENDING UPON THE PARTICULAR STATUS OF A PROSPECTIVE SHAREHOLDER.

The following summary, which should be read as a whole, is given as a general guide to the Luxembourg tax treatment of the Company and of an investment in the Company. This summary does not address all possible tax consequences relating to an investment in the Company or to particular categories of shareholders in the Company (such as shareholders who do not hold their shares beneficially for themselves, save where expressly mentioned below, some of which may be subject to specific tax rules). It does not purport to be a comprehensive description of all of the tax considerations that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. This overview is based on current law and tax authorities' practice, which may change (possibly with retroactive effect). None of the Management Company, the Investment Managers or any of their officers, directors, shareholders, employees, advisers or agents can take any responsibility in this regard. The tax treatment of a particular shareholder of the Company will depend on the individual circumstances of such shareholder and may be subject to change. The residency concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. A reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), an employment fund's contribution (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*) generally. Corporate income tax, municipal business tax as well as the employment fund's contribution invariably apply to most corporate taxpayers who are residents of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the employment fund's

contribution. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well. Shareholders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Prospective shareholders should seek appropriate advice on the tax consequences for them of an investment in the Company, including those prospective shareholders who are, or may be, resident for Luxembourg or local tax purposes outside Luxembourg as they may be subject to local taxes in such jurisdictions.

#### **A. TAXATION OF THE COMPANY**

Under current law and practice, the Company is liable, at the date of this prospectus, to an annual subscription tax of 0.05%, except those sub-funds or share classes, which may benefit from the lower rate of 0.01% as more fully described in articles 174, 175 and 176 of the 2010 Law. No such tax is due on the portion of the assets of the Company invested in other Luxembourg UCITS or UCIs (if any) provided that such assets have already been subject to the subscription tax. This tax is payable quarterly and calculated on the basis of the Company's net assets at the end of the relevant quarter.

A fixed registration duty of €75 is due upon the establishment of the Company and any subsequent amendment to the incorporation deed of the Company.

Income received by the Company may be liable to withholding taxes in the source jurisdiction and is thus collected by the Company after deduction of such tax. This is neither chargeable nor recoverable.

##### Withholding tax

Distributions made by the Company to the shareholders should not be subject to any Luxembourg withholding tax.

##### Luxembourg value added tax

In Luxembourg, the Company is in principle considered as a taxable person for value added tax ("VAT") purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services.

Other services supplied to the Company could potentially trigger VAT and require the VAT registration of the Company in Luxembourg. As a result of such VAT registration, the Company will be in a position to fulfil its duty to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

#### **B. TAXATION OF THE SHAREHOLDERS OF THE COMPANY**

##### *Luxembourg tax residency of the shareholders*

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

##### *Income tax*

The reimbursement of the share capital contributed to the SICAV should not be subject to Luxembourg income tax at the level of the Luxembourg shareholders.

##### Luxembourg resident individuals

A resident individual shareholder, who acts in the course of the management of his / her private wealth, deriving the below types of income from the SICAV, would be taxed as follows:

- Dividends and other payments received from the SICAV are taxed at a progressive income tax rate;
- Capital gains realised upon the sale, exchange, contribution or any other kind of alienation of the shares, are not subject to Luxembourg income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation:
  - ✓ Speculative gains or short-term capital gains are taxed at the progressive income tax rate if the capital gain of the year is at least EUR 500. Capital gains are deemed to be speculative if the

shares are disposed of within six (6) months after their acquisition or if their disposal precedes their acquisition;

- ✓ Long term capital gains on a substantial participation are taxed according to the half-global rate method, i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on the substantial participation. A participation is deemed to be substantial where a resident individual shareholder holds or has held, either alone or together with his spouse or partner and/or minor children, directly or indirectly at any time within the five (5) years preceding the disposal, more than ten per cent (10%) of the share capital of the company whose shares are being disposed of. A shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within the five (5) years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period).

A resident individual shareholder, who acts in the course of the management of his/her professional/business activity, deriving the below types of income from the SICAV, would be taxed as follows:

- Dividends and other payments received from the SICAV are taxed at a progressive income tax rate;
- Capital gains realised on the disposal of the shares are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

#### Luxembourg resident companies

A Luxembourg capital company (société de capitaux) to which the shares are attributable must include any profits derived, including the gain realised on the sale, disposal or redemption of the shares, in its taxable basis for Luxembourg income tax assessment purposes.

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

The following shareholders, being Luxembourg resident companies and benefiting from a special tax regime, are income tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg income tax:

- an undertaking for collective investment subject to Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended;
- a specialised investment fund subject to Luxembourg law of 13 February 2007 on specialised investment funds, as amended;
- a family wealth management company subject to Luxembourg law of 11 May 2007 related to family wealth management companies, as amended;
- professional pension institutions in the form of variable capital companies (*sociétés d'épargne-pension à capital variable - SEPCAVs*) or associations (*associations d'épargne-pension - ASSEPs*) governed by the Luxembourg law of 13 July 2005 on institutions for occupational retirement provision in the form of pension savings companies with variable capital and pension savings associations, as amended; or
- a reserved alternative investment fund which does not invest in risk capital, subject to the law of 23 July 2016 on reserved alternative investment funds.

#### Luxembourg non-resident shareholders

A non-resident shareholder, who has neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the shares are attributable, is generally not liable to any Luxembourg income tax on income received and capital gains realised upon the sale, disposal or redemption of the shares.

The non-resident shareholder will be taxed on the income received from the SICAV in their home jurisdiction according to the rules applying in their specific jurisdictions.

A non-resident shareholder, which is a capital company, who has a permanent establishment or a permanent representative in Luxembourg to which the shares are attributable must include any profits derived, including the gain realised on the sale, disposal or redemption of the shares, in its taxable basis for Luxembourg income tax assessment purposes. The same approach applies to non-resident individual shareholders who have a permanent establishment or a permanent representative in Luxembourg and act in the course of the management of their professional/business activity.

### Net wealth tax

A Luxembourg non-resident shareholder, who/which has neither a permanent establishment nor a permanent representative in Luxembourg to whom/which the shares are attributable, should not be subject to net wealth tax (“NWT”).

A Luxembourg resident shareholder other than (i) an individual taxpayer; (ii) an undertaking for collective investment subject to Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended; (iii) a specialised investment fund subject to Luxembourg law of 13 February 2007 on specialised investment funds, as amended; (iv) a family wealth management company subject to Luxembourg law of 11 May 2007 related to family wealth management companies, as amended (v) a securitisation company subject to Luxembourg law of 22 March 2004 on securitisation, as amended; (vi) a company subject to the Luxembourg law of 15 June 2004 relating to the investment company in risk capital, as amended or; (vii) professional pension institutions in the form of variable capital companies (*sociétés d'épargne-pension à capital variable - SEPCAVs*) or associations (*associations d'épargne-pension - ASSEPs*) governed by the Luxembourg law of 13 July 2005 on institutions for occupational retirement provision in the form of pension savings companies with variable capital and pension savings associations, as amended; or a (viii) reserved alternative investment fund subject to the law of 23 July 2016 on reserved alternative investment funds, would be subject to Luxembourg NWT.

However, further to the Luxembourg law of 18 December 2015 on net wealth tax aspects, as amended, (i) securitisation companies governed by the Luxembourg law of 22 March 2004 on securitisation, as amended; (ii) risk capital companies governed by the Luxembourg law of 15 June 2004 relating to the investment company in risk capital, as amended; (iii) professional pension institutions in the form of variable capital companies (*sociétés d'épargne-pension à capital variable - SEPCAVs*) or associations (*associations d'épargne-pension - ASSEPs*) governed by the Luxembourg law of 13 July 2005 on institutions for occupational retirement provision in the form of pension savings companies with variable capital and pension savings associations, as amended; and (iv) reserved alternative investment funds under the form of corporations which invest in risk capital, subject to the law of 23 July 2016 on reserved alternative investment funds, should fall within the scope of the minimum NWT, which may vary depending on the total amount and type of assets held. Such minimum NWT ranges between EUR 535 and EUR 32,100.

### Other taxes

Under Luxembourg tax law, where a shareholder is a resident of Luxembourg for tax purposes at the time of his/her death, the shares are included in his/her taxable base for inheritance tax purposes. On the contrary, no inheritance tax is levied on the transfer of the shares upon death of a shareholder in cases where the deceased was not a resident of Luxembourg for inheritance purposes.

Gift tax may be due on a gift or donation of the shares, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

### **c. U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT (“FATCA”)**

Capitalised terms used in this section should have the meaning as set forth in the FATCA Law (as defined below), unless provided otherwise herein.

On 28 March 2014, the Grand Duchy of Luxembourg entered into an Intergovernmental Agreement (“IGA”), in accordance with the FATCA Model 1, and a related Memorandum of Understanding with the United States of America.

The basic terms of the Luxembourg law of 24 July 2015 approving the IGA entered into between the U.S. and Luxembourg on 28 March 2014 (the “**FATCA Law**”) should include the Company as a FFI, as such, the Company may require all shareholders to provide, in the context of a due diligence procedure, documentary evidence of their tax residence and all other information deemed necessary to comply with the FATCA Law.

Under the FATCA Law, the Company will be required to obtain information on shareholders and if applicable to, inter alia, disclose the name, address and taxpayer identification number of U.S. Persons that own, directly or indirectly, a share, as well as information on the balance or value of the investment.

Therefore and despite anything else herein contained and as far as permitted by Luxembourg law, the Company shall have the right to:

1. require any shareholder or beneficial owner of shares to promptly furnish such personal data as may be required by the Company in its discretion in order to comply with any law; and
2. divulge any such personal information to any tax or regulatory authority, as may be required by law or such authority.

All prospective shareholders are advised to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Company.

A shareholder that fails to comply with such documentation/information request may be charged with any taxes or sanctions imposed on the Company attributable to such shareholder's non-compliance under the FATCA provisions.

While the Company will seek to satisfy its obligations under FATCA, to avoid the imposition of any FATCA withholding, deductions, financial penalties and other sanctions, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each shareholder and the direct and indirect beneficial owners of shares (if different). There can be no assurance that the Company will be able to satisfy such obligations. If a shareholder, or any related party, causes the Company to suffer a FATCA withholding, financial penalty, or other cost, expense or liability, the Company may take any action available to it to ensure that the FATCA withholding, deductions or financial penalty and other associated costs, expenses and liabilities are economically borne by such shareholder.

An infringement of the obligations derived from FATCA may also generate sanctions at the level of the FFI ranging from EUR 1,500 to 0.5% of the amount which is the object of the reporting obligation. In case of failure to comply with due diligence obligations or failure to put in place mechanisms to ensure the exchange of information, the sanction imposed may amount up to EUR 250,000.

All prospective shareholders should consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Company.

#### **D. COMMON REPORTING STANDARD**

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

On 18 December 2015, the law on the automatic exchange of financial account information in the field of taxation (the "**CRS Law**") adopted the OECD common reporting standard ("**CRS**"), consequently, Financial Institutions are required to undertake on-boarding and due diligence procedures and report to the Luxembourg tax administration certain information about Account Holders who are tax residents in other Participating Jurisdictions. This information will be exchanged by the Luxembourg tax administration with the tax authorities of the country of residence of the reportable Account Holder.

Under the CRS Law, Reporting Financial Institutions (including, amongst others, and under certain conditions, investment funds) such as the Company, are obliged to report information on account balances and financial income defined in a broad way (including, amongst others, distributions made by investment funds), paid or credited to certain persons, which broadly speaking, are tax residents of another EU Member State or of certain third countries that have signed a bilateral convention allowing such exchange.

The automatic exchange of information provisions covered in the CRS Law are based on the OECD CRS, which has been developed by the OECD in the context of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters of 1 June 2011, as amended. More than 120 jurisdictions have signed this OECD Multilateral Convention or announced their intention to sign it. It is expected that additional multilateral and/or bilateral conventions will be concluded between a growing number of jurisdictions in order to impose similar automatic exchange of information obligations in the field of taxation.

Therefore, and despite anything else herein contained and as far as permitted by Luxembourg law, the Company (which should be considered as a Reporting Financial Institution), or any designated party, shall have the right to:

1. require any shareholder or beneficial owner of Interests to promptly furnish such personal data as may be required by the Company in its discretion in order to comply with any law; and
2. divulge any such personal information to any tax or regulatory authority, as may be required by law or such authority.

A shareholder that fails to comply with such documentation requests may be charged with any sanctions imposed on the Company attributable to such shareholder's non-compliance under the CRS Law.

An infringement of the obligations derived from the CRS Law may generate sanctions at the level of the Reporting Financial Institution, ranging from EUR 1,500 to 0.5% of the amount which is the object of the reporting obligation. In case of failure to comply with due diligence obligations or failure to put in place mechanisms to ensure the exchange of information, the sanction imposed may amount up to EUR 250,000.

Prospective shareholders are advised to seek their own professional advice in relation to the OECD CRS.

## **2. APPLICABLE LAW**

Any disputes between shareholders and the Company will be settled in accordance with Luxembourg law.

## **3. OFFICIAL LANGUAGE**

The official language of this Prospectus and of the Articles of Incorporation is English. However, the Board of Directors and the Management Company may, personally and on behalf of the Company, consider that these documents must be translated into the languages of the countries in which the shares are offered and sold. In case of any discrepancies between the English text and any other language into which the Prospectus is translated, the English text will prevail.

# **VIII. FINANCIAL YEAR - MEETINGS - REPORTS - INVESTORS' RIGHTS**

## **1. FINANCIAL YEAR**

The financial year of the Company starts each year on 1<sup>st</sup> July and ends on the last day of June of the following year.

## **2. MEETINGS**

The annual general meeting of shareholders will be held in Luxembourg, at the registered office of the Company or at any other place in the municipality of the registered office of the Company which will be specified in the convening notice to the meeting, on the first Wednesday in the month of October at 11 a.m. If this day is not a bank business day in Luxembourg, the annual general meeting will be held on the next following bank business day in Luxembourg.

Shareholders will meet upon the call of the Board of Directors in accordance with the provisions of Luxembourg law.

## **3. PERIODIC REPORTS**

Annual reports as at the last day of June, certified by the Auditors, and unaudited semi-annual reports as at last day of December are available to shareholders free of charge.

The Company is authorised to publish an abridged version of the financial reports. However, a complete version of the financial reports may be obtained free of charge at the registered office of the Company, or the Management Company, as well as from the establishments designated by the Company. These

reports will contain information concerning each sub-fund as well as the assets of the Company as a whole.

The financial statements of each sub-fund are expressed in its respective reference currency, whereas the consolidated accounts will be expressed in USD.

The annual reports, which are made available within four (4) months after the end of the financial year, as well as the semi-annual reports, which are made public within two (2) months after the end of the half-year, are held at the shareholders' disposal at the registered office of the Company and of the Management Company.

Once issued the annual and semi-annual reports of the Company will be available in softcopy from the Company's website [www.alquity.com](http://www.alquity.com) (this website does not form part of this Prospectus and this website has not been reviewed by any regulator).

#### **4. INVESTORS' RIGHTS**

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

### **IX. LIQUIDATION OF THE COMPANY - MERGER OF SUB-FUNDS OR CLASSES**

#### **1. LIQUIDATION OF THE COMPANY**

The Company will be liquidated in accordance with the provisions of the 2010 Law.

##### **A. MINIMUM ASSETS**

If the capital of the Company falls below two thirds of the required minimum, the Board of Directors must submit the question of the Company's dissolution to a general meeting of shareholders for which no quorum will be prescribed and which will decide by a simple majority of the shares represented at the meeting.

If the capital of the Company falls below one quarter of the required minimum, the Board of Directors must submit the question of the Company's dissolution to the general meeting of shareholders for which no quorum will be prescribed; dissolution may be decided by the shareholders holding one quarter of the shares represented at the meeting.

The meeting will be convened so as to be held within forty (40) days from the date on which the net assets are recorded as having fallen below either two thirds or one quarter of the legal minimum.

Moreover, the Company may be dissolved by a decision of a general meeting of shareholders ruling in accordance with the relevant statutory provisions.

##### **B. VOLUNTARY LIQUIDATION**

In case the Company is dissolved, its liquidation will be carried out by one or more liquidators appointed in accordance with the Articles of Incorporation and with the 2010 Law, which specifies the manner in which the net proceeds of liquidation, after deduction of expenses, is to be distributed amongst the shareholders.

Amounts that have not been distributed by the close of the liquidation procedure will be consigned to the “*Caisse de Consignation*” in Luxembourg for the duration of the limitation period in favour of the shareholders entitled thereto.

Shares will cease to be issued, redeemed and converted as soon as the decision to dissolve the Company is taken.

## **2. CLOSURE AND MERGER OF SUB-FUNDS OR CLASSES**

### **A. CLOSURE OF SUB-FUNDS OR CLASSES**

If the assets of any one sub-fund or class fall below USD 10,000,000.- or any other level at which the Board of Directors considers that its management may not be easily ensured (in which case the prospectus of the Company will be updated to disclose such amount) or in the event of changes taking place in the economic and/or political environment, the Board of Directors may decide to close this sub-fund or class. The Board of Directors may also decide to close sub-funds or classes within the framework of down-sizing the range of products offered to clients.

A notice relating to the closure of the sub-fund or class will be sent to the shareholders of the sub-fund or class concerned. The shareholders will have the possibility to redeem their shares free of charge.

Barring contrary decision on the part of the Board of Directors, the Company may, prior to the implementation of the liquidation, pursue its redemption of the shares of the relevant sub-fund or class to be liquidated. The Company shall, with regard to such redemption, carry out computation on the basis of the Net Asset Value to be determined so as to take into account of the costs of liquidation, but without any deduction of a redemption commission or any other deduction. Establishment expenses shall be wholly written off as of the decision to liquidate is reached.

The net assets of the sub-fund or class concerned will be divided amongst the remaining shareholders of the sub-fund or class. Amounts which have not been distributed by the closure of the liquidation procedure of the sub-fund will be deposited in escrow at the “*Caisse de Consignation*” in Luxembourg for the limitation period in favour of the shareholders entitled thereto.

The annual report relating to the financial year along which the decision to liquidate has been taken shall expressly state such decision and supply details regarding the implementation of liquidation operations.

### **B. MERGER OF SUB-FUNDS OR CLASSES**

If the assets of any one sub-fund or class fall below a level at which the Board of Directors considers that its management may not be easily ensured or in the event of changes taking place in the economic and/or political environment, the Board of Directors may decide to contribute that sub-fund or class to one or several other sub-fund(s) or class(es) of the Company.

In any circumstances whatsoever, the Board of Directors may decide to contribute one sub-fund or class or to transfer the assets and liabilities of a sub-fund or class to another UCI that was created according to Part I of the 2010 Law. Such a merger will be proposed and decided in accordance with the Articles of Incorporation.

A notice relating to the merger of the sub-fund or class will be sent to the shareholders of the sub-fund or class concerned.

In the case of a merger with another UCI of the contractual type (FCP), the merger will only bind the shareholders of the sub-fund or class concerned, who have expressly approved the merger.

In the event that the Board of Directors believe it is required for the interests of the shareholders of the relevant sub-fund or that a change in the economic or political situation relating to the sub-fund concerned has occurred which would justify it, the reorganisation of one sub-fund or class, by means of a division into two or more sub-funds or classes, may be decided by the Board of Directors.

A notice relating to the merger or division of the sub-fund or class will be sent to the shareholders of the sub-fund or class concerned. The shareholders will have the possibility to redeem their shares free of

charge. Any applicable contingent deferred sales charges are not to be considered as redemption charges and shall therefore be due.

The Company's auditors will produce a report on the merger.

These mergers may be justified by various economic circumstances.

Any amounts remaining as a result of mergers of sub-funds or classes will be treated in the same manner as for subscriptions or conversions.

## **X. CONFLICTS OF INTEREST**

The Directors, the Management Company, the Investment Manager, the Depositary and Paying Agent, the Central Administration Agent, Registrar and Transfer Agent, and the distributors may from time to time act as directors, management company, investment manager, depositary, paying agent, sub-administrative agent, sub-registrar agent and distributor in relation to, or be otherwise involved in, other funds established by parties other than the Company which have similar investment objectives to those of the Company. Subject to applicable law under the terms of this Prospectus any service provider may acquire, hold, dispose or otherwise deal in shares. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interests with the Company. Each service provider will, at all times, have regard in such event to its obligations to the Company and will ensure that such conflicts are resolved fairly. In addition, any of the foregoing may deal, as principal or agent, with the Company in respect of the assets of the Company provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis. Transactions must be consistent with the best interests of shareholders.

### **1. Commissions**

In connection with the management of the Company, the Investment Manager may provide a fee, commission or non-monetary benefit to a third party where: (1) the fee, commission or non-monetary benefit is provided by the Company or a person on behalf of the Company; (2) the fee, commission or non-monetary benefit is designed to enhance the quality of the service provided to the Company, does not impair compliance with the Investment Manager's duty to act in the best interests of the Company; and the existence, nature and amount of the fee, commission or benefit (or where the amount cannot be ascertained the method of calculating that amount) is disclosed to the Company prior to the provision of the related service; or (3) the fee, commission or non-monetary benefit enables or is necessary for the provision of investment services, and by its nature cannot give rise to conflicts with the Investment Manager's duties to act honestly, fairly and professionally in accordance with the best interests of the Company.

### **2. Use of Third Party Research**

The Investment Manager may use full service execution brokers when implementing its investment decisions on behalf of the Company. Such brokers may, in addition to routine order execution, facilitate the provision of research to the Investment Manager either from the broker itself or a third party research provider ("third party research").

The costs of third party research may be allocated by the Investment Manager on an equitable basis among its clients (or groups of its clients) including the Company (each such allocation a "research charge").

Any such cost allocations will be based on a written policy and annual research budget set by the Investment Manager and agreed by the Board of Directors and an assessment of the potential value of third party research to the Investment Manager and such clients.

Research charges may be paid into a separate research payment account controlled by the Investment Manager. The Investment Manager may delegate the administration of such account to a third party and arrange for payments to be credited to it in such manner as the Investment Manager considers appropriate. This may include deducting the research charge directly from the Company's assets, or

collecting it alongside transaction commission payments to execution brokers and then transferring it into the research payment account at monthly or other periodic intervals.

The purchase of third party research will be subject to appropriate controls and oversight by the Investment Manager designed to ensure that the research budget is managed and used in the interests of its clients and will include regularly assessing the quality of the research purchased.

Where the Investment Manager operates such an arrangement it will provide the Company and the Management Company with information on the amount budgeted for initial research, the estimated research charge to be allocated to the Company, the frequency with which it will be deducted and any subsequent increases in the budget. On an annual basis it will also provide information on the actual costs incurred for such third party research. The Investment Manager will also provide the Company and the Management Company with disclosure in relation to such arrangements upon request in accordance with applicable rules.

## XI. DATA PROTECTION

The personal data or information given in the application form or otherwise collected, provided to or obtained by the Company, acting as data controller (the “**Data Controller**”), in connection with an application to subscribe for, or for the holding of, one or more shares, or at any other time, as well as the name, address, and the possible invested amount of the investors and prospective investors, the name and address of its individual representative(s) as well as the name and address of its ultimate beneficial owner (“**Personal Data**”) contained in the subscription form and any further personal data collected in the course of the business relationship with the Company, may be stored in digital form or otherwise and collected, used, stored, retained, transferred and/or otherwise processed for the purposes described below (the “**Processing**”), in compliance with the Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the “**General Data Protection Regulation**”) and the data protection laws applicable to the Grand Duchy of Luxembourg, in particular the law of 1 August 2018 on the organization of the National Commission of the Protection of Personal Data (*Commission Nationale pour la Protection des Données* – CNPD) (the “**Data Protection Law**”). The Data Controller will collect, use, store, retain, transfer and/or otherwise process the Personal Data: (i) on the basis of the investor’s consent; (ii) where necessary to perform any services resulting from the application form, including the holding of one or more shares in general; (iii) where necessary to comply with a legal or regulatory obligation of the Data Controller; (iv) where necessary for the purposes of the legitimate interests pursued by the Data Controller, the Management Company, the Depositary, the Central Administration Agent, Registrar and Transfer Agent, the distributors, the Investment Manager(s), other service providers to the Company (including without limitation its auditors and information technology providers), and any of the foregoing respective agents, delegates, affiliates, subcontractors and/or their successors and assigns generally (together the “**Data Processors**” and each a “**Data Processor**”), which mainly consist in the provision of the services in connection with the application form to the investor or compliance with foreign laws and regulations and/or any order of a foreign court, government, regulatory or tax authority, including when providing such services in connection with the application form to the investor, and to any beneficial owner(s) and any person holding a direct or indirect interest in the investor and/or any beneficial owner who has not directly entered into the application form (“**Relevant Persons**”), except where such legitimate interests are overridden by the interest or fundamental rights and freedoms of the investor or any Relevant Person(s). Should the investor refuse to communicate its Personal Data or the collection, use, storage, retention, transfer and/or any other processing of its Personal Data as described in this Section, the Company and/or the administrator may refuse the subscription of share(s).

The Processing includes, without limitation, the collection, use, storage, retention, transfer and/or any other processing of Personal Data for any of the following purposes:

- (i) to process, manage and administer the investor’s share(s) and any related accounts on an on-going basis;
- (ii) for any specific purpose(s) to which the investor has consented in addition to its consent in the application form in compliance with the Data Protection Law;

- (iii) to comply with legal or regulatory requirements applicable to the Data Controller, a Data Processor and/or the investor;
- (iv) where necessary for the purposes of tax reporting to one or more relevant authorities; and
- (v) to fulfill the terms and conditions of, and any services required by, the investor in relation to the application form and the holding of the share(s) and to execute all tasks that are carried out under the application form and in relation to the investor's share(s).

The Personal Data that will be collected, used, retained, stored, transferred and/or otherwise processed includes without limitation: (i) the name, address, email address, telephone numbers, business contact information, current employment, career history, current investments, historic investments, investment preferences, and credit history of the investor and of related individuals of the investor (including without limitation the investor's directors, officers, individual representatives, legal representatives, trustees, settlors, signatories, shareholders, unitholders, investors, nominees, employees and/or any Relevant Person(s)); (ii) any other data required by the Data Controller to perform services in connection with or resulting from the application form, the investor's share(s), and/or any contract with any Data Processor; and (iii) any data required by the Data Controller to comply with any legal and/or regulatory obligations. The Personal Data will be directly collected from the investor or, as the case may be, through public sources, social media, subscription services, other third party data sources or, through the investor's authorized intermediaries, directors, officers, individual representatives (including, without limitation, legal representatives), trustees, settlors, signatories, shareholders, unitholders, investors, nominees or employees.

Each investor is required to:

- (i) have duly and completely informed all natural persons (including, without limitation, the Subscriber's directors, officers, individual representatives, legal representatives, trustees, settlors, signatories, shareholders, unitholders, investors, nominees, employees, any Relevant Person(s) and representatives of legal persons) and other data subjects whose Personal Data will be processed in the context of the investor holding of share(s) about the collection, use, storage and/or transfer and/or any other processing of their Personal Data and their rights as described in this section in accordance with the information requirements under the Data Protection Law; and
- (ii) where necessary and appropriate, have obtained any consent that may be required for the Processing of said Personal Data in accordance with the requirements of the Data Protection Law.

The Data Controller shall be entitled to assume that those persons have, where necessary, given any such consent and have been informed of all information relating to the collection, use, storage and/or transfer and/or processing of their Personal Data and of their rights as described in this section.

Each investor acknowledges, understands and, to the extent necessary, consents that for purposes of and in connection with the Processing:

- (i) the Data Processors may collect, use, retain, store transfer and/or otherwise process Personal Data on behalf of the Data Controller in accordance with Data Protection Law; and
- (ii) Personal Data may also be shared, transferred and disclosed, out of the context of any delegation, to any Data Processors and to third parties, acting as data controllers, including the investor's professional and financial advisers, any Data Processor's auditors, technology providers, board of managers or directors, delegates, duly appointed agents and related, associated or affiliated companies, in each case which may be located in a jurisdiction that does not have equivalent data protection laws to those of the European Economic Area (the "EEA"), including the Data Protection Law and the Luxembourg law of 5 April 1993 on the financial sector which provides for a professional secrecy obligation, or that are not subject to an adequacy decision of the European Commission, for their own purposes, including, without limitation, developing and processing the business relationship with any investor(s) and/or any Relevant Person(s).

Each investor acknowledges, understands and, to the extent necessary, consents to the collection, use, processing, storage and retention of Personal Data by the Administrator, acting as a data processor, for

the provision of the services to be provided under the administration services agreement relating to the Company and for other related purposes for which it acts as a data controller and also acknowledges and consents (1) to the transfer of such Personal Data to other companies or entities within the Administrator's group, including its offices outside Luxembourg and the EEA; and (2) to the transfer of such Personal Data to third party companies or entities including their offices outside the EEA where the transfer is necessary for the maintenance of records, administrations or provision of services under the administration services agreement in relation to any investment product or services of any group of companies. The maintenance of records, administrations and provision of the services contemplated under the administration services agreement will leverage operational and technological capabilities located outside Luxembourg and the EEA. Personal Data including the identity of the investor and the value of its shareholding in the Company will therefore be accessible to other companies or entities within the Administrator's and promoter's group. Personal Data may be transferred by the Administrator to a country which does not maintain a legal and regulatory framework to protect confidentiality of personal data (including, without limitation, Personal Data) equivalent to that of Luxembourg and the EEA.

Each investor acknowledges and, to the extent necessary, consents to the fact that the Depositary may collect, use, store and retain and/or otherwise process the Personal Data, acting as a data processor, for the purpose of carrying out its obligations under the Depositary and Principal Paying Agent Agreement and for other related purposes, for which it acts as a data controller, including auditing, monitoring and analysis of its business, fraud and crime prevention, fighting against money laundering and terrorism financing, legal and regulatory compliance, and the marketing by the Depositary of other services. The Depositary may disclose Personal Data to a sub-custodian or other custodial delegate, a securities depository, a securities exchange or other market, an issuer, a broker, third party agent or subcontractor, a professional advisor or public accountant, a revenue authority or any governmental entity in relation to and as required for the purpose of processing of any tax relief claim (the "**Authorized Recipients**") for the purpose of enabling the Depositary to perform its duties under the Depositary and Principal Paying Agent Agreement (the "**Permitted Purpose**") with the full support of the relevant Authorized Recipients who need to obtain such Personal Data to provide relevant support, and to use communications and computing systems operated by the Authorized Recipients, for the Permitted Purpose, including where such Authorized Recipients are present in a jurisdiction outside Luxembourg or in a jurisdiction outside the EEA, which does not maintain a legal and regulatory framework to protect confidentiality of personal data (including, without limitation, Personal Data) equivalent to that of Luxembourg.

Each investor acknowledges and, to the extent necessary, consents to the collection, use, storage, retention and/or other processing of Personal Data by the concerned Data Processors, for the provision of services under the relevant distribution or sub-distribution agreements including the promotion and marketing of shares, the transfer of information requested by any Data Processors to comply with any law, regulation or recommendation from supervisory or tax authorities applicable to it or them (including without limitation anti-money laundering rules and regulations), process complaints and assist in relation to facilitating the subscription process and preparation and contents of the investor's due diligence questionnaires. In particular, each investor (i) consents to the transfer of such Personal Data to any Data Processor, which may be established in a jurisdiction which does not ensure an adequate protection of personal data, and/or in other countries which may or not maintain a legal and regulatory framework to protect confidentiality of Personal Data equivalent to that of Luxembourg and the EEA and (ii) acknowledges and consents to the fact that the transfer of such Personal Data is necessary for the purposes described hereinabove and more generally, the admittance of the investor as a shareholder of the Company.

Each investor acknowledges and, to the extent necessary, consents to the fact that Personal Data the investor is supplying or that is collected will enable the Company as well as, where relevant, any of the Data Processors, to process, manage and administer the investor's share(s) on an on-going basis, and to provide appropriate services to the investor as a shareholder of the Company. Any of the Data Processors may collect, use, store, retain or otherwise process the Personal Data for the purposes described in the application form, this Prospectus, the administration services agreement(s), the Depositary and Principal Paying Agent Agreement, the investment management agreement(s), as well as for the purposes of the investor's (and any Relevant Person's) anti-money laundering identification and tax identification in this context, and in order to comply with their applicable legal obligations including without limitation prevention of terrorism financing, prevention and detection of crime, tax

reporting obligations, FATCA agreement and CRS (the common reporting system pursuant to the Organization for Economic Co-operation and Development Standard for the Automatic Exchange of Financial Account Information in Tax Matters) (if any).

Without prejudice to the paragraph below, and notwithstanding the investor's consent to the processing of its Personal Data in the manner set forth in the application form, the investor has the right to object at any time to processing of its Personal Data (including, without limitation, for direct marketing purposes, which includes profiling to the extent that it is relating to such marketing).

Each investor acknowledges, understands, and to the extent necessary, consents, that the Data Controller as well as, where relevant, the Data Processors, may be required by applicable laws and regulations to transfer, disclose and/or provide Personal Data, in full compliance with applicable laws and regulations, and in particular Article 48 of the General Data Protection Regulation (when applicable), to supervisory, tax, or other authorities in various jurisdictions, in particular those jurisdictions where (i) the Company is or is seeking to be registered for public or limited offering of the investor's shares, (ii) investors are resident, domiciled or citizens or (iii) the Company is, or is seeking to, be registered, licensed or otherwise authorized to invest.

By investing, each investor acknowledges, understands, and to the extent necessary, consents, that the transfer of the investor's data, including Personal Data, may be transferred to a country that does not have equivalent data protection laws to those of the EEA, as described above, or that are not subject to an adequacy decision of the European Commission, including the Data Protection Law and the Luxembourg law of 5 April 1993 on the financial sector which provides for a professional secrecy obligation. The Data Controller will transfer the Personal Data (i) on the basis of any adequacy decision of the European Commission with respect to the protection of personal data and/or the EU-U.S. Privacy Shield framework; (ii) on the basis of appropriate safeguards listed by and subject to the provisions of Article 46 of the General Data Protection Regulation, such as standard contractual clauses, binding corporate rules, an approved code of conduct, or an approved certification mechanism; (iii) on the basis of the consent; (iv) where necessary for the performance of the services resulting from the application form; (v) where necessary for the performance of services by the Data Processors provided in connection with the application form; (vi) where necessary for important reasons of public interest; (vii) where necessary for the establishment, exercise or defense of legal claims; (viii) where the transfer is made from a register which is legally intended to provide information to the public and which is open to consultation, in accordance with applicable laws and regulations, provided that the transfer does not involve the entirety of the personal data or entire categories of the personal data contained in the Register; or (ix) subject to the provisions of Article 49.1 of the General Data Protection Regulation, where the transfer is necessary for the purposes of compelling legitimate interests pursued by the Data Controller which are not overridden by the interests or rights and freedoms of the relevant data subjects.

Each investor has the right to request a copy of Personal Data held in relation to it, and to request that they be amended, updated, completed or deleted as appropriate, if incorrect, and to request a limitation to a processing of its Personal Data and the portability of any Personal Data processed by the Data Controller in the manner and subject to the limitations prescribed in the Data Protection Law and by writing to the data protection officer of the Company (the "**Data Protection Officer**")

Pursuant to articles 15 – 22 GDPR, investors that wish to receive information concerning the personal data are invited to contact the Data Protection Officer. Such requests may be submitted by e-mail, fax or registered letter indicating in the subject line "request from the data subject" and specifying the right that the data subject wishes to exercise (erasure, rectification, portability, to be forgotten), along with a valid standard or certified e-mail address to which to send the reply.

If by email:

ALQUITY SICAV

Att. Data Protection Officer

Email: [francisco.almada@alquity.com](mailto:francisco.almada@alquity.com)

If by fax:

ALQUITY SICAV

Att. Data Protection Officer

If by regular mail:

ALQUITY SICAV

11, rue Sainte-Zithe,

L-2763 Luxembourg,

Grand Duchy of Luxembourg

The data controller, shall fulfil the request within thirty (30) days of when it is received. If the response is complex, the time required could be extended by an additional thirty (30) days, subject to timely notification of the data subject.

Furthermore each investor is entitled to address any claim relating to the processing of its Personal Data to a data protection supervisory authority; in Luxembourg, the *Commission Nationale pour la Protection des Données*.

The Personal Data will be held until the investor ceases to be a shareholder of the Company and a period of ten (10) years thereafter where necessary to comply with applicable laws and regulation or to establish, exercise or defend actual or potential legal claims, subject to the applicable statutes of limitation, unless a longer period is required by applicable laws and regulations.

The Data Controller and the Data Processors processing the Personal Data on its behalf will accept no liability with respect to an unauthorized third party receiving knowledge of, or having access to, its Personal Data, except in the case of proven negligence or serious misconduct by the Data Controller and/or any Data Processor that processes the Personal Data on its behalf or by any of their respective employees, officers, affiliates, agents and sub-contractors. In any event, the liability of the Data Controller with respect to the processing of Personal Data remains strictly limited to what is imposed by the Data Protection Law.

In order to comply with the obligations and responsibilities under the GDPR, the Company is required by law to make available to the investors a privacy policy (the “**Data Protection Policy**”). The Data Protection Policy provides, among other, further information on the Company’s use of Personal Data, the types of Personal Data processed as well as the rights of the data subjects. The Data Protection Policy is available free of charge upon request of the shareholders at the registered office of the Company.

Investors’ attention is drawn to the fact that the Data Protection Policy is subject to change at the sole discretion of the Company.

## **XII. INFORMATION - DOCUMENTS AVAILABLE TO THE PUBLIC**

### **1. INFORMATION FOR SHAREHOLDERS**

#### **a) Net Asset Value**

The Net Asset Values of the shares of each sub-fund will be available on each Bank Business Day at the registered office of the Company, and of the Central Administration Agent, Registrar and Transfer Agent. The Board of Directors may subsequently decide to publish these net values in newspapers of the countries in which the shares of the Company are offered or sold.

b) Issue and redemption prices

The issue and redemption prices of the shares of each sub-fund of the Company are made public on each Valuation Day at the offices of the Central Administration Agent, Registrar and Transfer Agent / Paying Agent.

c) Notices to shareholders

Notices to shareholders shall be made available at the registered office of the Company, free of charge. Furthermore, they may be published in Luxembourg and in the countries where the Company is marketed as well as in the RESA if such publications are required by the applicable law or by the Articles of Incorporation.

d) Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered or will be entered into and are or may be material:

- the Depositary Agreement for UCITS dated 1 July 2021 between the Company, the Depositary and the Management Company;
- the Administrative, Registrar and Transfer Agent Agreement dated 6 December 2021 between the Management Company and the Central Administration Agent, Registrar and Transfer Agent;
- the Management Company Agreement dated 1 July 2021 between the Management Company and the Company;
- the Investment Management Agreement dated 1 July 2021 between the Management Company, Alquity Investment Management Limited and the Company.

e) Policies

- the remuneration policy of the Management Company;
- the conflicts of interest policy; and
- the Data Protection Policy.

## **2. DOCUMENTS AVAILABLE TO THE PUBLIC**

Copies of the Articles of Incorporation, of the latest annual and semi-annual reports of the Company and of the material contracts referred to above are available for inspection at the registered office of the Company and of the Management Company where a copy may be obtained free of charge.

Subscription forms may be obtained upon request at the registered office of the Central Administration Agent, Registrar and Transfer Agent.

## **XIII. SPECIAL CONSIDERATION ON RISKS**

### **1. Risk Management**

The Company employs a risk-management process which enables it, together with the Management Company, to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the sub-funds and it employs a process allowing for accurate and independent assessment of the value of OTC derivative instruments. The risk monitoring process is performed by the Management Company with a frequency and methodology appropriate to the risk profile of each sub-fund.

Upon request by any shareholder, information relating to the risk management methods employed for any sub-fund, including the quantitative limits that are applied and any recent developments in risk and yield characteristics of the main categories of investments, may be provided to such shareholder by the Company or the Management Company.

In accordance with ESMA Guidelines 10-788 and CSSF Circular 11/512, as amended by CSSF Circular 18/698, the Board of Directors will determine for each sub-fund, as described in the sub-fund's relevant data sheet under Appendix III, the global exposure determination methodology, the expected level of leverage (in case the VaR approach is applied) and/or the reference portfolio (in case the relative VaR is applied).

## 2. Risk Factors

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

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

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

In addition, future investors should give careful consideration to the following risks linked to an investment in certain sub-funds and to the specific risks for each sub-fund in accordance with the respective provisions described in the sub-fund's relevant data sheet under Appendix III:

### **Emerging Markets Risk**

Emerging markets are markets associated with a country that is considered by international financial organizations, such as the International Finance Corporation and the International Bank for Reconstruction and Development, and the international financial community to have an "emerging" stock market. Such markets may be under-capitalized, have less-developed legal and financial systems or may have less stable currencies than markets in the developed world. Emerging market securities are securities: (1) issued by companies with their principal place of business or principal office in an emerging market country; (2) issued by companies for which the principal securities trading market is an emerging market country; or (3) issued by companies, regardless of where their securities are traded, that derive at least 50% of their revenue or profits from goods produced or sold, investments made, or services performed in emerging market countries or that have at least 50% of their assets in emerging market countries. Emerging markets countries are more often dependent on international trade and are therefore often vulnerable to recessions in other countries. Emerging markets may have obsolete financial systems and volatile currencies, and may be more sensitive than more mature markets to a variety of economic factors. Emerging market securities also may be less liquid than securities of more developed countries and could be difficult to sell, particularly during a market downturn.

Although a truly diversified global portfolio should include a certain level of exposure to the emerging markets, an investment in any one emerging market sub-fund should not constitute a substantial portion of any investor's portfolio and may not be appropriate for all investors.

Many emerging market countries may be subject to a greater degree of economic, political and social instability than is the case in developed market countries. Such instability may result from, among other things: (i) authoritarian governments or military involvement in political and economic decision-making, including changes in government through extra-constitutional means; (ii) popular unrest associated with demands for improved political, economic and social conditions; (iii) internal insurgencies; (iv) hostile relations with neighbouring countries; and (v) ethnic, religious and racial disaffection. In addition, governments in many emerging market countries participate to a significant degree in their economies and securities markets, which may impair investment and economic growth. As a result, their governments are more likely to take actions that are hostile or detrimental to private enterprise or foreign investment than those of more developed countries.

Markets in emerging market countries may have different clearance and settlement procedures than those in developed markets, and in certain financial markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when a portion of the assets of a sub-fund is uninvested and no return is earned thereon. The inability of a sub-fund to make intended securities purchases due to settlement problems could cause it to miss potential investment opportunities. Inability to dispose of securities due to settlement problems either could result in losses to a sub-fund due to subsequent declines in the value of the securities or, if a sub-fund has entered into a contract to sell the securities, could result in possible liability to the purchaser.

Governments of many emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies, including the largest in the country. Accordingly, government actions in the future could have a significant effect on economic conditions in these markets, which could affect a sub-fund itself as well as the value of securities in its portfolio.

Foreign investment in certain instruments is restricted or controlled to varying degrees in certain emerging markets. These restrictions or controls may at times limit or preclude foreign investment in their capital markets, particularly the equity markets, and may increase the costs and expenses of a sub-fund. Certain emerging markets require prior governmental approval of investment by foreign persons, registration of investors, disclosure of ownership or holdings of investors, limit the amount of investment by foreign persons in a particular company or limit the investment by foreign persons to only a specific class of securities of a company which may have less advantageous terms (including price) than securities of the company available for purchase by nationals, or impose additional taxes or regulatory, registration or other requirements on investors. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. There can be no assurance that the sub-funds will be able to obtain required governmental or regulatory approvals in a timely manner. In addition, changes to restrictions on foreign ownership of securities subsequent to the purchase of securities by a sub-fund may have an adverse effect on the value of such securities.

#### **Frontier market risk**

Frontier markets may experience greater political and economic instability and may have less transparency, less ethical practices, and weaker corporate governance compared to other emerging markets. Such markets are also more likely to have investment and repatriation restrictions, exchange controls and less developed custodial and settlement systems than other emerging markets.

Issues can include less stability, lack of transparency and interference in political and bureaucratic processes and high levels of state intervention in society and the economy. A sub-fund could be adversely affected by delays in, or refusal to grant, any such approval for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Stock exchanges and other such clearing infrastructure may lack liquidity and robust procedures and may be susceptible to interference. The sub-fund and its investors may be adversely impacted in this way.

#### **Absence of Regulation - Counterparty Default**

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

#### **Counter-Party Risk**

When a sub-fund enters into a repurchase agreement (an agreement where it buys a security in which the seller agrees to repurchase the security at an agreed upon price and time), the Company is exposed to the risk that the other party will not fulfil its contract obligation. Similarly, the Company is exposed to the same risk if it engages in a reverse repurchase agreement where a broker-dealer agrees to buy securities and the Company agrees to repurchase them at a later date. The Company is also exposed to such a risk when it enters into OTC derivative transactions.

#### **Issuer Risk**

The value of a security may decline for a number of reasons, which directly relate to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods and services.

### **Risks of Custodian Firms**

A sub-fund will be subject to the risk that a financial institution that holds its assets may not segregate or identify those assets so as to protect them from claims of the financial institution's creditors if the financial institution becomes bankrupt or insolvent. There may also be risks of uncertainty in the law governing which assets held by a financial institution are available generally to satisfy claims of its creditors in the event of its bankruptcy or insolvency.

### **Sub-custodians**

Due to the volatile nature of certain market especially in relation to prevailing political and security environment added by high dependence on oil revenues and securities market in particular, investments in such markets bear certain number of risks including but not limited to political, economical or social risks as well as:

- Risk with OTC fixed income trade where cash settlement is via RTGS (Real Time Gross Settlement)
- Corporate actions risk: delay in payment
- No True DVP (security delivered before cash)
- Political Stability
- Exchange rates
- Exchange control liberalization.

In addition, the Company may be required to place assets outside of the Custodian's and the sub-custodian's safekeeping network in order for the Company to trade in certain markets. In such circumstances the Custodian remains in charge of monitoring where and how such assets are held. However in the event of a loss further to investments in such a market neither the Custodian, having fulfilled its legal functions and duties, and/or the sub-custodian shall be liable and the Company's ability to receive back its cash and securities may be restricted and the Company may suffer a loss as a result. In such markets, shareholders should note that there may be delays in settlement and/or uncertainty in relation to the ownership of a sub-fund's investments which could affect the sub-fund's liquidity and which could lead to investment losses.

### **Acceptable markets**

Some markets, on which securities are listed, may not qualify as acceptable markets under Article 41(1) of the 2010 Law. Investments in securities on these markets will be considered as investments in unlisted securities.

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

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

### **Accounting and statutory standards**

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

### **Currency risks**

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

### **Investing in Equity Securities**

Investing in equity securities may offer a higher rate of return than those in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the

value of the investments it holds might decrease in value. Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. Historically, equity securities have provided greater long-term returns and have entailed greater short-term risks than other investment choices. The value of, and income derived from, equity securities held may fluctuate and the sub-funds may not recoup the original amount invested in such securities. The prices of and the income generated by equity securities may decline in response to certain events, including the activities and results of the issuer, general economic and market conditions, regional or global economic instability and currency and interest rate fluctuations, this may have an adverse impact on the Net Asset Value of the sub-funds.

### **Investments in Debt Securities**

Debt securities, such as notes and bonds, are subject to credit risk, interest rate risk and fixed income securities risk.

Fixed income securities risk refers to the risk of an issuer's ability to meet principal and interest payments on the obligation, and may also be subject to price volatility due to such factors as interest rate sensitivity, changes in the financial strength of an issuer, market perception of the creditworthiness of the issuer and general market liquidity (liquidity risk). An investment in fixed-income securities may be interest rate sensitive and those with longer maturities are generally more sensitive to interest rate changes than those with shorter maturities. An increase in interest rates will generally reduce the value of fixed-income securities, whilst a decline in interest rate will generally increase the value of fixed-income securities. Changes in market interest rates do not affect the rate payable on existing fixed income securities, unless the instrument has adjustable or variable rate features, which can reduce its exposure to interest rate risk. Changes in market interest rates may also extend or shorten the duration of certain types of instruments, thereby affecting their value and the return on an investment in a sub-fund. The performance of a sub-fund will therefore partly depend on the ability to anticipate and respond to market interest rate fluctuations, and to utilise appropriate strategies to maximise returns, whilst attempting to minimise liquidity and credit risks to investment capital.

An issuer of an instrument may be unable to make interest payments or repay principal when due. Decrease in the financial strength of an issuer or decrease in the credit rating of a security may adversely affect its value. Fixed income securities are also exposed to the risk that their, or their issuers', credit ratings may be downgraded, which can cause a significant drop in the value of such securities. The above features may adversely impact a sub-fund.

### **Foreign Investment Risks**

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

### **China Risk**

Investing in securities of Chinese companies involves special risks, such as: greater government control over the economy, political and legal uncertainty, currency fluctuations or exchange limitations, the risk that China's government may decide not to continue to support economic reform programs and the risk of nationalization or expropriation of assets. As a developing market, China demonstrates significantly higher volatility from time to time in comparison to developed markets, including significant price swings that may disrupt the investment strategy of a sub-fund. In addition, information about issuers in China may not be as complete, accurate or timely as information about listed companies in other more developed economies or markets. Chinese markets generally continue to experience inefficiency, volatility and pricing anomalies resulting from governmental influence, a lack of publicly available information, a higher level of control over foreign exchange, a less efficient allocation of resources and/or political and social instability. Internal social unrest or confrontations with neighboring countries,

including military conflicts in response to such events, may also disrupt economic development in China and result in a greater risk of currency fluctuations, currency convertibility, interest rate fluctuations and higher rates of inflation.

Subject to the provisions of the sub-fund's relevant data sheet under Appendix III, a sub-fund may invest in securities commonly referred to as "China H Shares", meaning securities issued by entities from mainland China which are listed on the Hong Kong Stock Exchange.

If mentioned in the sub-funds' data sheets under Appendix III, a sub-fund may further invest in securities commonly referred to as "China A Shares" via the Stock Connect.

#### *Stock Connect*

The "Stock Connect" is a program which aims to achieve mutual stock market access between Mainland China and Hong Kong. Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("**HKEx**"), Shanghai Stock Exchange ("**SSE**"), Shenzhen Stock Exchange ("**SZSE**") and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"). Hong Kong and overseas investors, through their Hong Kong brokers and subsidiaries established by The Stock Exchange of Hong Kong Limited ("**SEHK**"), may be able to trade certain predefined eligible shares listed on SSE/SZSE by routing orders to SSE/SZSE. It is expected that the list of eligible shares and stock exchanges in Mainland China in respect of Stock Connect will be subject to review from time to time. Trading under the Stock Connect will be subject to a daily quota ("**Daily Quota**"). The trading quota rules may be subject to review.

#### Specific risks related to investments via Stock Connect

Eligible securities:

Stock Connect comprises a Northbound trading link and a Southbound trading link. Under the Northbound trading link, Hong Kong and overseas investors will be able to trade certain stocks listed on the SSE and the SZSE markets.

These include:

1. All the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index;
2. All the constituent stocks from time to time of the SZSE Component Index and SZSE Small / Mid Cap Innovation Index with market capitalization at least RMB 6 billion;
3. All the SZSE-listed China A Shares and all the SSE-listed China A Shares that are not included as constituent stocks of the relevant indices, which have corresponding H-Shares listed on SEHK, except the following:
  - (a) SSE/SZSE-listed shares which are not traded in RMB;
  - (b) SSE/SZSE-listed shares which are risk alert shares; and
  - (c) SZSE-listed shares which are under delisting arrangement.

It is expected that the list of eligible securities will be subject to review. If a stock is recalled from the scope of eligible securities for trading via Stock Connect, the stock can only be sold and cannot be bought. This may affect the investment portfolio or strategies of investors. Investors should therefore pay close attention to the list of eligible securities as provided and renewed from time to time by SSE, SZSE and SEHK.

Differences in trading day:

Stock Connect will only operate on days when both the Mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland China market but the sub-funds cannot carry out any China A Shares trading. The sub-funds may be subject to a risk of price fluctuations in China A Shares during the time when Stock Connect is not trading as a result. This

may adversely affect the sub-funds' ability to access mainland China and effectively pursue their investment strategies. This may also adversely affect the sub-funds' liquidity.

#### Settlement and Custody:

The HKSCC will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The China A Shares traded through Stock Connect are issued in scriptless form, so sub-funds will not hold any physical China A Shares. The sub-funds should maintain the China A Shares with their brokers' or custodians' stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK).

#### Trading fees:

In addition to paying trading fees in connection with China A Shares trading, the sub-funds may be subject to new fees which are yet to be determined by the relevant authorities.

#### Quota limitations:

The Stock Connect is subject to quota limitations. In particular, once the Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the sub-funds' ability to invest in China A Shares through Stock Connect on a timely basis, and the sub-funds may not be able to effectively pursue its investment strategies.

#### Operational risk:

The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. Due to their recent implementation and the uncertainty about their efficiency, accuracy and security, there is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The sub-funds ability to access the China A Share market (and hence to pursue their investment strategy) will be adversely affected. Consequently, investors in the China A Share market should be aware of the economic risk of an investment in those shares, which may lead to a partial or total loss of the invested capital.

#### Clearing and settlement risk:

The HKSCC and ChinaClear will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. Should ChinaClear be declared as a defaulter, HKSCC's liabilities in trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. In that event, the sub-funds may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

#### Regulatory risk:

The Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong from time to time. The regulations are untested and there is no certainty as to how they will be applied.

#### Ownership of China A Shares:

China A Shares acquired by the sub-funds through the Stock Connect are recorded in the name of HKSCC in its omnibus account held with ChinaClear. The China A Shares are held in custody under the

depository of ChinaClear and registered in the shareholders' register of the relevant listed Companies. HKSCC will record such China A Shares in the CCASS stock account of the clearing participant.

Under Hong Kong law, HKSCC will be regarded as the legal owner (nominee owner) of the China A Shares, holding the beneficial entitlement to the China A Shares on behalf of the relevant clearing participant.

Under PRC law there is a lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership". The regulatory intention appears to be that the concept of "nominee owner" is recognised under PRC laws and that the overseas investors should have proprietary rights over the China A Shares. However, as the Stock Connect is a recent initiative there may be some uncertainty surrounding such arrangements. Accordingly, the sub-funds' ability to enforce their rights and interests in the China A Shares may be adversely affected or suffer delay.

#### Pre-Trade Requirements and Special Segregated Accounts:

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE will reject the sell order concerned. SEHK will carry out pretrade checking on China A Share sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If a sub-fund intends to sell certain China A Shares it holds, it must transfer those China A Shares to the respective accounts of its broker(s) before the market opens on the day of selling ("trading day"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, a sub-fund may not be able to dispose of its holdings of China A Shares in a timely manner.

Alternatively, if the relevant sub-fund maintains its Stock Connect shares with a custodian which is a custodian participant or general clearing participant participating in CCASS, the sub-fund may request such custodian to open a special segregated account ("**SPSA**") in CCASS to maintain its holdings in the Stock Connect shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique "Investor ID" by CCASS for the purpose of facilitating the Stock Connect system to verify the holdings of an investor such as a sub-fund. Provided that there is sufficient holding in the SPSA when a broker inputs the relevant sub-fund's sell order, the sub-fund will only need to transfer Stock Connect shares from its SPSA to its broker's account after execution and not before placing the sell order and the sub-fund will not be subject to the risk of being unable to dispose of its holdings of China A Shares in a timely manner due to failure to transfer of China A Shares to its brokers in a timely manner.

In addition, these pre-trade requirements may, as a practical matter, limit the number of brokers that the sub-fund may use to execute trades. While the sub-funds may use SPSA in lieu of the pre-trade check, many market participants have yet to fully implement IT systems necessary to complete trades involving securities in such accounts in a timely manner. Market practice with respect to SPSA is continuing to evolve.

#### Investor compensation:

Since the sub-funds will carry out Northbound trading through securities brokers in Hong Kong but not PRC brokers, they are not protected by the China Securities Investor Protection Fund (中國投資者保護基金) in the PRC.

Further information about Stock Connect is available online at the website:  
<http://www.hkex.com.hk/eng/csm/chinaConnect.asp?LangCode=en>

#### Liquidity and Volatility Risk

The existence of a liquid trading market for China A-Shares may depend on whether there is supply of, and demand for, China A-Shares. The price at which securities may be purchased or sold by the sub-sub-Funds and the Net Asset Value of such sub-Sub-Funds may be adversely affected if trading markets for China A-Shares are limited or absent. The China A-Share market may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention). Market volatility and settlement difficulties in the China A-Share markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of the relevant sub-Sub-Fund.

## Suspension Risk

It is contemplated that both SEHK and SSE/SZSE have the right to suspend or limit trading in any security traded on the relevant exchange if necessary for ensuring an orderly and fair market and that risks are managed prudently. In particular, trading in any China A-Share security on SSE/SZSE is also subject to the trading band limits applicable to each China A-Share. Any trading suspension and/or trading band limit may render it impossible for the relevant sub-Sub-Fund to liquidate positions and could thereby expose it to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the relevant sub-Sub-Fund to liquidate positions at a favourable price, which could thereby expose it to significant losses. Finally, where a suspension is effected, the relevant sub-Sub-Fund's ability to access the PRC market will be adversely affected.

## Warrants

Investment in warrants on Transferable Securities can lead to increased portfolio volatility. Thus, the nature of the warrants will involve shareholders in a greater degree of risk than is the case with conventional securities.

## Investments in Specific Sectors

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

## Use of Derivatives and other Investment Techniques

Certain sub-funds of the Company may also invest in financial derivative instruments, as more fully described in the investment policy of the relevant sub-funds, which may entail additional risks for shareholders.

The term "derivatives" covers a broad range of investments, including futures, options and swap agreements (including credit default swaps). In general, a derivative refers to any financial instrument whose value is derived, at least in part, from the price of another security or a specified index, asset or rate. For example, a swap agreement is a commitment to make or receive payments based on agreed upon terms, and whose value and payments are derived by changes in the value of an underlying financial instrument.

The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. The use of derivatives and currency hedging strategies may be ineffective and can lead to substantial losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives. These risks are heightened when the Investment Manager uses derivatives to enhance a sub-fund's return or as a substitute for a position or security, rather than solely to hedge (or offset) the risk of a position or security held by the sub-fund. The success of management's derivatives strategies will depend on its ability to assess and predict the impact of market or economic developments on the underlying asset, index or rate and the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. This may have an adverse impact on the Net Asset Value of the sub-funds.

A sub-fund may only use financial derivative instruments for efficient portfolio management or to attempt to hedge or reduce the overall risk of its investments. A sub-fund's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Financial derivative instruments will not be used primarily or extensively for investment purposes but will be used, for efficient portfolio management purposes (for instance, to manage large subscription and redemptions to the sub-funds). The use of financial derivative instruments and hedging transactions may or may not achieve its intended objective and involves special risks. A sub-fund may also invest in financial derivative instruments as part of its portfolio as disclosed in its investment objectives and policies.

In addition to those mentioned above, use of these strategies involves special risks, including:

1. dependence on the Investment Manager's ability to predict movements in the price of securities being hedged and movements in interest rates;
2. imperfect correlation between the movements in securities or currency on which a derivatives contract is based and movements in the securities or currencies in the relevant sub-fund;
3. the absence of a liquid market for any particular instrument at any particular time;
4. the degree of leverage inherent in futures trading (i.e. the loan margin deposits normally required in future trading means that futures trading may be highly leveraged). Accordingly, a relatively small price movement in a futures contract may result in an immediate and substantial loss to a sub-fund;
5. possible impediments to efficient portfolio management or the ability to meet repurchase requests or other short term obligations because a percentage of a sub-fund's assets will be segregated to cover its obligations.

### **Liquidity Risk**

A security may not be sold at the time desired or without adversely affecting the price.

### **Market Risk**

The market price of securities owned by a sub-fund may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors that affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Equity securities generally have greater price volatility than debt securities. Different parts of the market and different types of equity securities can react differently to these risks. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks.

### **Management Risk**

There is no guarantee that a sub-fund will meet its investment objective. Neither the Investment Manager, nor any other party guarantees the performance of a sub-fund, nor do they assure that the market value of an investment in a sub-fund will not decline. They will not "make good" on any investment loss an investor may suffer as a result of market conditions, nor can anyone the Company contracts with to provide services, such as selling agents or other service providers, offer or promise to make good on any such losses. For the avoidance of doubt, the Investment Manager must comply with its obligations under the Investment Management Agreement, including, but not limited to, ensuring compliance with the investment objectives and investment restrictions of the sub-funds.

### **Epidemics / pandemics / outbreaks risk**

The performance of the Shares depends on the performance of the investments of the Sub-Funds, which could also be adversely affected by the effects of epidemics, pandemics or outbreaks of communicable diseases. In response to intensifying efforts to contain epidemics, pandemics or outbreaks of communicable diseases, governments around the world may take a number of actions, such as prohibiting residents' freedom of movement, encouraging or ordering employees to work remotely from home, and banning public activities and events, among others. Any prolonged disruption of businesses could negatively impact financial conditions. The performance of the Shares could be adversely affected to the extent that any of these epidemics, pandemics or outbreaks harms the economy in general.

### **ESG risks**

Some Sub-Funds may invest in accordance with international standards for environmental, social and corporate governance (hereafter referred as "ESG"). The security selection made in accordance with such criteria can involve a significant element of subjectivity. ESG factors incorporated in the investment processes may vary depending on the investment themes, asset classes, investment philosophy and subjective use of different ESG indicators governing the portfolio construction or its underlying investments. Accordingly, there is no assurance all investments of a given sub-fund meet all ESG criteria.

### **Taxation of Dividends/Deemed Dividends**

So far as dividends are paid, shareholders should note that the Company does not intend to operate equalisation in respect of any class. Accordingly, shareholders could receive a greater or lesser share of dividend income than anticipated in certain circumstances such as when, respectively, class size is shrinking or expanding prior to the payment of a dividend.

It should also be noted that to the extent actual dividends are not declared in relation to all income of a GBP denominated class of a sub-fund which is approved as a reporting fund for a period, further reportable income under the new reporting fund rules will be attributed only to those shareholders in such class who remain as shareholders at the end of the relevant accounting period.

### **Cross Liability Risk**

For the purpose of the relations between the shareholders of different sub-funds, each sub-fund will be deemed to be a separate entity with, but not limited to, its own contributions, capital gains, losses, charges and expenses. Thus, liabilities of an individual sub-fund which remain undischarged will not attach to the Company as a whole. However, while Luxembourg law states that, unless otherwise provided for in fund documentation, there is no cross-liability, there can be no assurance that such provisions of Luxembourg law will be recognised and effective in other jurisdictions.

### **Early Termination Risk**

Although the Company was incorporated and established for an unlimited duration, the Company may be dissolved by a decision of a general meeting of shareholders. If the Company shall be dissolved, the liquidator shall apply the assets of each sub-fund in accordance with the Articles of Incorporation and with the 2010 Law in satisfaction of the claims of the creditors.

The Directors may in their absolute discretion by a resolution (but shall not be obliged to) resolve to compulsorily redeem all the outstanding shares of a sub-fund or class relating to a sub-fund if the assets of such sub-fund or class falls below US\$10,000,000 or any other level at which the Board of Directors considers that its management may not be easily ensured (in which case the prospectus of the Company will be updated to disclose such amount) or in the event of changes taking place in the economic and/or political environment.

Further details are discussed in Section IX. 2. A. of the Prospectus.

In the event of such early termination, shareholders will generally be entitled to receive their pro rata interest in the assets of the Company or relevant sub-fund (as the case may be). It is possible that, at the time of any sale, realisation, disposal or distribution of these assets, certain investments held by the Company or relevant sub-fund (as the case may be) may be worth less than the initial cost of such investments, resulting in a substantial loss to the shareholders. Moreover, any organisational expenses with regard to the Company or relevant sub-fund (as the case may be) that had not yet become fully amortised would be debited against the Company's or relevant sub-fund's (as the case may be) account at that time.

### **Performance Fee Risk**

In addition to receiving a management fee, the Investment Manager may also receive a performance fee based on the appreciation in the Net Asset Value per share.

Investors should note that, unless specified otherwise, a sub-fund which is entitled to levy a performance fee does not perform equalisation or issue different series of shares for the purposes of determining the performance fee payable to the Investment Manager. With the absence of equalisation payment or issue of series shares, the performance fee payable by an investor may not be directly referable to the specific performance of such individual investor's holding of shares. There is also a risk of adverse impact on the shareholders in the absence of equalization calculation or series accounting to make adjustment on each share individually. As the calculation of the Net Asset Value per share will take into account unrealised appreciation as well as realised gains, a performance fee may be paid on unrealised gains which may subsequently never be realised. As a result of the foregoing, there is a risk that a shareholder redeeming shares may still incur a performance fee in respect of the shares, even though a loss in investment capital has been suffered by the redeeming shareholder. There are also risks of adverse impact that the Investment Manager may be inclined to make riskier investments than in the absence of a performance-based incentive system.

Please refer to page 69 for details of how the performance fee is calculated.

The current methodology for calculating the performance fee as set out above involves adjusting the subscription fee and redemption fee to make provision for accrual for the performance fee upon the issue and redemption of shares during the period. Investors may therefore be advantaged or disadvantaged as a result of this method of calculation, depending upon the Net Asset Value per share at the time an investor subscribes or redeems relative to the overall performance of the sub-fund during the relevant period and the timing of subscriptions and redemptions to the sub-fund during the course of such period.

This can mean, for example, an investor who subscribes to the sub-fund during the course of a period when the Net Asset Value per share is below the High Water Mark (defined in page 69), and who subsequently redeems prior to the end of such period when the Net Asset Value per share has increased up to (but does not exceed) the High Water Mark as at the time of his redemption will be advantaged as no performance fee will be chargeable in such circumstances. Conversely, an investor who subscribes to the sub-fund during the course of a period when the Net Asset Value per share is above the High Water Mark will pay a price which is reduced by a provision for the performance fee because that provision will have been accrued and taken into account in calculating the subscription fee as at the relevant Valuation Day.

If an investor subsequently redeems prior to or at the end of such period when the Net Asset Value per share at the time of his redemption has decreased (but remains above the High Water Mark) the investor may be disadvantaged as the investor could still be required to bear a performance fee calculated on the increase in the Net Asset Value per share above the High Water Mark.

#### **Concentration Risk**

A sub-fund may invest only in a specific region or asset class. Concentration risk may arise from investing into the securities of the respective regions (e.g. Asia), regardless of whether the securities are listed in or outside the respective regions. Although each sub-fund's portfolio will be well diversified in terms of the number of holdings, such sub-funds are likely to be more volatile than a broad-based sub-fund, as they are more susceptible to fluctuations in value resulting from adverse conditions in their respective region or asset class.

#### **Real Estate Securities risk**

Real estate values fluctuate in response to a variety of factors, including local and global economic conditions, interest rates and tax considerations. When economic growth is slow, demand for property decreases and prices may decline. Performance of real estate investment trusts ("REITs") depends on the types and locations of the properties it owns and on how well it manages those properties, it also depends on various reasons including but not limited to competition from other properties, extended vacancies, policy and regulatory changes. Since REITs typically invest in a limited number of projects or in a particular market segment, they are more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments. This may have an adverse impact on the Net Asset Value of the sub-fund.

#### **Investment in Small and Medium-Capitalized Companies**

Securities of companies with smaller and medium market capitalizations tend to be more volatile and less liquid than larger company stocks. Limited financial resources, a lower degree of expertise and liquidity in their securities, limits as regards to product range, markets or financial resources, a greater sensitivity to changes in general economic conditions and interest rates, and uncertainty over future growth prospects may all contribute to such increased price volatility and risks. Smaller and medium companies may have no or relatively short operating histories, or be newly public companies, thus may be unable to generate new funds for growth and development, may lack depth in management, and may be developing products in new and uncertain markets, all of which are risks to consider when investing in such companies and which may have an adverse impact on the Net Asset Value of the sub-fund. Some of these companies have aggressive capital structures, including high debt levels, or are involved in rapidly growing or changing industries and/or new technologies, which pose additional risks.

**FATCA and CRS**

Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the 30% withholding tax, penalties and/or sanctions under FATCA and CRS, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax, penalties or sanctions as a result of FATCA or CRS, the value of shares in the Company held by all its shareholders may be materially affected.

The Company and/or its shareholders may also be indirectly affected by the fact that a shareholder does not comply with FATCA or CRS even if the Company satisfies its own FATCA and CRS obligations.

**Withholding Tax Risk**

A sub-fund may invest in securities that produce income that is subject to withholding and/or income tax. Such tax may have an adverse effect on a sub-fund. Shareholders and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of subscribing, holding, selling, switching or otherwise disposing of shares in a sub-fund. However, shareholders and potential investors should note that the information contained in that section does not purport to deal with all of the tax consequences applicable to the Company or all categories of investors, some of whom may be subject to special rules.

The Company fully intends to meet the obligations imposed on it under FATCA. In the unlikely event that the Company is unable to do so, the imposition of any withholding tax may result in material losses to the relevant sub-fund which has a significant exposure to U.S. source income.

As shareholders will be resident for tax purposes in many different countries, no attempt has been made in this Prospectus to summarise the possible tax considerations applicable to each investor. These considerations will vary in accordance with the law and practice currently in force in a shareholder's country of citizenship, residence, ordinary residence, domicile or incorporation and with his personal circumstances. Investors should consult their professional advisers on the possible tax consequences and exchange control requirements of their subscribing for, purchasing, holding, the receipt of distributions, switching, exchanging, selling, redeeming or otherwise acquiring or disposing of Shares under the laws of the country of their citizenship, residence, ordinary residence, domicile or incorporation.

## **APPENDIX I. INVESTMENT RESTRICTIONS**

The Board of Directors shall, based upon the principle of risk spreading, have power to determine the corporate and investment policy for the investments for each sub-fund, the benchmark, the reference currency and the Company's management strategy.

Except to the extent that more restrictive rules are provided for in connection with a specific sub-fund under Appendix III, the investment policy shall comply with the rules and restrictions laid down hereafter:

### **A. The Company may invest in:**

- (1) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
- (2) Transferable Securities and Money Market Instruments dealt in on another market in a Member State of the EU, which is regulated, operates regularly and is recognised and open to the public;
- (3) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in a non Member State of the EU or dealt in on another market in a non Member State of the EU, which is regulated, operates regularly and is recognised and open to the public;
- (4) recently issued Transferable Securities and Money Market Instruments, provided that:
  - the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market, stock exchange or on another Regulated Market as described under (1)-(3) above;
  - such admission is secured within one (1) year of the first issue;
- (5) units of UCITS and/or other UCIs within the meaning of the first and the second indent of Article 1(2) of Directive 2009/65/EC, as amended, whether situated in a Member State of the EU or in a non Member State of the EU, provided that:
  - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Regulatory Authority (the "**CSSF**") to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
  - the level of protection guaranteed to 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 requirement of Directive 2009/65/EC, as amended;
  - the business of the other UCIs is reported in half-yearly and annual report to enable an assessment of the assets and liabilities, income and operation over the reporting period;
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can be, according to their constitutional documents, invested in aggregate in units of other UCITS or other UCIs;
- (6) deposits with credit institutions and time deposits, which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve (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;
- (7) derivatives financial instrument within the meaning of the Grand-ducal regulation of 8th February 2008, in particular options, futures, including equivalent cash-settled instruments, dealt in on a Regulated Market or other market referred to in (1), (2) and (3) above, and/or financial derivative instruments dealt in over-the-counter ("**OTC derivative**"), provided that:
  - (i) - the underlying assets consist of instruments covered by the present Section A., of financial indices within the meaning of the Grand-ducal regulation of 8<sup>th</sup> February 2008, interest

rates, foreign exchange rates or currencies, in which the Company may invest in accordance with its investment objectives:

- the counterparties to OTC derivatives transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF, and
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can, at the Company's initiative, be sold, liquidated or closed at fair value at any time by means of an offsetting transaction;
- (ii) under no circumstances shall these operations cause the Company to diverge from its investment objectives.
- (8) Money Market Instruments other than those dealt in on a Regulated Market, as described under points (1) to (4), to the extent that the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and saving, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State of the EU, the European Central Bank, the EU or the European Investment Bank, a non Member State of the EU or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
  - issued by an undertaking, any securities of which are dealt in, on Regulated Markets referred to in (1), (2) or (3) above, or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment, which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law within the meaning of the Grand-ducal regulation of 8th February 2008; or
  - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection rules, within the meaning of the Grand-ducal regulation of 8th February 2008, equivalent 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 10,000,000.- (ten million Euro) 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 company(ies), 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 within the meaning of the Grand-ducal regulation of 8th February 2008.

**B. Moreover, in each sub-fund the Company may:**

- (1) invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to above under Section A. point (1) to (5) and (8);
- (2) hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Board of Directors considers this to be in the best interest of the shareholders;
- (3) borrow up to 10% of its net assets, provided that such borrowings are made only on a temporary basis. Commitments in connection with options and the purchase and sale of futures are not taken into consideration when calculating the investment limit;
- (4) acquire foreign currency by means of a back-to-back loan.

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

**(a) Risk Diversification Rules**

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

To the extent an issuer is a legal entity with multiple sub-funds, where the assets of a sub-fund are exclusively reserved to the investors in such sub-fund and to those creditors whose claim has arisen in connection with the creation, operation and liquidation of that sub-fund, each sub-fund is to be considered as a separate issuer for the purpose of the application of the risk spreading rules.

▪ **Transferable Securities and Money Market Instruments**

- (1) No sub-fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:
  - (i) upon such purchase more than 10% of its net assets would consist of Transferable Securities and Money Market Instruments of such issuer; or
  - (ii) the total value of all Transferable Securities and Money Market Instruments of issuers, in which it invests more than 5% of its net assets, would exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- (2) The limit of 10% stipulated in point (1)(i) is raised to 20% if the Transferable Securities and Money Market Instruments are issued by companies belonging to the same group, that are not required to consolidate their financial statements, pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC Text with EEA relevance.
- (3) The limit of 10% stipulated in point (1)(i) is raised up to 35% if the Transferable Securities and Money Market Instruments are issued or guaranteed by an EU Member State, by its regional authorities, by any third State or by international public organisations of which several EU Member States are a member.
- (4) The limit of 10% set forth above under (1)(i) is increased up to 25% in respect of qualifying debt securities issued by a credit institution, which has its registered office in an EU Member State, and which, under applicable law, is submitted to specific public control, in order to protect the holders of such qualifying debt securities. For the purposes hereof, “qualifying debt securities“ are securities, the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant sub-fund invests more than 5% of its net assets in debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such sub-fund.
- (5) The securities specified above under (3) and (4) are not to be included for purposes of computing the ceiling of 40% set forth above under (1)(ii).
- (6) **Notwithstanding the ceilings set forth above, each sub-fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State, by its local authorities, by any other Member State of the Organisation for Economic Cooperation and Development (“OECD”) such as the U.S. or by international public organisations of which several EU Member States are members, provided that (i) such securities are part of at least 6 (six) different issues and (ii) the securities from any such issue do not account for more than 30% of the net assets of such sub-fund.**
- (7) Without prejudice to the limits set forth hereunder under Section (b), the limits set forth in (1) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body, when the aim of the sub-fund’s investment policy is to replicate the composition of a certain stock or bond index within the meaning of the Grand-ducal regulation of 8th February 2008, based, among others, on the following basis:
  - the composition of the index is sufficiently diversified,
  - the index represents an adequate benchmark for the market to which it refers,
  - it is published in an appropriate manner.

The limit of 20% is raised to 35% where that proves to be justified by exceptional market conditions, in particular in Regulated Markets where certain Transferable Securities and Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

▪ **Bank deposits**

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

▪ **Derivatives**

(9) The counterparty risk connected with OTC derivatives transactions may not exceed 10% of the net assets of a sub-fund, when the counterparty is one of the credit institutions referred to under Section A. (6) above or 5% of its net assets in all other cases.

(10) Investments in derivatives may be made insofar as the overall risks, to which the underlying assets are exposed, do not exceed the investment limits stipulated under points (1) to (5),(8),(9),(13) and (14). When the Company invests in derivatives pegged to an index, such investments are not necessarily combined with the limits set forth under points (1) to (5), (8), (9), (13) and (14).

(11) When a Transferable Security or a Money Market Instrument includes a derivative financial instrument within the meaning of the Grand-ducal regulation of 8th February 2008, this derivative must be taken into account for the purpose of applying the provisions set out in Section C., point (14) and in Section D., point (1), and for the purpose of evaluating the risks connected with derivatives transactions, in such a way that the aggregate risk connected with the derivatives does not exceed the total Net Asset Value.

▪ **Units of Open-Ended Funds**

(12) The Company may acquire units of the UCITS and/or other UCIs. as defined in Section A., point (5)), provided that no more than 10% of a sub-fund's net assets be invested in the units of UCITS or other UCIs or in one single such UCITS or other UCI.

When the Company 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 any other company, with which the management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription or redemption fees on account of the Company's investment in the units of such other UCITS and/or UCIs.

Any sub-fund, that invests a substantial proportion of its assets in other UCITS and/or other UCIs, shall disclose the maximum level of the management fees that may be charged both to the sub-fund itself and to the UCITS, and/or other UCIs in which it intends to invest. In the annual report, it shall be indicated the maximum proportion of management fees charged both to each such sub-fund and to the UCITS and/or other UCIs, in which they invest.

▪ **Combined limits**

(13) Notwithstanding the individual limits stipulated under Section C., points (1), (8) and (9) above, a sub-fund may not combine:

- investments in Transferable Securities or Money Market Instruments issued by the same entity and/or,
- deposits made with the same entity, and/or,
- risks inherent in OTC derivatives transactions with the same entity, exceeding 20% of its net assets.

(14) The limits set out under Section C., points (1), (3), (4), (8), (9) and (13) above may not be combined, and thus the aggregate investments of each sub-fund in Transferable Securities or Money Market Instruments issued by the same body, in deposits or derivative instruments made with this body

carried out in accordance with points (1), (3), (4), (8), (9) and (13) under Section C. above may not exceed a total of 35% of the assets of the of said sub-fund.

**(b) Limitations on Control**

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

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

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

- Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State or by its local authorities;
- Transferable Securities and Money Market Instruments issued or guaranteed by any other State, which is not an EU Member State;
- Transferable Securities and Money Market Instruments issued by a public international body of which one or more EU Member State(s) is (are) member(s);
- shares in the capital of a company, which is incorporated under or organised pursuant to the laws of a State, which is not an EU Member State, provided that (i) such company invests its assets principally in securities issued by issuers of that State, (ii) pursuant to the laws of that State, a participation by the relevant sub-fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State, and (iii) such company observes in its investments policy the restrictions set forth under Section C., points (1) to (5), (8), (9) and (12) to (16) and Section D., point (2);
- shares in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of shares at the request of shareholders.

**D. In addition, the Company shall comply in respect of its net assets with the following investment restrictions per instrument:**

Each sub-fund shall ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio.

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.

**E. Finally, the Company shall comply in respect of the assets of each sub-fund with the following investment restrictions:**

- (1) No sub-fund may acquire commodities or precious metals or certificates representative thereof, provided that transactions in foreign currencies, financial instruments, indices or Transferable Securities, as well as futures and forward contracts, options and swaps thereon are not considered to be transactions in commodities for the purposes of this restriction.
- (2) No sub-fund may invest in real estate, provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

- (3) No sub-fund may use its assets to underwrite any securities.
- (4) No sub-fund may issue warrants or other rights to subscribe for shares in such sub-fund.
- (5) A sub-fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent each sub-fund from investing in non fully paid-up Transferable Securities and Money Market Instruments or other financial instruments, as mentioned under Section A., points (5), (7) and (8).
- (6) The Company may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial Instruments as listed under Section A., points (5), (7) and (8).
- (7) No sub-fund may invest in private equity securities.

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

- (1) The ceilings set forth above may be disregarded by each sub-fund, when exercising subscription rights attaching to Transferable Securities or Money Market Instruments in such sub-fund's portfolio. While ensuring observance of the principle of risk spreading, recently created sub-funds may derogate from paragraph C. for a period of six (6) months following the date of their creation.
- (2) If such ceilings are exceeded for reasons beyond the control of a sub-fund or as a result of the exercise of subscription rights, such sub-fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its shareholders.

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

## **APPENDIX II. FINANCIAL TECHNIQUES AND INSTRUMENTS**

Subject to the following conditions, the Company 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 Company 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.

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.

It is not expected that conflicts of interest will arise when using techniques and instruments for the purpose of efficient portfolio management.

The Company's annual report will contain details of the following:

- a) the exposure obtained through efficient portfolio management techniques;
- b) the identity of the counterparty(ies) to these efficient portfolio management techniques;
- c) the type and amount of collateral received by the Company to reduce counterparty exposure; and
- d) the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.

#### **(2) Limitation**

When transactions involve the use of derivatives, the Company must comply with the terms and limits stipulated above in Appendix I, Section A., point (7), Section C., points (9), (10), (11), (13) and (14) and Section D., point (1).

The use of transactions involving derivatives or other financial techniques and instruments may not cause the Company 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 Appendix and Appendix I. (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 Appendices.

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. The investor's attention is further drawn to the increased risk of volatility generated by sub-funds using these techniques for other purposes than hedging. 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.

#### **(4) Operational Costs and Fees**

Any direct and indirect operational costs and fees arising from efficient portfolio management techniques will be deducted from the revenue delivered to the Company. These costs and fees shall not include any hidden revenue payable to any person. Positive returns arising from the use of efficient portfolio management techniques will be solely for the benefit of the relevant sub-fund(s). Any direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these efficient portfolio management techniques will be disclosed in the annual report of the Company.

Before a sub-fund enters into any arrangement regarding efficient portfolio management techniques, the Management Company or, where applicable, the Investment Manager will be required to (a) carefully estimate the expected costs and fees and to compare them with the applicable market standard (if any) and (b) evaluate whether the use of the efficient portfolio management techniques is in the best interest of the shareholders of the relevant sub-fund(s).

#### **(5) Management of Collateral**

The Company will ordinarily only accept very high quality collateral which is typically not subject to a haircut. The Company may only receive cash collateral. Cash collateral can only be:

- placed on deposit with entities prescribed in Article 50(f) of the UCITS V Directive;
- invested in high-quality government bonds;
- used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds as defined in ESMA's Guidelines on a Common Definition of European Money Market Funds.

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

Re-invested cash collateral exposes the Company to certain risks such as the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested. Please see "2. Risk Factors" of the Prospectus.

### **B. Securities Financing Transactions and Total Return Swaps**

As of the date of the Prospectus, Investors should note that the investment policies of the sub-funds do not currently provide for the possibility to enter into securities lending and/or repurchase (or reverse repurchase) transactions and to invest in total return swaps. Should the Board of Directors decide to provide for such possibility, this Prospectus will be updated in accordance with the disclosure requirements of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.

## **APPENDIX III. THE SUB-FUNDS**

The Company's primary objective is to offer its shareholders the possibility of participating in the professional management of portfolios of Transferable Securities, Money Market Instruments or other eligible assets, as defined by Article 41 of the 2010 Law and within the limits set forth by the relevant articles of such law and as defined in the investment policy of each sub-fund of the Company.

### **GENERAL PROVISIONS APPLICABLE TO EACH SUB-FUND'S INVESTMENT POLICY**

Each sub-fund's investment policy, as it appears in this Appendix, has been defined by the Board of Directors.

In each sub-fund, the aim is to maximise the value of the invested assets. The Company takes such risks as it considers reasonable, in order to achieve the objective it set itself. However, given market fluctuations and other risks to which investments in Transferable Securities, Money Market Instruments or other eligible assets are subject, there can be no guarantee that this objective shall be achieved.

Each sub-fund may use all the financial techniques and instruments permitted within Appendix II, unless the sub-fund and/or class clearly stipulate the contrary on particular financial techniques and instruments.

### **INVESTMENT POLICIES OF THE SUB-FUNDS**

The different sub-funds' investments shall be made according to the restrictions imposed by the 2010 Law and by this Prospectus.

The Company needs not comply with the limits set out in Appendix I, when exercising subscription rights attached to Transferable Securities, Money Market Instruments or other eligible assets that form part of its assets.

If the limits referred to above are exceeded for reasons beyond the Company's control or as a result of the exercise of subscription rights, the Company must adopt as a priority objective for its future sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

### **INVESTMENT DECISION FLOW**

The Management Company is not involved in the investment decision process of the Company, this activity has been fully delegated to Alquity Investment Management Limited ("Investment Manager").

The Investment Manager determines *in toto* the investment model per each compartment.

The following rules are applied for all compartments of the Company.

According to the results sought, the investment committee created within the Investment Manager establishes the investment guidelines to follow, per each single compartment. The Investment Manager carries out a preliminary compliance analysis: a pre-trade check and eligibility test. This is performed in order to check before proceeding with any transactions, the compliance of the investment with regulatory investment restrictions and those under the Prospectus.

Depending on the composition of the portfolio of each compartment and the investment guidelines established case by case, the Investment Manager shall execute the transactions with the depositary.

The Management Company performs a compliance check analysis, ex-post trades, on all the compartments of the Company.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

ESG sub-funds use Environmental, Social and Governance (“ESG”) criteria as part of their investment strategy, as set out in their respective investment policies. By way of integration within the investment process, ESG factors are assessed for each target investment. Such assessment is performed on an ongoing basis in order to ensure the sub-funds’ continuous compliance with ESG criteria.

Alquity SICAV – Alquity Future World Global Impact Fund has a sustainable investment as its objective within the meaning of article 9 of Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended (“SFDR”). All other sub-funds promote, among others, environmental, social and/or governance characteristics within the meaning of article 8 of SFDR.

The security selection can involve a significant element of subjectivity when applying ESG filters. Indeed, the way in which different ESG sub-funds incorporate ESG factors in their investment processes may vary depending on the investment themes, asset classes, investment philosophy and subjective use of different ESG indicators governing the portfolio construction.

The Company, through its Investment Manager commits with the Principles for Responsible Investment (UNPRI or PRI). The Investment Manager reviews ESG quality of a business as part of its investment process, and apply it systematically.

The Investment Manager’s research considers the robustness of risk management systems, governance processes, the extent of any involvement in controversial issues or activities and overall company alignment with sustainability issues and themes. Based on this analysis, the Investment Manager assesses the investment’s quality and suitability for the Company. If a selected investment is, in the Investment Manager’s view, exposed to excessive reputational risk, or has significant activity in areas that are not consistent with the investment philosophy of the fund, then it is unlikely to be selected for investment.

Sustainable investment criteria: ESG criteria are considered by the Investment Manager during both the investment and research process to limit the exposure to ESG risks and seek out investment opportunities. These criteria may include but are not limited to climate change, carbon emissions, water scarcity, waste management, biodiversity, labour management, gender diversity, health & safety, product safety, data privacy & security, executive remuneration, board independence, shareholder rights and bribery & corruption. The Investment Manager will regularly monitor the investments in which the Company invests against the above sustainable investment criteria. If it is in the Investment Manager’s opinion that an investment target no longer meets the sustainable investment criteria, the Investment Manager will not make any further investments and will seek to realise its investment in an orderly fashion. Tobacco, liquor, gambling, narcotics, adult entertainment, armaments, fossil fuels (including exploration and production), coal mining are considered as exclude sectors for investments that serve no positive social purpose.

Further information on the Investment Manager’s responsible investment policy is available on the Investment Manager’s website <https://alquity.com/?name=0620-Alquity-Investment-Process-3.pdf&path=wp-content/uploads/2020/07>

In principle, no specific ESG benchmarks are applied. Where benchmarks are used to compare performance or impact, the Company applies instead regional indices (MSCI Emerging Markets).

The Investment Manager has developed a proprietary model, as described in the last approved investment model: <https://alquity.com/?name=0620-Alquity-Investment-Process-3.pdf&path=wp-content/uploads/2020/07>

No additional costs are charged to the Company for the use of this proprietary model.

## Sustainability risks

The Investment Manager identifies analyses and integrates sustainability risks in its investment decision-making process as it considers that this integration could help enhance long-term risk adjusted returns for investors.

However, different asset classes, investment strategies and investment universes may require different approaches to the integration of such risks in investment decision-making.

Sustainability risk means an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Sub-Fund's investment. Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. Please also refer to "ESG risk factors" below.

The Management Company and the Investment Manager identify, analyse and integrate sustainability risks in their investment decision-making process as they consider that this integration could help enhance long-term risk adjusted returns for investors. The Management Company and the Investment Manager are of the opinion that unmanaged material sustainability risks and opportunities may influence the current and future position of a company. The Management Company and the Investment Manager consider principal adverse impacts derived from sustainability factors throughout each step of the investment process starting from the definition of the investable universe to portfolio construction. The identification of principal adverse impacts is done prior to and during the investment. Further consultation and finalization of the regulatory technical standards (RTS) are to be continued and when the final RTS is available, this will be reflected in the prospectus and on the website [www.alquity.com](http://www.alquity.com).

## ESG risk factors

The Company has developed a list of ESG risk factors that should be considered as part of the financial analysis of any active investment decision.

This ESG list is not exhaustive and does not attempt to identify all forms of risk that are appropriate to consider in a given investment transaction or engagement; however, they do provide a framework of other factors that might be overlooked. These risk factors should be reviewed for any investment or engagement of the Company.

The Company expects portfolio managers to assess the risk of each of the following factors when making an active investment. The Management Company needs to balance the rate of return with all the risks including consideration of the specific investments exposure to each factor in each country in which that investment or company operates.

**Monetary Transparency** - The investment's long-term profitability by whether or not a country or company has free and open monetary and financial data, and its observance of applicable laws.

**Data Dissemination** - The investment's long-term profitability by whether or not a country is a member of the IMF, OECD (or similar organization) and satisfies the conditions for access, integrity, and quality for most data categories.

**Accounting** - The investment's long-term profitability by whether or not the accounting standards are formulated in accordance with International Accounting Standards.

**Payment System - Central Bank** - The investment's long-term profitability by whether the activities of a country's central bank encompass implementing and ensuring compliance with principles and standards which are established to promote safe, sound, and efficient payment and settlement.

**Securities Regulation** - The investment's long-term profitability by exposure to operations in countries that have not complied with IOSCO objectives, which provide investor protection against manipulation and fraudulent practices.

**Auditing** - The investment's long-term profitability by whether or not the country uses International Standards on Auditing in setting national standards.

**Fiscal Transparency** - The investment's long-term profitability by its exposure or business operations in countries that do not have some level of fiscal transparency such as publication of financial statistics, sound standards for budgeting, accounting, and reporting.

**Corporate Governance** - The investment's long-term profitability by whether or not the government recognizes and supports good corporate governance practices and whether it generally adheres to OECD principles.

**Banking Supervision** - The investment's long-term profitability from its exposure to countries that have not endorsed/complied with the Basel Core Principles. An endorsement includes an agreement to review supervisory arrangements against the principles and bring legislation in line with the principles where necessary.

**Payment System** - The investment's long-term profitability by whether a country complies with the 10 Core Principles for Systemically Important Payment Systems, which includes operational reliability, efficiency, real time settlement, final settlement in central bank money; and whether rules and procedures are clear and permit participants to understand the financial risks resulting from participation in the system.

**Insolvency Framework** - The investment's long-term profitability from its business operations and activities in specific countries with regard to bankruptcy reform or insolvency legislation.

**Money Laundering** - The investment's long-term profitability from exposure and whether or not a country has implemented an anti-money laundering regime in line with international standards; consideration should be given to compliance with the 40 recommendations in the Financial Action Task Force, FATF, on Money Laundering; and whether it is a member of FATF.

**Insurance Supervision** - The investment's long-term profitability from whether or not a country has a regulatory framework in line with International Association of Insurance Supervisors, IAIS, Principles.

**Respect for Human Rights** - The investment's long-term profitability from its business operations and activities in countries that lack or have a weak judicial System. Assess the risk to an investment's long-term profitability from its business operations and activities in a country that engages in or facilitates the following: arbitrary or unlawful deprivation of life, disappearance, torture and other cruel, inhuman, or degrading treatment or punishment, arbitrary arrest, detention, or exile, arbitrary interference with privacy, family, home, or correspondence, use of excessive force and violations of humanitarian law in internal conflicts. Consideration should be given to governmental attitude regarding international and non-governmental investigation of alleged violations of human rights.

**Respect for Civil Liberties** - The investment's long-term profitability from operations, activities, and business practices in countries or regions that do not allow freedom of speech and press, freedom of peaceful assembly and association, freedom of religion, freedom of movement within the country, allowance for foreign travel, emigration, and repatriation.

**Respect for Cultural and Ethnic Identities** - The investment's long-term profitability from operations, activities and business practices that do not adequately respect cultural values and ethnic identities.

**Respect for Property Rights** - The investment's long-term profitability from operations, activities and business practices that dispossesses or degrades peoples' lands, territories or resources, or does not adequately respect established property rights.

**Respect for Political Rights** - The investment's long-term profitability from business practices and activities in countries that do not allow their citizens the right to advocate for change to their government.

**Discrimination Based on Race, Gender, Disability, Language, Sexual Orientation or Social Status** - The investment's long-term profitability from business practices and activities on discrimination, such as discrimination against women, children, and persons with disabilities, national/racial/ethnic minorities, or indigenous people.

Worker Rights - The investment's long-term profitability from management and practices globally in the area of worker's rights; specifically the right of association, the right to organize and bargain collectively, prohibition of forced or bonded labour, status of child labour practices and minimum age for employment, acceptable work conditions, or human trafficking.

Environmental - The investment's long-term profitability from activities and exposure to environmental matters such as depleting or reducing air quality, water quality, land protection and usage, without regard for remediation.

Climate Change - The investment's long-term profitability from inadequate attention to the impacts of climate change, including attention to relevant climate policy considerations and emerging climate risk mitigating technologies.

Resource Efficiency - The investment's long-term profitability from inadequately managing resource usage in a resource-constrained environment amid growing resource demand.

War/Conflicts/Acts of Terrorism - The investment's long-term profitability from business exposure to a country or region that has an internal or external conflict, war, acts of terrorism or involvement in acts of terrorism, and whether the country is a party to international conventions and protocols.

Human Health - The investment's long-term profitability from business exposure to an industry or company that makes a product which is highly detrimental to human health so that it draws significant product liability lawsuits, government regulation, United Nations sanctions and focus, and avoidance by other institutional investors.

## C. LIST OF SUB-FUNDS

There following classes are currently available for Alquity SICAV – Alquity Africa Fund:

Share class name	A	B	I	Y	M	X
Currency (*)	USD/GBP	USD/GBP	USD/GBP	GBP/USD/EUR	USD/GBP/EUR	GBP
ISIN Code	\$ LU0455925619 £ LU0455925700	\$ LU0455925882 £ LU0455925965	\$ LU0457369972 £ LU0457370475	£ LU0727491382 £ LU1799637365 \$ LU1070050643 € LU1070050999	\$ LU0727489998 £ LU0727490061 € LU1617837908	£ LU1070050486
Issue Price	\$100/£100	\$100/£100	\$100/£100	£100/\$100/€100	\$100/£100/€100	£100
Issue Date	25/08/2010	28/06/2010 (USD) & 25/08/2010 (GBP)	28/06/2010 (USD) & 30/12/2010 (GBP)	24/05/2012 (GBP)	21/06/2012 (USD) & 13/09/2013 (GBP)	05/12/2014
Valuation Days	Every bank business day	Every bank business day	Every bank business day	Every bank business day	Every bank business day	Every bank business day
Investment Management Fees (**)	1.90% of total NAV p.a.	1.90% of total NAV p.a.	1.40% of total NAV p.a.	1.10% of total NAV p.a.	1.90% of total NAV p.a.	0.30% of total NAV p.a.
Performance Fees (***)	20% with a High Water Mark	20% with a High Water Mark	20% with a High Water Mark	None	20% with a High Water Mark	None
Hurdle rate <sup>1</sup>	USD 1 yr LIBOR GBP 1 yr LIBOR	USD 1 yr LIBOR GBP 1 yr LIBOR	USD 1 yr LIBOR GBP 1 yr LIBOR	None	USD 1 yr LIBOR GBP 1 yr LIBOR EUR 1 yr LIBOR	None
Share class type	Retail £=Reporting/ \$=Capitalisation	Retail £=Reporting/ \$=Capitalisation	Institutional £=Reporting/ \$=Capitalisation	Institutional/ £=Reporting and Distribution \$=Capitalisation €=Capitalisation	Institutional/ \$=Capitalisation £=Reporting €=Capitalisation	Retail/ £=Reporting
Minimum initial subscription/holding amount	\$2,000/ £1,000	\$10,000/ £5,000	\$1,000,000/ £500,000	£2,500,000 \$5,000,000 €5,000,000	\$2,000/ £1,000 €2,000	£1,000

<sup>1</sup> As from 1<sup>st</sup> July 2021:

- USD LIBOR shall be replaced by FED;
- GBP LIBOR shall be replaced by SONIA; and
- EUR LIBOR shall be replaced by €STR.

Minimum subsequent amount (***)	\$1,000/ £500	\$1,000/ £500	\$1,000/ £500	£500 \$1,000 €1,000	\$1,000 /£500 €1,000	£500
Subscription fee	Up to 5%	None	Up to 5%	Up to 5%	Up to 5%	Up to 5%
Redemption fee	None	Yes (****)	None	None	None	None
Conversion fee	None	None	None	None	None	None

Share class name	Z	S	W	D
Currency (*)	USD	GBP	USD	GBP/EUR/USD
ISIN Code	\$ LU0708699268	£ LU1145750110	\$ LU1145751191	£ [] € [] \$ []
]Issue Price	\$100	£100	\$100	£100 €100 \$100
Issue Date	15/12/2011	TBD	20/02/2017	TBD
Valuation Days	Every bank business day	Every bank business day	Every bank business day	Every bank business day
Investment Management Fees (**)	1.90% of total NAV p.a.	0.70% of total NAV p.a.	1.10% of total NAV p.a.	1.40% of total NAV p.a.
Performance Fees (***)	20% with a High Water Mark	15% with a High Water Mark	15% with a High Water Mark	None
Hurdle rate <sup>2</sup>	USD 1 yr LIBOR	GBP 1 yr LIBOR + 3%	USD 1 yr LIBOR +3%	None
Share class type	Institutional/ Capitalisation	Institutional/ Reporting	Institutional \$=Capitalisation	Institutional £=Distribution €=Distribution \$=Distribution
Minimum initial subscription/holding amount	\$2,000,000	£5,000,000	\$5,000	£5,000,000 €5,000,000 \$5,000,000
Minimum subsequent amount (****)	\$1,000	£500	\$1,000	£500 €500 \$500
Subscription fee	Up to 5%	Up to 5%	Up to 5%	Up to 5%

<sup>2</sup> As from 1<sup>st</sup> July 2021:

- USD LIBOR shall be replaced by FED;
- GBP LIBOR shall be replaced by SONIA; and
- EUR LIBOR shall be replaced by €STR.

Redemption fee	None	None	None	None
Conversion fee	None	None	None	None

### Investment Management Fee

For all relevant classes of shares, the Investment Manager will guarantee a minimum donation of 10% of the net investment management fee (i.e. after payment of the fees of intermediaries and other third parties) via a registered charitable foundation and its associated commercial operations, to fund development projects in the regions in which this sub-fund invests. The Investment Manager may at its discretion choose to target donations at a level higher than this minimum depending on the profile of assets under management and the associated fee revenues.

### Performance Fee<sup>3</sup>

The hurdle rate will be the daily fixing for one (1) year LIBOR of the individual share class currency as per Bloomberg, e.g. one (1) year USD LIBOR for the classes of shares denominated in USD and one (1) year GBP LIBOR for the classes of shares denominated in GBP (except for the S and W shares). Please see examples.

For the Class S and W Shares, the hurdle rate will be daily fixing for one (1) year LIBOR + 3% of the individual share class currency as per Bloomberg, e.g. one (1) year GBP LIBOR + 3% for the classes of shares denominated in GBP. Please see examples. For all relevant classes of shares, the Investment Manager will guarantee a minimum donation of 10% of the net performance fee (i.e. after payment of the fees of intermediaries and other third parties) via a registered charitable foundation and its associated commercial operations, to fund development projects in the regions in which this sub-fund invests. The Investment Manager may at its discretion choose to target donations at a level higher than this minimum depending on the profile of assets under management and the associated fee revenues.

The Benchmark administrator of the LIBOR, is ICE Benchmark Administration.

ICE Benchmark Administration, is well registered, on the ESMA's register for administrators according to Article 36 of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**BMR**").

In accordance with Article 28 of the BMR, the Management Company will maintain an index contingency plan setting out the actions to be taken in the event that a benchmark changes materially or ceases to be provided. A copy of the contingency plan is available free of charge to the shareholders upon request at the Management Company's registered office.

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<sup>3</sup> The reference to LIBOR shall be replaced by FED, SONIA, or €STR, as applicable, as from 1<sup>st</sup> July 2021.

The following classes are currently available for Alquity SICAV – ALQUITY GLOBAL IMPACT FUND:

Share class name	A	B	R	M	Y
Currency (*)	USD	USD	GBP/USD/EUR	USD/EUR	USD/GBP/EUR
ISIN Code	\$ LU1049765578	\$ LU1049765735	£ LU1049765818 \$ LU1730018279 € LU1730018352	\$ LU1049766030 € LU1617838203	\$ LU1070051021 £ LU1070051294 £ LU1799637522 € LU1070051377
Issue Price	\$100	\$100	£100/\$100/€100	\$100/€100	\$100/£100/€100
Issue Date	30/04/2014	26/05/2014	05/05/2014 (GBP)	28/03/2014 (USD)	30/01/2015 (GBP) & 04/07/2016 (USD) & 26/07/2016 (EUR)
Valuation Days	Every bank business day	Every bank business day	Every bank business day	Every bank business day	Every bank business day
Flat TER	3% of total NAV p.a.	3% of total NAV p.a.	3% of total NAV p.a.	3% of total NAV p.a.	1.90% of total NAV p.a. (EUR/USD) 1.55% of total NAV p.a. (GBP)
Investment Management Fees (**)	1.60% of total NAV p.a.	1.60% of total NAV p.a.	1.10% of total NAV p.a.	1.60% of total NAV p.a.	0.9% of total NAV p.a.
Performance Fees (***)	15% with a High Water Mark	15% with a High Water Mark	15% with a High Water Mark	15% with a High Water Mark	None
Hurdle rate	USD 1 yr FED + 3%	USD 1 yr FED + 3%	GBP 1 yr SONIA + 3% USD 1 yr FED + 3% EUR 1 yr €STR + 3%	USD 1 yr FED + 3% EUR 1 yr €STR + 3%	None
Share class type	Retail/Capitalisation	Retail/Capitalisation	Retail £=Reporting \$=Capitalisation €=Capitalisation	Institutional/ \$=Capitalisation €=Capitalisation	Institutional \$=Capitalisation £=Reporting and Distribution €=Capitalisation
Minimum initial subscription/holding amount	\$2,000	\$10,000	£5,000 \$5,000 €5,000	\$2,000 €2,000	\$5,000,000 £2,500,000 €5,000,000

Minimum subsequent amount (****)	\$1,000	\$1,000	£1,000 \$1,000 €1,000	\$1,000 €1,000	\$1,000 £500 €1,000
Subscription fee	Up to 5%	None	Up to 5%	Up to 5%	Up to 5%
Redemption fee	None	Yes (****)	None	None	None
Conversion fee	None	None	None	None	None

The following classes are currently available for Alquity SICAV – ALQUITY GLOBAL IMPACT FUND:

Share class name	S	I	X	W	D
Currency (*)	GBP	USD/GBP	GBP	USD	GBP/EUR/USD
ISIN Code	£ LU1049766113	\$ LU1049766204 £ LU1049766386	£ LU1049766543	\$ LU1145753130	£ [ ] € [ ] \$ [ ]
Issue Price	£100	\$100/£100	£100	\$100	£100/€100/\$100
Issue Date	TBD	TBD	TBD	20/02/2017	TBD
Valuation Days	Every bank business day	Every bank business day	Every bank business day	Every bank business day	Every bank business day
Flat TER	0.49% of total NAV p.a.	1.05% of total NAV p.a.	1.30% of total NAV p.a.	2.10% of total NAV p.a.	1.05% of total NAV p.a.
Investment Management Fees (**)	0% of total NAV p.a.	0.70% of total NAV p.a.	0.30% of total NAV p.a.	1.10% of total NAV p.a.	0.70% of total NAV p.a.
Performance Fees (***)	None	None	None	15% with a High Water Mark	None
Hurdle rate	None	None	None	USD 1 yr FED + 3%	None
Share class type	Institutional/ Reporting	Institutional £=Reporting \$=Capitalisation	Retail/ £=Reporting	Institutional \$=Capitalisation	Institutional £=Distribution €=Distribution \$=Distribution
Minimum initial subscription/holding amount	£5,000,000	\$7,500,000/ £5,000,000	£1,000	\$5,000	£5,000,000 €5,000,000 \$5,000,000

Minimum subsequent amount (****)	£500	\$1,000/ £500	£500	\$1,000	£500 €500 \$500
Subscription fee	Up to 5%	Up to 5%	Up to 5%	Up to 5%	Up to 5%
Redemption fee	None	None	None	None	None
Conversion fee	None	None	None	None	None

#### Investment Management Fee

For all relevant classes of shares, the Investment Manager will guarantee a minimum donation of 10% of the net investment management fee (i.e. after payment of the fees of intermediaries and other third parties) via a registered charitable foundation and its associated commercial operations, to fund development projects in the regions in which this sub-fund invests. The Investment Manager may at its discretion choose to target donations at a level higher than this minimum depending on the profile of assets under management and the associated fee revenues.

#### Performance Fee<sup>4</sup>

The hurdle rate will be the daily fixing for one (1) year FED/SONIA/€STR (as applicable) + 3% of the individual share class currency as per Bloomberg, e.g. one (1) year USD FED + 3% for the classes of shares denominated in USD and one (1) year GBP SONIA + 3% for the classes of shares denominated in GBP. Please see examples.

For all relevant classes of shares, the Investment Manager will guarantee a minimum donation of 10% of the net performance fee (i.e. after payment of the fees of intermediaries and other third parties) via a registered charitable foundation and its associated commercial operations, to fund development projects in the regions in which this sub-fund invests. The Investment Manager may at its discretion choose to target donations at a level higher than this minimum depending on the profile of assets under management and the associated fee revenues.

The Benchmark administrator of the LIBOR, is ICE Benchmark Administration.

ICE Benchmark Administration, is well registered, on the ESMA's register for administrators according to Article 36 of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "BMR").

In accordance with Article 28 of the BMR, the Management Company will maintain an index contingency plan setting out the actions to be taken in the event that a benchmark changes materially or ceases to be provided. A copy of the contingency plan is available free of charge to the shareholders upon request at the Management Company's registered office.

<sup>4</sup> The reference to LIBOR shall be replaced by FED, SONIA, or €STR, as applicable, as from 1<sup>st</sup> April 2021.

The following classes are currently available for Alquity SICAV – Alquity Asia Fund:

Share class name	A	B	R	M	Y
Currency (*)	USD	USD	GBP/USD/EUR	USD/EUR	USD/GBP/EUR
ISIN Code	\$ LU1049766626	\$ LU1049766899	£ LU1049766972 \$ LU1730018436 € LU1730018519	\$ LU1049767277 € LU1617838468	\$ LU1070051617 £ LU1070051708 £ LU1799637449 € LU1070051880
Issue Price	\$100	\$100	£100/\$100/€100	\$100/€100	\$100/£100/€100
Issue Date	25/04/2014	30/04/2014	05/05/2014 (GBP)	28/03/2014 (USD)	23/01/2015 (GBP) & 01/09/2016 (USD) & 03/08/2016 (EUR)
Valuation Days	Every bank business day	Every bank business day	Every bank business day	Every bank business day	Every bank business day
Flat TER	3% of total NAV p.a.	3% of total NAV p.a.	3% of total NAV p.a.	3% of total NAV p.a.	1.90% of total NAV p.a. (EUR/USD) 1.55% of total NAV p.a. (GBP)
Investment Management Fees (**)	1.60% of total NAV p.a.	1.60% of total NAV p.a.	1.10% of total NAV p.a.	1.60% of total NAV p.a.	0.9% of total NAV p.a.
Performance Fees (***)	15% with a High Water Mark	15% with a High Water Mark	15% with a High Water Mark	15% with a High Water Mark	None
Hurdle rate <sup>5</sup>	USD 1 yr LIBOR+ 3%	USD 1 yr LIBOR + 3%	GBP 1 yr LIBOR + 3% USD 1 yr LIBOR + 3% EUR 1 yr LIBOR + 3%	USD 1 yr LIBOR + 3% EUR 1 yr LIBOR + 3%	None
Share class type	Retail/Capitalisation	Retail/Capitalisation	Retail £=Reporting \$=Capitalisation €=Capitalisation	Institutional/ \$=Capitalisation €=Capitalisation	Institutional \$=Capitalisation £=Reporting and Distribution

<sup>5</sup> As from 1<sup>st</sup> January 2022:

- USD LIBOR shall be replaced by FED;
- GBP LIBOR shall be replaced by SONIA; and
- EUR LIBOR shall be replaced by €STR.

					€=Capitalisation
Minimum initial subscription/holding amount	\$2,000	\$10,000	£5,000 \$5,000 €5,000	\$2,000 €2,000	\$5,000,000 £2,500,000 €5,000,000
Minimum subsequent amount (****)	\$1,000	\$1,000	£1,000 \$1,000 €1,000	\$1,000 €1,000	\$1,000 £500 €1,000
Subscription fee	Up to 5%	None	Up to 5%	Up to 5%	Up to 5%
Redemption fee	None	Yes (****)	None	None	None
Conversion fee	None	None	None	None	None

The following classes are currently available for Alquity SICAV – Alquity Asia Fund:

Share class name	S	I	X	W	D
Currency (*)	GBP	USD/GBP	GBP	USD	GBP/EUR/USD
ISIN Code	£ LU1049767350	\$ LU1049767434 £ LU1049767517	£ LU1049767780	\$ LU1145752835	£ [] € [] \$ []
Issue Price	£100	\$100/£100	£100	\$100	£100/€100/\$100
Issue Date	TBD	12/11/2019 (GBP)	TBD	20/02/2017	TBD
Valuation Days	Every bank business day	Every bank business day	Every bank business day	Every bank business day	Every bank business day
Flat TER	3% of total NAV p.a.	1.10% of total NAV p.a.	1.30% of total NAV p.a.	0.65% of total NAV p.a.	1.10% of the total NAV p.a.
Investment Management Fees (**)	0.70% of total NAV p.a.	0.80% of total NAV p.a.	0.30% of total NAV p.a.	0% of total NAV p.a.	0.80% of total NAV p.a.
Performance Fees (***)	15% with a High Water Mark	None	None	None	None
Hurdle rate <sup>6</sup>	GBP 1 yr LIBOR + 3%	None	None	None	None
Share class type	Institutional/ Reporting	Institutional £=Reporting \$=Capitalisation	Retail/ £=Reporting	Institutional \$=Capitalisation	Institutional £=Distribution €=Distribution \$=Distribution
Minimum initial subscription/holding amount	£5,000,000	\$7,500,000/ £5,000,000	£1,000	\$5,000	£5,000,000 €5,000,000 \$5,000,000
Minimum subsequent amount (****)	£500	\$1,000/ £500	£500	\$1,000	£500 €500 \$500
Subscription fee	Up to 5%	Up to 5%	Up to 5%	Up to 5%	Up to 5%
Redemption fee	None	None	None	None	None

<sup>6</sup> As from 1<sup>st</sup> January 2022:

- USD LIBOR shall be replaced by FED;
- GBP LIBOR shall be replaced by SONIA; and
- EUR LIBOR shall be replaced by €STR.

Conversion fee	None	None	None	None	None
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### Investment Management Fee

For all relevant classes of shares, the Investment Manager will guarantee a minimum donation of 10% of the net investment management fee (i.e. after payment of the fees of intermediaries and other third parties) via a registered charitable foundation and its associated commercial operations, to fund development projects in the regions in which this sub-fund invests. The Investment Manager may at its discretion choose to target donations at a level higher than this minimum depending on the profile of assets under management and the associated fee revenues.

### Performance Fee<sup>7</sup>

The hurdle rate will be the daily fixing for one (1) year LIBOR + 3% of the individual share class currency as per Bloomberg, e.g. one (1) year USD LIBOR + 3% for the classes of shares denominated in USD and one (1) year GBP LIBOR + 3% for the classes of shares denominated in GBP. Please see examples.

For all relevant classes of shares, the Investment Manager will guarantee a minimum donation of 10% of the net performance fee (i.e. after payment of the fees of intermediaries and other third parties) via a registered charitable foundation and its associated commercial operations, to fund development projects in the regions in which this sub-fund invests. The Investment Manager may at its discretion choose to target donations at a level higher than this minimum depending on the profile of assets under management and the associated fee revenues.

The Benchmark administrator of the LIBOR, is ICE Benchmark Administration.

ICE Benchmark Administration, is well registered, on the ESMA's register for administrators according to Article 36 of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**BMR**").

In accordance with Article 28 of the BMR, the Management Company will maintain an index contingency plan setting out the actions to be taken in the event that a benchmark changes materially or ceases to be provided. A copy of the contingency plan is available free of charge to the shareholders upon request at the Management Company's registered office.

<sup>7</sup> The reference to LIBOR shall be replaced by FED, SONIA, or €STR, as applicable, as from 1<sup>st</sup> January 2022.

The following classes are currently available for Alquity SICAV – Alquity Indian Subcontinent Fund:

Share class name	A	B	R	M	Y
Currency (*)	USD	USD	GBP/USD/EUR	USD/EUR	USD/GBP/EUR
ISIN Code	\$ LU1049767863	\$ LU1049767947	£ LU1049768085 \$ LU1730018600 € LU1730018782	\$ LU1049768242 € LU1617838625	\$ LU1070052185 £ LU1070052268 £ LU1799637795 € LU1070052342
Issue Price	\$100	\$100	£100/\$100/€100	\$100/€100	\$100/£100/€100
Issue Date	19/05/2014	19/05/2014	05/05/2014 (GBP)	30/04/2014 (USD)	05/05/2015 (GBP) & 08/05/2017 (EUR)
Valuation Days	Every bank business day	Every bank business day	Every bank business day	Every bank business day	Every bank business day
Flat TER	3% of total NAV p.a.	3% of total NAV p.a.	3% of total NAV p.a.	3% of total NAV p.a.	1.90% of total NAV p.a. (EUR/USD) 1.55% of total NAV p.a. (GBP)
Investment Management Fees (**)	1.60% of total NAV p.a.	1.60% of total NAV p.a.	1.10% of total NAV p.a.	1.60% of total NAV p.a.	0.9% of total NAV p.a.
Performance Fees (***)	15% with a High Water Mark	15% with a High Water Mark	15% with a High Water Mark	15% with a High Water Mark	None
Hurdle rate <sup>8</sup>	USD 1 yr LIBOR + 3%	USD 1 yr LIBOR + 3%	GBP 1 yr LIBOR + 3% USD 1 yr LIBOR + 3% EUR 1 yr LIBOR + 3%	USD 1 yr LIBOR + 3% EUR 1 yr LIBOR + 3%	None
Share class type	Retail/Capitalisation	Retail/Capitalisation	Retail £=Reporting \$=Capitalisation €=Capitalisation	Institutional/ \$=Capitalisation €=Capitalisation	Institutional \$=Capitalisation £=Reporting and Distribution

<sup>8</sup> As from 1<sup>st</sup> October 2021:

- USD LIBOR shall be replaced by FED;
- GBP LIBOR shall be replaced by SONIA; and
- EUR LIBOR shall be replaced by €STR.

					€=Capitalisation
Minimum initial subscription/holding amount	\$2,000	\$10,000	£5,000 \$5,000 €5,000	\$2,000 €2,000	\$5,000,000 £2,500,000 €5,000,000
Minimum subsequent amount (****)	\$1,000	\$1,000	£1,000 \$1,000 €1,000	\$1,000 €1,000	\$1,000 £500 €1,000
Subscription fee	Up to 5%	None	Up to 5%	Up to 5%	Up to 5%
Redemption fee	None	Yes (*****)	None	None	None
Conversion fee	None	None	None	None	None

The following classes are currently available for Alquity SICAV – Alquity Indian Subcontinent Fund:

Share class name	S	I	X	W	D
Currency (*)	GBP	USD/GBP	GBP	USD	GBP/EUR/USD
ISIN Code	£ LU1049768325	\$ LU1049768598 £ LU1049768671	£ LU1049768838	\$ LU1145752165	£ [] € [] \$ []
Issue Price	£100	\$100/£100	£100	\$100	£100/€100/\$100
Issue Date	TBD	12/11/2019 (GBP)	TBD	20/02/2017	TBD
Valuation Days	Every bank business day	Every bank business day	Every bank business day	Every bank business day	Every bank business day
Flat TER	3% of total NAV p.a.	1.10% of total NAV p.a.	1.30% of total NAV p.a.	2.10% of total NAV p.a.	1.10% of total NAV p.a.
Investment Management Fees (**)	0.70% of total NAV p.a.	0.80% of total NAV p.a.	0.30% of total NAV p.a.	1.10% of total NAV p.a.	0.80% of total NAV p.a.
Performance Fees (***)	15% with a High Water Mark	None	None	15% with a High Water Mark	None
Hurdle rate <sup>9</sup>	GBP 1 yr LIBOR + 3%	None	None	USD 1 yr LIBOR + 3%	None
Share class type	Institutional/Reporting	Institutional £=Reporting \$=Capitalisation	Retail/ £=Reporting	Institutional \$=Capitalisation	Institutional £=Distribution €=Distribution \$=Distribution
Minimum initial subscription/holding amount	£5,000,000	\$7,500,000 £5,000,000	£1,000	\$5,000	£5,000,000 €5,000,000 \$5,000,000
Minimum subsequent amount (****)	£500	\$1,000/ £500	£500	\$1,000	£500 €500 \$500
Subscription fee	Up to 5%	Up to 5%	Up to 5%	Up to 5%	Up to 5%
Redemption fee	None	None	None	None	None

<sup>9</sup> As from 1<sup>st</sup> October 2021:

- USD LIBOR shall be replaced by FED;
- GBP LIBOR shall be replaced by SONIA; and
- EUR LIBOR shall be replaced by €STR.

Conversion fee	None	None	None	None	None
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### Investment Management Fee

For all relevant classes of shares, the Investment Manager will guarantee a minimum donation of 10% of the net investment management fee (i.e. after payment of the fees of intermediaries and other third parties) via a registered charitable foundation and its associated commercial operations, to fund development projects in the regions in which this sub-fund invests. The Investment Manager may at its discretion choose to target donations at a level higher than this minimum depending on the profile of assets under management and the associated fee revenues.

### Performance Fee<sup>10</sup>

The hurdle rate will be the daily fixing for one (1) year LIBOR + 3% of the individual share class currency as per Bloomberg, e.g. one (1) year USD LIBOR + 3% for the classes of shares denominated in USD and one (1) year GBP LIBOR + 3% for the classes of shares denominated in GBP. Please see examples.

For all relevant classes of shares, the Investment Manager will guarantee a minimum donation of 10% of the net performance fee (i.e. after payment of the fees of intermediaries and other third parties) via a registered charitable foundation and its associated commercial operations, to fund development projects in the regions in which this sub-fund invests. The Investment Manager may at its discretion choose to target donations at a level higher than this minimum depending on the profile of assets under management and the associated fee revenues.

The Benchmark administrator of the LIBOR, is ICE Benchmark Administration.

ICE Benchmark Administration, is well registered, on the ESMA's register for administrators according to Article 36 of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**BMR**").

In accordance with Article 28 of the BMR, the Management Company will maintain an index contingency plan setting out the actions to be taken in the event that a benchmark changes materially or ceases to be provided. A copy of the contingency plan is available free of charge to the shareholders upon request at the Management Company's registered office.

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<sup>10</sup> The reference to LIBOR shall be replaced by FED, SONIA, or €STR, as applicable, as from 1<sup>st</sup> October 2021.

The following classes are currently available for Alquity SICAV – Alquity Future World Fund:

Share class name	A	B	R	M	Y
Currency (*)	USD	USD	GBP/USD/EUR	USD/EUR	USD/GBP/EUR
ISIN Code	\$ LU1049768911	\$ LU1049769059	£ LU1049769133 \$ LU1730018865 € LU1730018949	\$ LU1049769307 € LU1617839193	\$ LU1070052771 £ LU1070052854 £ LU1799637878 € LU1070053076
Issue Price	\$100	\$100	£100/\$100/€100	\$100/€100/£100	\$100/£100/€100
Issue Date	02/12/2015	09/10/2014	05/11/2014 (GBP)	04/06/2014 (USD)	26/07/2016 (GBP)
Valuation Days	Every bank business day	Every bank business day	Every bank business day	Every bank business day	Every bank business day
Flat TER	3% of total NAV p.a.	3% of total NAV p.a.	3% of total NAV p.a.	3% of total NAV p.a.	1.90% of total NAV p.a. (EUR/USD) 1.55% of total NAV p.a. (GBP)
Investment Management Fees (**)	1.90% of total NAV p.a.	1.90% of total NAV p.a.	1.10% of total NAV p.a.	1.90% of total NAV p.a.	0.9% of total NAV p.a.
Performance Fees (***)	20% with a High Water Mark	20% with a High Water Mark	20% with a High Water Mark	20% with a High Water Mark	None
Hurdle rate <sup>11</sup>	USD 1 yr LIBOR	USD 1 yr LIBOR	GBP 1 yr LIBOR + 3% USD 1 yr LIBOR + 3% EUR 1 yr LIBOR + 3%	USD 1 yr LIBOR EUR 1 yr LIBOR	None
Share class type	Retail/Capitalisation	Retail/Capitalisation	Retail £=Reporting \$=Capitalisation €=Capitalisation	Institutional/ \$=Capitalisation €=Capitalisation	Institutional \$=Capitalisation £=Reporting and Distribution €=Capitalisation

<sup>11</sup> As from 1<sup>st</sup> January 2022:

- USD LIBOR shall be replaced by FED;
- GBP LIBOR shall be replaced by SONIA; and
- EUR LIBOR shall be replaced by €STR.

Minimum initial subscription/holding amount	\$2,000	\$10,000	£5,000 \$5,000 €5,000	\$2,000 €2,000	\$5,000,000 £2,500,000 €5,000,000
Minimum subsequent amount (****)	\$1,000	\$1,000	£1,000 \$1,000 €1,000	\$1,000 €1,000	\$1,000 £500 €1,000
Subscription fee	Up to 5%	None	Up to 5%	Up to 5%	Up to 5%
Redemption fee	None	Yes (*****)	None	None	None
Conversion fee	None	None	None	None	None

The following classes are currently available for Alquity SICAV – Alquity Future World Fund:

Share class name	S	I	D	W
Currency (*)	GBP	USD/GBP	GBP/EUR/USD	USD
ISIN Code	£ LU1049769489	\$ LU1049769562 £ LU1049769646	£ [ ] € [ ] \$ [ ]	\$ LU1145753569
Issue Price	£100	\$100/£100	£100/€100/\$100	\$100
Issue Date	TBD	12/11/2019 (GBP)	TBD	20/02/2017
Valuation Days	Every bank business day	Every bank business day	Every bank business day	Every bank business day
Flat TER	3% of total NAV p.a.	1.10% of total NAV p.a.	1.10% of total NAV p.a.	2.10% of total NAV p.a.
Investment Management Fees (**)	0.70% of total NAV p.a.	0.80% of total NAV p.a.	0.80% of total NAV p.a.	1.10% of total NAV p.a.
Performance Fees (***)	20% with a High Water Mark	None	None	15% with a High Water Mark
Hurdle rate <sup>12</sup>	GBP 1 yr LIBOR + 3%	None	None	USD 1 yr LIBOR + 3%
Share class type	Institutional/Reporting	Institutional £=Reporting \$=Capitalisation	Institutional £=Distribution €=Distribution \$=Distribution	Institutional \$=Capitalisation
Minimum initial subscription/holding amount	£5,000,000	\$7,500,000 £5,000,000	£5,000,000 €5,000,000 \$5,000,000	\$5,000
Minimum subsequent amount (****)	£500	\$1,000 £500	£500 €500 \$500	\$1,000
Subscription fee	Up to 5%	Up to 5%	Up to 5%	Up to 5%
Redemption fee	None	None	None	None
Conversion fee	None	None	None	None

<sup>12</sup> As from 1<sup>st</sup> January 2022:

- LIBOR shall be replaced by FED;
- GBP LIBOR shall be replaced by SONIA; and
- EUR LIBOR shall be replaced by €STR.

### Investment Management Fee

For all relevant classes of shares, the Investment Manager will guarantee a minimum donation of 10% of the net investment management fee (i.e. after payment of the fees of intermediaries and other third parties) via a registered charitable foundation and its associated commercial operations, to fund development projects in the regions in which this sub-fund invests. The Investment Manager may at its discretion choose to target donations at a level higher than this minimum depending on the profile of assets under management and the associated fee revenues.

### Performance Fee<sup>13</sup>

The hurdle rate for classes R, W and S will be the daily fixing for one (1) year LIBOR + 3% of the individual share class currency as per Bloomberg, e.g. one (1) year USD LIBOR + 3% for the classes of shares denominated in USD and one (1) year GBP LIBOR + 3% for the classes of shares denominated in GBP. Please see examples.

The hurdle rate for classes A, B, and M will be the daily fixing for one (1) year LIBOR of the individual share class currency as per Bloomberg, e.g. one (1) year USD LIBOR for the classes of shares denominated in USD and one (1) year GBP LIBOR for the classes of shares denominated in GBP. Please see examples.

For all relevant classes of shares, the Investment Manager will guarantee a minimum donation of 10% of the net performance fee (i.e. after payment of the fees of intermediaries and other third parties) via a registered charitable foundation and its associated commercial operations, to fund development projects in the regions in which this sub-fund invests. The Investment Manager may at its discretion choose to target donations at a level higher than this minimum depending on the profile of assets under management and the associated fee revenues.

The Benchmark administrator of the LIBOR, is ICE Benchmark Administration.

ICE Benchmark Administration, is well registered, on the ESMA's register for administrators according to Article 36 of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "BMR").

In accordance with Article 28 of the BMR, the Management Company will maintain an index contingency plan setting out the actions to be taken in the event that a benchmark changes materially or ceases to be provided. A copy of the contingency plan is available free of charge to the shareholders upon request at the Management Company's registered office.

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<sup>13</sup> The reference to LIBOR shall be replaced by FED, SONIA, or €STR, as applicable, as from 1<sup>st</sup> January 2022.

\* Subject to the Board of Directors' discretion to determine otherwise, classes denominated in GBP are generally reserved to United Kingdom resident and/or United Kingdom ordinarily resident investors.

\*\* The Investment Management Fees are expressed in annual rate but are calculated on the basis of the average net assets for the past month and payable at the end of each month.

\*\*\* Performance fee methodology: the performance fee will be adjusted (i.e. accrued or reversed) daily on each Valuation Day over the relevant performance period and paid for all the classes of shares that levy a performance fee once a year on within 30 (30) days following the end of each performance period where the sub-fund closes above its previous High Water Mark and hurdle rate. If a sub-fund's Net Asset Value rises, then the Central Administration Agent, Registrar and Transfer Agent will accrue the performance fee; if a sub-fund's Net Asset Value declines, then the Central Administration Agent, Registrar and Transfer Agent will release and adjust the accrual downwards. Please refer to the performance fee risk. Accounting provisions for the performance fee will be adjusted downward (negatively) only to the extent of any accrued performance fees.

In case of subscription recorded during a performance period, the High Water Mark is adjusted to prevent the subscriptions having an impact on the amount of accruals for performance fees.

In case of redemptions recorded during a performance period, the corresponding performance fee will be crystallized and paid at the end of the relevant performance period.

The performance fee operates a high water mark ("**High Water Mark**") principle along with a hurdle rate (please see the relevant charts in Appendix C. for the relevant hurdle rate) which is a mechanism that ensures that the fee can only be charged if the year-end Net Asset Value per share of the relevant performance period (as such term is defined below) is higher than the year-end Net Asset Value per share of the performance period when a performance fee was last paid, increased by the relevant proportion of the hurdle rate. Performance fees will not be paid when the performance for the year ends below the previous High Water Mark, increased by the relevant proportion of the hurdle rate for the number of days since the last year end.

The performance fee, which varies between share classes and sub-funds (please see the relevant charts in Appendix C. for the relevant performance fee rate) is based on the following formula:

Outperformance = [Net Asset Value per share (gross of performance fees)] - / [Adjusted High Water Mark + proportion of hurdle rate for number of days since last year end] - 1

Adjusted High Water Mark = [Adjusted HWM of the previous NAV date x outstanding shares of the previous NAV date + Net subscriptions (i.e. subscriptions – adjusted HWM of previous NAV date x number of redeemed/converted shares)]/outstanding shares at NAV date)-1]

Performance fee = Performance fee rate x (Outperformance x HWM X Current Shares in issue)

The first performance period of a class will begin and end on the following dates:

- launch date of the Alquity SICAV – Alquity Africa Fund until the first following financial year end of the Company;
- launch date of the Alquity SICAV – ALQUITY GLOBAL IMPACT FUND until the first following 31 March;
- launch date of the Alquity SICAV – Alquity Asia Fund until the first following 31 December;
- launch date of the Alquity SICAV – Alquity Indian Subcontinent Fund until the first following 30 September;

- launch date of the Alquity SICAV – Alquity Future World Fund until the first following 31 December.

Thereafter, each performance period will correspond to:

- the financial year of the Company for Alquity SICAV – Alquity Africa Fund;
  - 1 April of each year to 31 March of the following year for Alquity SICAV – Alquity Global Impact Fund;
  - 1 January to 31 December of the same year for Alquity SICAV – Alquity Asia Fund;
  - 1 October of each year to 30 September of the following year for Alquity SICAV – Alquity Indian Subcontinent Fund;
  - 1 January to 31 December of the same year for Alquity SICAV – Alquity Future World Fund;
- or other date as stated at the time of launch.

For the first performance fee calculation of any class of shares, the High Water Mark will be the price at inception.

Example n. 1:

NAV per share at inception or at date of last Adjusted High Water Mark:	10
NAV per share at end of period:	11
Adjusted High Water Mark:	10
Hurdle rate – 1yr USD LIBOR:	3%
Adjusted High Water Mark plus hurdle rate:	$10.3 \text{ Adjusted High Water Mark} \times (1 + \text{hurdle rate}) = 10 \times (1+3\%)$
Outperformance:	$6,79\% \text{ [Net Asset Value per share (gross of performance fees)]} / \text{[Adjusted High Water Mark + proportion of hurdle rate for number of days since last year end]} - 1 = (11/ 10.3) - 1]$
Current Shares in issue:	10 mio
Rate of Performance Fee:	20%
Performance Fee:	$1.4 \text{ mio} \times 20\% \times (\text{Outperformance} \times \text{Adjusted HWM} \times \text{Shares in Issue}) = 20\% \times (6,79\% \times 10,3 \times 10 \text{ mio}) = 1.4 \text{ mio}$
New starting adjusted High Water Mark for next period:	10,86

Example n. 2:

NAV per share at inception or at date of last Adjusted High Water Mark:	10
NAV per share at end of period:	10.1
Adjusted High Water Mark:	10
Hurdle rate – 1yr USD LIBOR:	3%
Adjusted High Water Mark plus hurdle rate:	$10.3 \text{ Adjusted High Water Mark} \times [1+\text{hurdle rate}] = 10 \times (1 + 3\%)$
Outperformance:	$-1,94\% \text{ Net Asset Value per share (gross of performance fees)]} / \text{[Adjusted High Water Mark + proportion of hurdle rate for number of days since last year end]} - 1 = (10.1/ 10.3) - 1]$
Current Shares in issue:	10 mio
Rate of Performance Fee:	20%
Performance Fee:	$0.00 \times 20\% \times (\text{Outperformance} \times \text{Adjusted HWM} \times \text{Shares in Issue}) = 20\% \times (-1,94\% \times 10.3 \times 10 \text{ mio}) = 0.0$

New starting adjusted High Water Mark for next period: 10

\*\*\*\* The minimum further subscription amount may be waived at the discretion of the Directors.

\*\*\*\*\* Class B shares redeemed within five (5) years following the Valuation Day in respect of which they were subscribed will be subject to a redemption fee for the benefit of continuing investors as follows:

<u>Period following subscription</u>	<u>Redemption fee</u>
Within one year of subscription	5% of the initial subscription amount
On or after 1 year but within 2 years of subscription	4% of the initial subscription amount
On or after 2 years but within 3 years of subscription	3% of the initial subscription amount
On or after 3 years but within 4 years of subscription	2% of the initial subscription amount
On or after 4 years but within 5 years of subscription	1% of the initial subscription amount
On or after 5 years after subscription	No redemption fee

Class B shares pay an introductory fee of up to 5% to distributors. Where introductory fees are paid to distributors in relation to Class B shares, these amounts will become an asset of the relevant class and amortised over five (5) years, at a rate similar to the scale of reduction in redemption charges noted above. This treatment will have the effect of reducing the return of the Class B share for the period of this amortisation. The amortisation is shared by the entire B share class of the sub-fund whenever there is a subscription.

“Retail Class”: is the class of shares offered to individuals and corporate entities.

“Institutional Class”: is the class of shares restricted solely to institutional investors (within the meaning of articles 174, 175 and 176 of the 2010 Law).

“Capitalisation Shares”: the holders of Capitalisation Shares will not be entitled to receive dividend unless otherwise decided by the Board of Directors.

“GBP Reporting Shares”: under normal circumstances, the Board of Directors intends to report 100% of the income attributable to the classes of shares denominated in GBP as computed in its accounts (subject to various adjustments). U.K. resident shareholders will be taxable on such reported income whether or not the income is actually distributed. The Board of Directors may amend this policy at any time upon notice without prior shareholder approval.

“High Water Mark”: means in relation to a Class of Shares the highest Net Asset Value per Share of such Class (after the deduction of any performance fee) as at the last Valuation Day when a performance fee was last paid. For the first performance fee calculation, the High Water Mark will be the initial issue price of the relevant Class.

## 1. ALQUITY SICAV – ALQUITY AFRICA FUND

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### INVESTMENT STRATEGIES AND POLICY:

The aim of the sub-fund is long term capital appreciation by means of investing at least 70% of its net assets in

- (i) equity securities listed on the Regulated Markets of African countries; or
- (ii) equity securities listed on the Regulated Markets outside the African continent provided that the relevant companies realized more than 50% of their revenue and/or profit in the African continent as determined by the Investment Manager on the basis of these companies' latest financial statements.

The sub-fund will mainly invest, directly or indirectly, in equities but will also consider bonds and convertible bonds. The sub-fund may also invest in assets such as Money Market Instruments, time deposits.

The sub-fund may temporarily, on an ancillary basis, hold cash and cash equivalents and, under exceptional circumstances (e.g. the global financial crisis of 2008 or Asian financial crisis of 1998), the sub-fund may also be invested up to 100% in cash and cash equivalents.

Within the limits set forth and as described under Appendix II. of the Prospectus, the sub-fund may use financial techniques and instruments such as call and put options and financial futures for efficient portfolio management or to attempt to hedge or reduce the overall risk of its investments. For so long as the sub-fund remains authorised for public offering in Hong Kong, the sub-fund will not use financial derivative instruments primarily or extensively for investment purposes without the prior approval of the relevant regulatory authority in Hong Kong. If the sub-fund wishes to use financial derivative instruments primarily or extensively for investment purposes, at least one month's prior notice will be given to shareholders and the prospectus will be amended accordingly.

The sub-fund will not engage in securities lending or enter into repurchase agreements.

The sub-fund will not invest in debt securities issued and/or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) with a credit rating below investment grade, including unrated sovereign issuers.

The sub-fund will not invest in real estate investment trusts, asset-backed securities or mortgage-backed securities.

The investment process of the sub-fund encompasses the consideration of environmental, social and governance (ESG) factors.

If the sub-fund determines in the future to change any of its investment strategies and policies as stated above, at least one month's prior notice will be given to shareholders and the prospectus will be amended accordingly.

The Fund is active and managed without any reference to a benchmark. The Investment Manager has discretion over the composition of its portfolio subject to this objective and investment policy.

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### GLOBAL EXPOSURE CALCULATION METHODOLOGY:

The Company will use the commitment approach in order to calculate the global risk exposure of the sub-fund and to ensure that such global risk exposure relating to financial derivative instruments does not exceed the total Net Asset Value of the sub-fund.

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### RISK PROFILE:

In addition to the risks listed under Section XIII., the sub-fund is subject to the following risks:

### Geographic Risk

The sub-fund is investing in African equities. Therefore, the performance of the sub-fund will be affected by economic downturns and other factors affecting Africa as a whole, African sub-regions and/or African countries and markets in which the sub-fund invests.

### Regional/Political Risk

Overseas investment inevitably carries a risk of changes in the political environment in the overseas country. Many countries in the African continent have been subject to political instability, and are undergoing economic, political and social change. The performance of the sub-fund may be affected by actual and perceived risks arising from social, religious and political influences, as well as changes in government policies, hostilities in the region, and action by extremist groups.

The chance that an entire geographical region will be hurt by political, regulatory, market or economic developments or natural disasters may adversely impact the value of investments concentrated in the region.

In addition, many African governments have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies. Accordingly, governmental actions in the future could have a significant effect on economic conditions in African countries.

Sub-funds that are less diversified across geographic regions, countries, industries, or individual companies are generally riskier than more diversified funds. The economies and financial markets of certain geographic regions can be interdependent and may all decline at the same time.

### Local currency risk

Investments in companies in emerging markets carry a higher degree of risk which may cause the value of the sub-fund's investments to diminish as the shares of these companies are denominated in a currency that is subject to greater fluctuation and loss of value when compared to shares denominated in US Dollars. The sub-fund does not intend to hedge its local currency exposure.

### Smaller Company Securities Risk

Securities of companies with smaller market capitalizations tend to be more volatile and less liquid than larger company stocks. Smaller companies may have no or relatively short operating histories, or be newly public companies. Some of these companies have aggressive capital structures, including high debt levels, or are involved in rapidly growing or changing industries and/or new technologies, which pose additional risks.

### Cost of doing business in Africa

Investments in emerging markets may result in higher costs for the sub-fund due to the various other risks (e.g. geographic risk, regional/political risk, local currency risk) applicable to the sub-fund. In addition, doing business in Africa may result in very high sub-custody and trading costs. There is greater uncertainty as companies in Africa are generally subject to less stringent and less uniform accounting, auditing and financial reporting standards, practices and disclosure requirements than those applicable to companies in more developed countries. In addition, there is usually less publicly available information about doing business in Africa than about doing business in a more developed country, consequently, the sub-fund's Net Asset Value may be negatively affected.

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### **PROFILE OF THE TYPICAL INVESTOR AND TARGET MARKET:**

The sub-fund is suitable for investors who are prepared to accept a high level of risk and who plan to maintain their investment over a medium to long term period.

The sub-fund is suitable for all investors who seek long-term capital appreciation as a core or component of a portfolio of investments. The sub-fund will allow ready access to the investment. The investor should be prepared to bear losses. The sub-fund may not be compatible for investors outside the target market.

Note: For reference only, investors should consider their own specific circumstances, including, without limitation, their own risk tolerance level, financial circumstances and investment objectives prior to investing in the sub-fund.

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**DISCLAIMER:**

Past performance is not indicative of future results. The sub-fund is subject to the risk of financial markets. The price of the shares and the income from them may fall as well as rise. Accordingly, there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the sub-fund will achieve its objectives.

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**DISTRIBUTION FEE:**

Alquity Investment Management Limited, as distributor has waived its fee for the sub-fund except for the share classes launched after 15<sup>th</sup> February 2017, for which it will receive a fee of up to 0.5% of the net asset value of each class.

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**REFERENCE CURRENCY:**

The reference currency of the sub-fund is expressed in USD.

## 2. ALQUITY SICAV – ALQUITY GLOBAL IMPACT FUND

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### INVESTMENT STRATEGIES AND POLICY:

The investment objective of the sub-fund is to achieve long term capital appreciation by investing in companies committed to delivering sustainable long-term earnings streams by delivering quality products and services that have a positive future societal impacts. Companies who have a defined process for avoiding exploitation that creates a negative cost to human conditions but rather are geared to supporting the social realms for people to thrive and evolve.

In order to achieve its investment objective, the sub-fund will essentially invest in a widely diversified portfolio of companies such as medium enterprises (SMEs) and the commercial and industrial (C&I) which operate across the entire value chain in sustainable/green energy, agricultural, health, humanitarian and educational system sectors, that, inter alia:

- Have a positive impact in terms of one or more of the United Nation Sustainable Development Goals (SDG's), and/or
- Support the societal transition to a low carbon, and/or
- Meet high and improving Environmental, Social and Governance criteria, and/or
- Deliver and are committed to maintaining above average metrics for areas such as, but not limited to:
  - gender equality and diversity
  - the quality of pay
  - efficiency-water, waste and energy as proxy, and/or
- Maximise the use of technology to solve important societal issues, and/or
- Exclude sectors that serve no positive social purpose (i.e. tobacco, liquor, gambling, narcotics, adult entertainment, armaments, fossil fuels, coal mining).

Where possible the investment manager will identify management teams that are able to steward these companies with an appropriately long-term time horizon, as he believes this increases the chances of generating superior returns.

The investment manager will use quantitative and/or qualitative approaches to build the portfolio, and will incorporate the managers' proprietary ESG frameworks to help build a portfolio consistent with high ESG aims and delivery of positive societal impacts.

Investments will be made in companies that will benefit from the transition to a new and more circular economy based around the aspirations of agendas such as the United Nation Sustainable Development Goals (SDGs). The sub-funds investment philosophy focuses on key growth drivers, as tangible domestic or regional trends (i.e. growth of consumption, favorable demographics), which are perceived by the investment manager, as being the growth markets for the future, hence the name "Future World".

In line with its sustainable investment objective, one of the sub-fund's aims is to invest in underlying investments that contribute to climate change mitigation and/or climate change adaptation.

As described above, a proportion of equity instruments are assessed and measured regarding their ability to contribute to making a tangible contribution towards the UN Sustainable Development Goals (UNSDGs) including SDG 13 relating to climate action and SDG7 relating to affordable and clean energy. This assessment is conducted at a company level using our proprietary quantitative analytics methodology. Each qualifying investment is reviewed on a regular basis to ensure that more than 50% of its revenues are derived from products and services that support our target UNSDGs. In the absence of mandatory reporting, the sub-fund will endeavour to publish on a quarterly basis those investments that are aligned to the EU criteria and the proportion of their revenues attributable to taxonomy-aligned environmentally sustainable activities.

At the date of this prospectus, it is however not yet possible to commit to the sub-fund's minimum alignment with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the "Taxonomy Regulation"), as the investment manager is currently not in a position to accurately determine to what extent the sub-fund's investments are in taxonomy-aligned environmentally sustainable activities.

This prospectus will be updated once the final regulatory technical standards supplementing the Taxonomy Regulation will become applicable and will be further completed when it will become possible to accurately disclose to what extent the sub-fund's investments are in taxonomy-aligned environmentally sustainable activities, including the proportions of investments in enabling and transitional activities selected for the sub-fund.

The investment strategy will be a go anywhere strategy within global equities whilst always maintaining a portfolio construction appropriately aligned with the liquidity and diversity requirements of a daily dealing portfolio UCITS portfolio.

As ancillary investments, up to 30% of the fund assets may be invested into a) fixed income securities (such as bonds) listed on Regulated Markets (subject to a maximum of 20% of its net assets); (b) other Transferable Securities listed on Regulated Markets (subject to a maximum of 10% of its net assets) which will have a direct or indirect exposure to the investment themes identified above and (c) Money Market Instruments and time deposits.

Moreover, the sub-fund may temporarily, on an ancillary basis, hold cash and cash equivalents and, under exceptional circumstances, (e.g. the global financial crisis of 2008, Asian financial crisis of 1998 or the more recent global pandemic crisis) the sub-fund may also be invested up to 100% in cash and cash equivalents. Within the limits set forth and as described under Appendix II. of the Prospectus, the sub-fund may use financial techniques and instruments such as call and put options and financial futures (both index and OTC) for efficient portfolio management or to attempt to hedge or reduce the overall risk of its investments.

The sub-fund may invest up to 20 % of its net assets in China A Shares via Stock Connect.

The sub-fund will not invest in mortgage backed securities ("MBS"), asset backed securities "ABS"), repurchase agreements ("REPOs"), contingent convertible bonds ("CoCos"), catastrophe bond (CAT) and in distressed securities.

The investment process of the sub-fund encompasses the consideration of environmental, social and governance (ESG) factors.

If the sub-fund determines in the future to change any of its investment strategies and policies as stated above, at least one month's prior notice will be given to shareholders and the prospectus will be amended accordingly.

The sub-fund is active and managed without any reference to a benchmark. The investment manager has discretion over the composition of its portfolio subject to this objective and investment policy.

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#### **GLOBAL EXPOSURE CALCULATION METHODOLOGY:**

The Company will use the commitment approach in order to calculate the global risk exposure of the sub-fund and to ensure that such global risk exposure related to financial derivative instruments does not exceed the total Net Asset Value of the sub-fund.

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#### **RISK PROFILE:**

In addition to the risks listed under Section XIII., and in particular the risks linked to investments in global equity markets, the sub-fund is subject to the following risks:

## Geographic Risk

The sub-fund invests in global equities and this can also include emerging and frontier markets in Asia, Africa, Central & Eastern Europe, Latin American countries, and the Middle East equities, fixed income securities and other capital market instruments. Therefore, the performance of the sub-fund will be affected by economic downturns and other factors affecting global markets including Emerging markets, referred to as “less economically developed countries”, but in the process of becoming a developed economy and potentially Frontier Markets, which are by definition less advanced economies and that are too small to be considered an emerging market. The regions in which the sub-fund invests contains both global and emerging and frontier markets.

Investing in emerging markets and frontier markets securities poses risks different from, and/or greater than, risks of investing in the securities of developed countries.

These risks include; smaller market-capitalisation of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible repatriation of investment income and capital. In addition, foreign Investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalisation or the creation of government monopolies.

Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging and less developed countries. Although many of the emerging and less developed market securities in which the sub-fund may invest are traded on securities exchanges, they may trade in limited volume and may encounter settlement systems that are less well organised than those of developed markets.

Supervisory authorities of emerging and frontier markets, due also to limited qualified human and technical resources may also be unable to apply standards in controls that are comparable with those in developed markets.

Thus there may be risks that settlement may be delayed and that cash or securities belonging to the relevant sub-fund may be in jeopardy because of failures of or defects in the systems or because of defects in the administrative operations of counterparties. Such counterparties may lack the substance or financial resources of similar counterparties in a developed market.

There may also be a danger that competing claims may arise in respect of securities held by or to be transferred to the sub-fund and compensation schemes may be non-existent or limited or inadequate to meet the sub fund’s claims in any of these events.

## Regulatory/Political Risk

Some of the areas in which the fund invests could suffer from adverse policy decisions. For example changes to carbon policies or commitments by certain governments and institutions to move towards a zero carbon economy, or regulations around equality, diversity, waste, or commitments to meet commitments under the UN SDG’s could negatively impact the growth opportunities of companies within the portfolio.

## Regional/Political Risk

Overseas investment inevitably carries a risk of changes in the political environment in the overseas country. Many countries in Asia, Africa, Central & Eastern Europe, Latin American countries, and the Middle East have been subject to political instability, and are undergoing economic, political and social change. The performance of the sub-fund may be affected by actual and perceived risks arising from social, religious and political influences, as well as changes in government policies, hostilities in the region, and action by extremist groups. The chance that an entire geographical region will be hurt by political, regulatory, market or economic developments or natural disasters may adversely impact the value of investments concentrated in the region. In addition, many Asia, Africa, Central & Eastern Europe, Latin American countries, and the Middle East governments have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies. Accordingly, governmental actions in the future could have a

significant effect on economic conditions in Asia, Africa, Eastern Europe, Latin America, and the Middle East.

Sub-funds that are less diversified across geographic regions, countries, industries, or individual companies are generally riskier than more diversified funds. The economies and financial markets of certain geographic regions can be interdependent and may all decline at the same time.

#### Local currency risk

Investments in markets outside of the major developed markets such as emerging and frontier markets prevalent in Asia, Africa, Central & Eastern Europe, Latin American countries, and the Middle East region carry a higher degree of risk which may cause the value of the sub-fund's investments to diminish as the shares of these companies are denominated in a currency that is subject to greater fluctuation and loss of value when compared to shares denominated in US Dollars. The sub-fund does not intend to hedge its local currency exposure. Such currency may also be more affected by exchange control regulations or changes in the exchange rates. There is no requirement that the sub-fund seeks to hedge or to protect against currency exchange risks in connection with any transaction. This may have an adverse impact on the Net Asset Value of the sub-fund.

#### Cost of doing business in the Emerging and Frontier Markets

Investments in Emerging and Frontier Markets result in higher costs for the sub-fund due to the various other risks (e.g. geographic risk, regional / political risk, local currency risk) applicable to the sub-fund. In addition, doing business in Frontier Markets may result in very high subcustody and trading costs which may adversely affect the Net Asset Value of the sub-fund. The sub-fund may invest in securities of issuers based in Frontier Markets. Investment risk may be particularly high to the extent that a sub-fund invests emerging market securities of issuers based in countries with frontier or developing economies. These securities may present market, credit, currency, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed countries.

In addition, foreign exchange controls in emerging market countries may cause difficulties in the repatriation of funds from such countries. During times of market uncertainty, investments in such securities may negatively affect the sub-fund's performance

#### Liquidity risk

Daily trading volume in the emerging and frontier equity markets, and or for small and mid cap stocks generally, may fluctuate and persist at low levels, which may result in a higher cost of entering and exiting such investments, particularly at times of market and/or economic volatility, and may result in a diminishment of the value of the sub-fund's investments. Some of the sub-fund's investments (such as investments in small and mid-cap companies) may be subject to higher liquidity risk. Lower liquidity may arise from a low trading volume of securities, or if trading restrictions or temporary suspensions on trading are imposed. Investment in securities that have lower liquidity may reduce returns for or result in substantial losses to the sub-fund if it is unable to sell such securities at the desirable time or price. Liquidity could be reduced within a very short period of time, especially during a financial market crisis.

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#### **PROFILE OF THE TYPICAL INVESTOR AND TARGET MARKET:**

The sub-fund is suitable for investors who are prepared to accept a high level of risk and who plan to maintain their investment over a medium to long term period.

The sub-fund is suitable for all investors who seek long-term capital appreciation as a core or component of a portfolio of investments. The sub-fund will allow ready access to the investment. The investor should be prepared to bear losses. The sub-fund may not be compatible for investors outside the target market.

Note: For reference only, investors should consider their own specific circumstances, including, without limitation, their own risk tolerance level, financial circumstances and investment objectives prior to investing in the sub-fund.

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**DISCLAIMER:**

Past performance is not indicative of future results. The sub-fund is subject to the risk of financial markets. The price of the shares and the income from them may fall as well as rise. Accordingly, there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the sub-fund will achieve its objectives.

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**DISTRIBUTION FEE:**

Alquity Investment Management Limited, as distributor, will receive a fee of up to 0.5% of the net asset value of each class. This fee would not be charged to share classes I, S and Y.

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**REFERENCE CURRENCY:**

The reference currency of the sub-fund is expressed in USD.

### 3. ALQUITY SICAV – ALQUITY ASIA FUND

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#### INVESTMENT STRATEGIES AND POLICY:

The aim of the sub-fund is long term capital appreciation by of investing at least two-thirds (2/3) of its net assets in:

- (i) equity securities listed on the Regulated Markets of countries in Asia (the “**Asian Region**”);
- (ii) equity securities listed on the Regulated Markets outside of the Asian Region whose issuers either have more than 50% of their assets, or have realized more than 50% of their revenue, net income and/or operating profit, in the Asian Region;

The remainder of the sub-fund’s assets may be invested in (a) fixed income securities (such as bonds) listed on Regulated Markets whose issuers have their principal office in the Asian Region (subject to a maximum of 20% of its net assets); (b) other Transferable Securities listed on Regulated Markets (including up to 15% of its net assets in real estate investment trusts) and units of UCITS and/or other UCIs (subject to a maximum of 10% of its net assets) listed on Regulated Markets which will have a direct or indirect exposure to the Asian Region; and (c) Money Market Instruments and time deposits.

As from 20<sup>th</sup> May 2018 the sub-fund may invest up to 50 % of its net assets in China A Shares via Stock Connect. The sub-fund will not invest, directly or indirectly in China B Shares.

The sub-fund may temporarily, on an ancillary basis, hold cash and cash equivalents and, under exceptional circumstances (e.g. the global financial crisis of 2008 or Asian financial crisis of 1998), the sub-fund may also be invested up to 100% in cash and cash equivalents.

The sub-fund will, overall, invest (directly or indirectly), at least 70% of its net assets in companies that will benefit from the long-term growth opportunities in the Asian Region, which includes investing in small, mid-cap and large-cap companies where the Investment Manager identifies unrecognized investment opportunities.

Within the limits set forth and as described under Appendix II of the Prospectus, the sub-fund may use financial techniques and instruments such as call and put options and financial futures (both index and OTC) for efficient portfolio management or to attempt to hedge or reduce the overall risk of its investments. For so long as the sub-fund remains authorised for public offering in Hong Kong, the sub-fund will not use financial derivative instruments primarily or extensively for investment purposes without the prior approval of the relevant regulatory authority in Hong Kong. If the sub-fund wishes to use financial derivative instruments primarily or extensively for investment purposes, at least one month’s prior notice will be given to shareholders and the prospectus will be amended accordingly.

The sub-fund will not engage in securities lending or enter into repurchase agreements.

The sub-fund will not invest in debt securities issued and/or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) with a credit rating below investment grade, including unrated sovereign issuers. It will also not invest in asset-backed securities or mortgaged-backed securities.

The investment process of the sub-fund encompasses the consideration of environmental, social and governance (ESG) factors.

The Alquity SICAV – Alquity Asia Fund sub fund aims to invest in underlying investments that pass the Investment Manager’s proprietary ESG investment process and offer opportunities for strong risk-adjusted returns. The investment process is described in detail above. These investments may be aligned with taxonomy-aligned environmentally sustainable activities but there is no commitment for any investments to do so.

The sub-fund does however contribute towards climate change mitigation and adaptation in the following ways:

1. The sub-fund excludes all investments in fossil fuel exploration and production (including coal mining and non-green hydrogen power). The sub-fund also excludes companies that emit high levels of greenhouse gas (“GHGs”) in their production processes but do not provide emissions data.

2. The sub-fund tracks and reports Key Progress Indicators for all investments in relation to their publication of emissions data, if they have defined plans for reduction of their environmental impact, reporting in line with TCFD recommendations and if the prevention of biodiversity loss is actively considered in strategic planning

3. The sub-fund commits to ensuring the GHG emission intensity and water usage from its investments is always lower than that of its relevant benchmark index.

The above information is published frequently on factsheets, quarterly presentations and the annual impact report.

If the sub-fund determines in the future to change any of its investment strategies and policies as stated above, at least one month’s prior notice will be given to shareholders and the prospectus will be amended accordingly.

The sub-fund is active and managed without any reference to a benchmark. The Investment Manager has discretion over the composition of its portfolio subject to this objective and investment policy.

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#### **GLOBAL EXPOSURE CALCULATION METHODOLOGY:**

The Company will use the commitment approach in order to calculate the global risk exposure of the sub-fund and to ensure that such global risk exposure related to financial derivative instruments does not exceed the total Net Asset Value of the sub-fund.

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#### **RISK PROFILE:**

In addition to the risks listed under Section XIII. and in particular the risks linked to investment in China and investment in China via Stock Connect, the sub-fund is subject to the following risks:

##### Geographic Risk

The sub-fund is investing in Asian equities, a region which contains emerging markets. Therefore, the performance of the sub-fund will be affected by economic downturns and other factors affecting the Asian region as a whole, and/or specific Asian countries and markets in which the sub-fund invests.

##### Regional/Political Risk

Overseas investment inevitably carries a risk of changes in the political environment in the overseas country. Many countries in the Asian region have been subject to political instability, and are undergoing economic, political and social change. The performance of the sub-fund may be affected by actual and perceived risks arising from social, religious and political influences, as well as changes in government policies, hostilities in the region, and action by extremist groups.

The chance that an entire geographical region will be hurt by political, regulatory, market or economic developments or natural disasters may adversely impact the value of investments concentrated in the region.

In addition, many governments of Asian countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies. Accordingly, governmental actions in the future could have a significant effect on economic conditions in Asian countries.

Sub-funds that are less diversified across geographic regions, countries, industries, or individual companies are generally riskier than more diversified funds. The economies and financial markets of certain geographic regions can be interdependent and may all decline at the same time.

### Local currency risk

Investments in emerging markets carries a higher degree of risk which may cause the value of the sub-fund's investments to diminish as the shares of these companies are denominated in a currency that is subject to greater fluctuation and loss of value when compared to shares denominated in US Dollars. The sub-fund does not generally intend to hedge its local currency exposure, although may do depending on prevailing economic circumstances within countries of the region. Such currency may also be more affected by exchange control regulations or changes in the exchange rates. There is no requirement that the sub-fund seeks to hedge or to protect against currency exchange risks in connection with any transaction. This may have an adverse impact on the Net Asset Value of the sub-fund.

### Cost of doing business in Asia

Investments in emerging markets may result in higher costs for the sub-fund due to the various other risks (e.g. geographic risk, regional / political risk, local currency risk) applicable to the sub-fund. In addition, doing business in the Asian region may result in very high sub-custody and trading costs which may adversely affect the Net Asset Value of the sub-fund. The sub-fund may invest in securities of issuers based in developing or "emerging market" economies in the Asian Region. Investment risk may be particularly high to the extent that the sub-fund invests emerging market securities of issuers based in countries with developing economies. These securities may present market, credit, currency, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed countries. In addition, foreign exchange controls in emerging market countries may cause difficulties in the repatriation of funds from such countries. During times of market uncertainty, investments in such securities may negatively affect the sub-fund's performance.

### Liquidity risk

Daily trading volume on markets in the region in which the sub-fund invests, and for small and mid-cap stocks generally, may fluctuate and persist at low levels, which may result in a higher cost of entering and exiting such investments, particularly at times of market and/or economic volatility, and may result in a diminishment of the value of the sub-fund's investments. Some of the sub-fund's investments (such as investments in small and mid-cap companies) may be subject to higher liquidity risk. Lower liquidity may arise from a low trading volume of securities, or if trading restrictions or temporary suspensions on trading are imposed. Investment in securities that have lower liquidity may reduce returns for or result in substantial losses to the sub-fund if it is unable to sell such securities at the desirable time or price. Liquidity could be reduced within a very short period of time, especially during a financial market crisis.

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### **PROFILE OF THE TYPICAL INVESTOR AND TARGET MARKET:**

The sub-fund is suitable for investors who are prepared to accept a high level of risk and who plan to maintain their investment over a medium to long term period.

The sub-fund is suitable for all investors who seek long-term capital appreciation as a core or component of a portfolio of investments. The sub-fund will allow ready access to the investment. The investor should be prepared to bear losses. The sub-fund may not be compatible for investors outside the target market.

Note: For reference only, investors should consider their own specific circumstances, including, without limitation, their own risk tolerance level, financial circumstances and investment objectives prior to investing in the sub-fund.

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### **DISCLAIMER:**

Past performance is not indicative of future results. The sub-fund is subject to the risk of financial markets. The price of the shares and the income from them may fall as well as rise. Accordingly, there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the sub-fund will achieve its objectives.

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**DISTRIBUTION FEE:**

Alquity Investment Management Limited, as distributor, will receive a fee of up to 0.5% of the net asset value of each class. This fee would not be charged to share classes Y, W and I.

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**REFERENCE CURRENCY:**

The reference currency of the sub-fund is expressed in USD.

## 4. ALQUITY SICAV – ALQUITY INDIAN SUBCONTINENT FUND

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### INVESTMENT STRATEGIES AND POLICY:

The aim of the sub-fund is long term capital appreciation by investing at least two-thirds (2/3) of its net assets in:-

- (i) equity securities listed on the Regulated Markets of India, Pakistan, Sri Lanka and Bangladesh (collectively the “**Indian Subcontinent Region**”);
- (ii) equity securities listed on the Regulated Markets outside of the Indian Subcontinent Region whose issuers either have more than 50% of their assets, or have realized more than 50% of their revenue, net income and/or operating profit, in the Indian Subcontinent Region.

The sub-fund invests into Indian securities primarily by way of the Foreign Institutional Investor licensed status of the Investment Manager granted to it by the Indian securities regulator.

The remainder of the sub-fund’s assets may be invested in (a) fixed income securities (such as bonds) listed on Regulated Markets whose issuers have their principal office in the Indian Subcontinent Region (subject to a maximum of 20% of its net assets); (b) other Transferable Securities listed on Regulated Markets and units of UCITS and/or other UCIs (subject to a maximum of 10% of its net assets) listed on Regulated Markets which will have a direct or indirect exposure to the Indian Subcontinent Region; and (c) Money Market Instruments and time deposits.

The sub-fund may temporarily, on an ancillary basis, hold cash and cash equivalents and, under exceptional circumstances (e.g. the global financial crisis of 2008 or Asian financial crisis of 1998), the sub-fund may also be invested up to 100% in cash and cash equivalents.

The sub-fund will, overall, invest (directly or indirectly), at least 70% of its net assets in companies that will benefit from the long-term growth opportunities in the Indian Subcontinent Region, which includes investing in small, mid-cap and large-cap companies where the Investment Manager identifies unrecognized investment opportunities.

Within the limits set forth and as described under Appendix II. of the Prospectus, the sub-fund may use financial techniques and instruments such as call and put options and financial futures (both index and OTC) for efficient portfolio management or to attempt to hedge or reduce the overall risk of its investments. For so long as the sub-fund remains authorised for public offering in Hong Kong, the sub-fund will not use financial derivative instruments primarily or extensively for investment purposes without the prior approval of the relevant regulatory authority in Hong Kong. If the sub-fund wishes to use financial derivative instruments primarily or extensively for investment purposes, at least one month’s prior notice will be given to shareholders and the prospectus will be amended accordingly.

The sub-fund will not engage in securities lending or enter into repurchase agreements.

The sub-fund will not invest in debt securities issued and/or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) with a credit rating below investment grade, including unrated sovereign issuers. It will also not invest in real estate investment trusts, asset-backed securities or mortgage-backed securities.

The investment process of the sub-fund encompasses the consideration of environmental, social and governance (ESG) factors.

The Alquity SICAV – Alquity Indian Subcontinent Fund sub fund aims to invest in underlying investments that pass the Investment Manager’s proprietary ESG investment process and offer opportunities for strong risk-adjusted returns. The investment process is described in detail above. These investments may be aligned with taxonomy-aligned environmentally sustainable activities but there is no commitment for any investments to do so.

The sub-fund does however contribute towards climate change mitigation and adaptation in the following ways:

1. The sub-fund excludes all investments in fossil fuel exploration and production (including coal mining and non-green hydrogen power). The sub-fund also excludes companies that emit high levels of GHGs in their production processes but do not provide emissions data.

2. The sub-fund tracks and reports Key Progress Indicators for all investments in relation to their publication of emissions data, if they have defined plans for reduction of their environmental impact, reporting in line with TCFD recommendations and if the prevention of biodiversity loss is actively considered in strategic planning

3. The sub-fund commits to ensuring the GHG emission intensity and water usage from its investments is always lower than that of its relevant benchmark index.

The above information is published frequently on factsheets, quarterly presentations and the annual impact report.

If the sub-fund determines in the future to change any of its investment strategies and policies as stated above, at least one month's prior notice will be given to shareholders and the prospectus will be amended accordingly.

The Fund is active and managed without any reference to a benchmark. The Investment Manager has discretion over the composition of its portfolio subject to this objective and investment policy.

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#### **GLOBAL EXPOSURE CALCULATION METHODOLOGY:**

The Company will use the commitment approach in order to calculate the global risk exposure of the sub-fund and to ensure that such global risk exposure related to financial derivative instruments does not exceed the total Net Asset Value of the sub-fund.

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#### **RISK PROFILE:**

In addition to the risks listed under Section XIII., the sub-fund is subject to the following risks:

##### Geographic Risk

The sub-fund is investing in equities relating to the Indian Subcontinent Region. The performance of the sub-fund will be affected by economic downturns and other factors affecting the Indian Subcontinent as a whole, and/or specific countries and markets in which the sub-fund invests.

##### India Risk

The sub-fund will invest in the India market through a Foreign Institutional Investor ("FII") status that is regulated by The Securities and Exchange Board of India Foreign Institutional Investors Regulation. Investments made through such FII status are therefore subject to any statutory or regulatory limits imposed by the Indian authority, the Securities and Exchange Board of India, from time to time. Investors should note the risks due to any such regulatory changes. There will also be risks of foreign exchange controls which, in any country, may cause difficulties in the repatriation of funds from such country. In addition, the sub-fund is more susceptible to India's economic, market, political or regulatory developments.

An FII will be subject to both withholding tax on interest income and capital gains tax ("CGT"), which may be subject to change from time to time. As the Company is established as a Luxembourg SICAV, no treaty benefits will accrue to a sub-fund. There is no assurance that the existing tax laws and regulations will not be revised or amended in the future with retrospective effect. Any changes to tax laws and regulations may lead to under-accrual or over-accrual for withholding tax on interest income and CGT which may reduce the value of the investments of the relevant sub-fund with subsequent adjustments to the net asset value. The above features may adversely impact the sub-fund and/or the interests of investors.

### Regional/Political Risk

Overseas investment inevitably carries a risk of changes in the political environment in the overseas country. Many countries in the Indian sub-continent have been subject to political instability, and are undergoing economic, political and social change. The performance of the sub-fund may be affected by actual and perceived risks arising from social, religious and political influences, as well as changes in government policies, hostilities in the region, and action by extremist groups.

The chance that an entire geographical region will be hurt by political, regulatory, market or economic developments or natural disasters may adversely impact the value of investments concentrated in the region.

In addition, governments in the Indian sub-continent have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies. Accordingly, governmental actions in the future could have a significant effect on economic conditions in countries in this region.

Sub-funds that are less diversified across geographic regions, countries, industries, or individual companies are generally riskier than more diversified funds. The economies and financial markets of certain geographic regions can be interdependent and may all decline at the same time.

### Local currency risk

Investments in emerging markets carries a higher degree of risk which may cause the value of the sub-fund's investments to diminish as the shares of these companies are denominated in a currency that is subject to greater fluctuation and loss of value when compared to shares denominated in US Dollars. The sub-fund does not generally intend to hedge its local currency exposure, although may do depending on prevailing economic circumstances within countries of the Indian sub-continent region. Such currency may also be more affected by exchange control regulations or changes in the exchange rates. There is no requirement that the sub-fund seeks to hedge or to protect against currency exchange risks in connection with any transaction. This may have an adverse impact on the Net Asset Value of the sub-fund.

### Cost of doing business in the India Subcontinent Region

Investments in emerging markets may result in higher costs for the sub-fund due to the various other risks (e.g. geographic risk, regional / political risk, local currency risk) applicable to the sub-fund. In addition, doing business in the Indian sub-continent region may result in very high sub-custody and trading costs which may adversely affect the Net Asset Value of the sub-fund. The sub-fund may invest in securities of issuers based in developing or "emerging market" economies in the Indian Subcontinent Region. Investment risk may be particularly high to the extent that the sub-fund invests in emerging market securities of issuers based in countries with developing economies. These securities may present market, credit, currency, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed countries. In addition, foreign exchange controls in emerging market countries may cause difficulties in the repatriation of funds from such countries. During times of market uncertainty, investments in such securities may negatively affect the sub-fund's performance.

### Liquidity risk

Daily trading volume on markets in the region in which the sub-fund invests, and for small and mid-cap stocks generally, may fluctuate and persist at low levels, which may result in a higher cost of entering and exiting such investments, particularly at times of market and/or economic volatility, and may result in a diminishment of the value of the sub-fund's investments. Some of the sub-fund's investments (such as investments in small and mid-cap companies) may be subject to higher liquidity risk. Lower liquidity may arise from a low trading volume of securities, or if trading restrictions or temporary suspensions on trading are imposed. Investment in securities that have lower liquidity may reduce returns for or result in substantial losses to the sub-fund if it is unable to sell such securities at the desirable time or price. Liquidity could be reduced within a very short period of time, especially during a financial market crisis.

**PROFILE OF THE TYPICAL INVESTOR AND TARGET MARKET:**

The sub-fund is suitable for investors who are prepared to accept a high level of risk and who plan to maintain their investment over a medium to long term period.

The sub-fund is suitable for all investors who seek long-term capital appreciation as a core or component of a portfolio of investments. The sub-fund will allow ready access to the investment. The investor should be prepared to bear losses. The sub-fund may not be compatible for investors outside the target market.

Note: For reference only, investors should consider their own specific circumstances, including, without limitation, their own risk tolerance level, financial circumstances and investment objectives prior to investing in the sub-fund.

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**DISCLAIMER:**

Past performance is not indicative of future results. The sub-fund is subject to the risk of financial markets. The price of the shares and the income from them may fall as well as rise. Accordingly, there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the sub-fund will achieve its objectives.

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**DISTRIBUTION FEE:**

Alquity Investment Management Limited, as distributor, will receive a fee of up to 0.5% of the net asset value of each class. This fee would not be charged to share classes Y and I.

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**REFERENCE CURRENCY:**

The reference currency of the sub-fund is expressed in USD.

## 5. ALQUITY SICAV – ALQUITY FUTURE WORLD FUND

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### INVESTMENT STRATEGIES AND POLICY:

The aim of the sub-fund is long term capital appreciation by investing at least 70% of its net assets in:

(i) equity securities listed on the Regulated Markets of countries in Asia, Africa, Central & Eastern Europe, Latin American countries, and the Middle East which are listed as a frontier market or emerging market in the MSCI Frontier Markets Index or MSCI Emerging Markets Index (collectively the “**Emerging and Frontier Markets**”);

(ii) equity securities listed on the Regulated Markets outside of the Emerging and Frontier Markets whose issuers either have more than 50% of their assets, or have realized more than 50% of their revenue, net income and/or operating profit, in the Emerging and Frontier Markets.

Investment will be made in companies that will benefit from the long term growth opportunities in the Emerging and Frontier Markets which includes investing in small, mid-cap and large-cap companies where the Investment Manager identifies unrecognized investment opportunities. The sub-fund’s investment philosophy focuses on growth drivers in frontier markets, which are perceived by the Investment Manager as being the growth markets of the future, hence, the name “future world”.

The remainder of the sub-fund’s assets may be invested in (a) fixed income securities (such as bonds) listed on Regulated Markets whose issuers have their principal office in the Emerging and Frontier Markets (subject to a maximum of 20% of its net assets); (b) other Transferable Securities listed on Regulated Markets and units of UCITS and/or other UCIs (subject to a maximum of 10% of its net assets) listed on Regulated Markets which will have a direct or indirect exposure to the Emerging and Frontier Markets; and (c) Money Market Instruments and time deposits.

As from 20<sup>th</sup> May 2018, the sub-fund may invest up to 50 % of its net assets in China A Shares via Stock Connect. The sub-fund will not invest, directly or indirectly in China B Shares.

The sub-fund may temporarily, on an ancillary basis, hold cash and cash equivalents and, under exceptional circumstances, (e.g. the global financial crisis of 2008 or Asian financial crisis of 1998) the sub-fund may also be invested up to 100% in cash and cash equivalents.

Within the limits set forth and as described under Appendix II. of the Prospectus, the sub-fund may use financial techniques and instruments such as call and put options and financial futures (both index and OTC) for efficient portfolio management or to attempt to hedge or reduce the overall risk of its investments. For so long as the sub-fund remains authorised for public offering in Hong Kong, the sub-fund will not use financial derivative instruments primarily or extensively for investment purposes without the prior approval of the relevant regulatory authority in Hong Kong. If the sub-fund wishes to use financial derivative instruments primarily or extensively for investment purposes, at least one month’s prior notice will be given to shareholders and the prospectus will be amended accordingly.

The sub-fund will not engage in securities lending or enter into repurchase agreements.

The sub-fund will not invest in debt securities issued and/or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) with a credit rating below investment grade, including unrated sovereign issuers. It will also not invest in real estate investment trusts, asset-backed securities or mortgaged-backed securities.

The investment process of the sub-fund encompasses the consideration of environmental, social and governance (ESG) factors.

The Alquity SICAV – Alquity Future World Fund sub fund aims to invest in underlying investments that pass the Investment Manager’s proprietary ESG investment process and offer opportunities for strong risk-adjusted returns. The investment process is described in detail above. These investments may be aligned with taxonomy-aligned environmentally sustainable activities but there is no commitment for any investments to do so.

The sub-fund does however contribute towards climate change mitigation and adaptation in the following ways:

1. The sub-fund excludes all investments in fossil fuel exploration and production (including coal mining and non-green hydrogen power). The sub-fund also excludes companies that emit high levels of GHGs in their production processes but do not provide emissions data.
2. The sub-fund tracks and reports Key Progress Indicators for all investments in relation to their publication of emissions data, if they have defined plans for reduction of their environmental impact, reporting in line with TCFD recommendations and if the prevention of biodiversity loss is actively considered in strategic planning
3. The sub-fund commits to ensuring the GHG emission intensity and water usage from its investments is always lower than that of its relevant benchmark index.

The above information is published frequently on factsheets, quarterly presentations and the annual impact report.

If the sub-fund determines in the future to change any of its investment strategies and policies as stated above, at least one month's prior notice will be given to shareholders and the prospectus will be amended accordingly.

The sub-fund is active and managed without reference to a benchmark. The Investment Manager has discretion over the composition of its portfolio subject to this objective and investment policy.

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#### **GLOBAL EXPOSURE CALCULATION METHODOLOGY:**

The Company will use the commitment approach in order to calculate the global risk exposure of the sub-fund and to ensure that such global risk exposure related to financial derivative instruments does not exceed the total Net Asset Value of the sub-fund.

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#### **RISK PROFILE:**

In addition to the risks listed under Section XIII. and in particular the risks linked to investment in China and investment in China via Stock Connect, the sub-fund is subject to the following risks:

##### Geographic Risk

The sub-fund is investing in Asia, Africa, Central & Eastern Europe, Latin American countries, and the Middle East equities, fixed income securities and other capital market instruments. Therefore, the performance of the sub-fund will be affected by economic downturns and other factors affecting Asia, Africa, Central & Eastern Europe, Latin American countries, and the Middle East as a whole, in sub-regions and/or countries and markets in which the sub-fund invests. The regions in which the sub-fund invests contains both emerging and frontier markets.

Investing in emerging markets and frontier markets securities poses risks different from, and/or greater than, risks of investing in the securities of developed countries. These risks include; smaller market-capitalisation of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible repatriation of investment income and capital. In addition, foreign Investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalisation or the creation of government monopolies. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging and less developed countries. Although many of the emerging and less developed market securities in which the sub-fund may invest are traded on securities exchanges, they may trade in limited volume and may encounter settlement systems that are less well organised than those of developed markets. Supervisory authorities may also be unable to apply standards that are comparable with those in developed markets. Thus there may be risks that settlement may be delayed and that cash or securities belonging to the relevant sub-fund may be in jeopardy because of failures of

or defects in the systems or because of defects in the administrative operations of counterparties. Such counterparties may lack the substance or financial resources of similar counterparties in a developed market. There may also be a danger that competing claims may arise in respect of securities held by or to be transferred to the sub-fund and compensation schemes may be non-existent or limited or inadequate to meet the sub-fund's claims in any of these events.

#### Regional/Political Risk

Overseas investment inevitably carries a risk of changes in the political environment in the overseas country. Many countries in Asia, Africa, Central & Eastern Europe, Latin American countries, and the Middle East have been subject to political instability, and are undergoing economic, political and social change. The performance of the sub-fund may be affected by actual and perceived risks arising from social, religious and political influences, as well as changes in government policies, hostilities in the region, and action by extremist groups.

The chance that an entire geographical region will be hurt by political, regulatory, market or economic developments or natural disasters may adversely impact the value of investments concentrated in the region.

In addition, many Asia, Africa, Central & Eastern Europe, Latin American countries, and the Middle East governments have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies. Accordingly, governmental actions in the future could have a significant effect on economic conditions in Asia, Africa, Eastern Europe, Latin America, and the Middle East.

Sub-funds that are less diversified across geographic regions, countries, industries, or individual companies are generally riskier than more diversified funds. The economies and financial markets of certain geographic regions can be interdependent and may all decline at the same time.

#### Local currency risk

Investments in an emerging and frontier markets prevalent in Asia, Africa, Central & Eastern Europe, Latin American countries, and the Middle East region carry a higher degree of risk which may cause the value of the sub-fund's investments to diminish as the shares of these companies are denominated in a currency that is subject to greater fluctuation and loss of value when compared to shares denominated in US Dollars. The sub-fund does not intend to hedge its local currency exposure. Such currency may also be more affected by exchange control regulations or changes in the exchange rates. There is no requirement that the sub-fund seeks to hedge or to protect against currency exchange risks in connection with any transaction. This may have an adverse impact on the Net Asset Value of the sub-fund.

#### Cost of doing business in Frontier Markets

Investments in Frontier Markets result in higher costs for the sub-fund due to the various other risks (e.g. geographic risk, regional / political risk, local currency risk) applicable to the sub-fund. In addition, doing business in Frontier Markets may result in very high sub-custody and trading costs which may adversely affect the Net Asset Value of the sub-fund. The sub-fund may invest in securities of issuers based in Frontier Markets. Investment risk may be particularly high to the extent that a sub-fund invests emerging market securities of issuers based in countries with frontier or developing economies. These securities may present market, credit, currency, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed countries. In addition, foreign exchange controls in emerging market countries may cause difficulties in the repatriation of funds from such countries. During times of market uncertainty, investments in such securities may negatively affect the sub-fund's performance.

#### Liquidity risk

Daily trading volume in the frontier equity markets, and for small and mid-cap stocks generally, may fluctuate and persist at low levels, which may result in a higher cost of entering and exiting such investments, particularly at times of market and/or economic volatility, and may result in a diminishment of the value of the sub-fund's investments. Some of the sub-fund's investments (such as investments in

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