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d'argument de publicité

Luxembourg, le 2021-03-15

Commission de Surveillance du Secteur Financier

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**MEDIOBANCA SICAV**

*Société d'investissement à capital variable*  
Luxembourg

Distribution of this Prospectus is not authorized unless accompanied by a copy of the latest annual financial report and of the latest semi-annual financial report, if published thereafter. Such reports form an integral part of this Prospectus.

**Prospectus**  
March 2021

**LIST OF ACTIVE SUB-FUNDS**

	<b>Name of the Sub-Fund</b>	<b>Reference currency</b>
I.	MEDIOBANCA SICAV: Mediobanca Euro Equities	EUR
II.	MEDIOBANCA SICAV: Mediobanca Corporate Bond Euro	EUR
III.	MEDIOBANCA SICAV: Mediobanca Private Equity Strategies	EUR
IV.	MEDIOBANCA SICAV: C-Quadrat Euro Investments Plus	EUR
V.	MEDIOBANCA SICAV: Mediobanca Systematic Diversification	EUR
VI.	MEDIOBANCA SICAV: C-Quadrat Global Convertible Plus	EUR
VII.	MEDIOBANCA SICAV: Russell Investments Global Equity Fund	EUR
VIII.	MEDIOBANCA SICAV: C-Quadrat Asian Bond Opportunities	EUR
IX.	MEDIOBANCA SICAV: C-Quadrat Efficient	EUR
X.	MEDIOBANCA SICAV: Alkimis Absolute	EUR
XI.	MEDIOBANCA SICAV: Alkimis Special Values	EUR

## INTRODUCTION

**MEDIOBANCA SICAV** (the “**Company**”) is an investment company organized under the laws of the Grand Duchy of Luxembourg as a *société d'investissement à capital variable* and qualifies as an Undertaking for Collective Investments in Transferable Securities (“**UCITS**”).

The Company is offering shares (each a “**Share**” and together the “**Shares**”) of several separate sub-funds (each a “**Sub-Fund**” and together the “**Sub-Funds**”) and within each Sub-Fund separate classes of Shares (each a “**Class**” or “**Class of Shares**” and together the “**Classes**” or “**Classes of Shares**”), on the basis of the information contained in this prospectus (the “**Prospectus**”) and in the documents referred to herein.

No person is authorized to give any information or to make any representations concerning the Company other than the information contained in the Prospectus and in the documents referred to herein, and any subscription made by any person on the basis of statements or representations not contained in the Prospectus or inconsistent with the information and representations contained in the Prospectus shall be solely at the risk of the subscriber. Neither the delivery of the Prospectus nor the offer, sale or issue of Shares shall under any circumstances constitute a representation that the information given in the Prospectus is correct at any time subsequent to the date hereof. An amendment or updated Prospectus shall be made available at the registered office of the Company, where applicable, and reflect any material changes made to the information contained herein.

The distribution of the Prospectus is not authorized unless it is accompanied by the most recent annual and semi-annual reports of the Company, if any. Such report or reports are deemed to be an integral part of the Prospectus.

The Shares to be issued hereunder may be of several different Classes which relate to separate Sub-Funds. Shares of the different Sub-Funds may be issued, redeemed and converted at prices calculated on the basis of the net asset value per each Class of Shares of the relevant Sub-Fund, as defined in the articles of incorporation of the Company (the “**Articles**”).

In accordance with the Articles, the board of directors of the Company (the “**Board**” or the “**Board of Directors**”) may issue Shares and Classes of Shares in each Sub-Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund. As a result, the Company is an umbrella fund enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds. Investors may choose which Sub-Fund best suits their specific risk and return expectations as well as their diversification needs.

The Board of Directors may, at any time and in accordance with the Articles, create additional Sub-Funds, whose investment objectives may differ from those of the Sub-Funds then existing. Upon creation of new Sub-Funds, the Prospectus will be updated accordingly.

The distribution of the Prospectus and the offering of the Shares may be restricted in certain jurisdictions. The Prospectus does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or where the person making the offer or solicitation is not qualified to do so or where a

person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of the Prospectus and of any person wishing to apply for Shares to inform himself or herself of and to observe all applicable laws and regulations of the relevant jurisdictions.

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

**Grand Duchy of Luxembourg** - The Company is registered pursuant to part I of the law of 17 December 2010 relating to undertakings for collective investment (the “**2010 Law**”) as may be amended from time to time. However, such registration does not require any authority of the Grand Duchy of Luxembourg to approve or disapprove either the adequacy or accuracy of this Prospectus nor the assets held by the various Sub-Funds. Any representations to the contrary are unauthorized and unlawful.

**European Union (“EU”)** - The Company is a UCITS for the purposes of the Directive 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to UCITS, as amended from time to time (the “**UCITS Directive**”) and the Board of Directors proposes to market the Shares in accordance with the UCITS Directive in certain Member States of the EU (Italy, the United Kingdom, Germany and Austria) and in countries which are not Member States of the EU (Switzerland).

**United States of America** - The Shares have not been registered under the United States Securities Act of 1933, as amended from time to time (the “**1933 Act**”); they may therefore not be publicly offered or sold in the United States of America, or in any of its territories subject to its jurisdiction or to or for the benefit of a U.S. Person as such expression is defined by Article 10 of the Articles (a “**U.S. Person**”).

The Shares are not being offered in the United States of America, and may be offered in the United States of America only pursuant to an exemption from registration under the 1933 Act, and have not been registered with the Securities and Exchange Commission or any state securities commission nor has the Company been registered under the United States Investment Company Act of 1940, as amended from time to time (the “**1940 Act**”). No transfer or sale of the Shares shall be made to U.S. Persons unless, among other things, such transfer or sale is exempt from the registration requirement of the 1933 Act and any applicable state securities laws or is made pursuant to an effective registration statement under the 1933 Act and such state securities laws and would not result in the Company becoming subject to registration or regulation under the 1940 Act. Shares may furthermore not be sold or held either directly by nor to the benefit of, among others, a citizen or resident of the United States of America, a partnership organized or existing in any state, territory or possession of the United States of America or other areas subject to its jurisdiction, an estate or trust the income of which is subject to United States federal income tax regardless of its source, or any corporation or other entity organized under the law of or existing in the United States of America or any state, territory or possession thereof or other areas subject to its jurisdiction (a “**U.S. Person**”). All purchasers must certify that the beneficial owner of such Shares is not a U.S. Person and does not fall

within the scope of the above description and is purchasing such Shares for its own account, for investment purposes only and not with a view towards resale thereof.

The Articles give powers to the Board of Directors to impose such restrictions as they may think necessary for the purpose of ensuring that no Shares in the Company are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Board of Directors might result in the Company incurring any liability or taxation or suffering any other disadvantage which the Company may not otherwise have incurred or suffered and, in particular, by any U.S. Person as referred to above. The Company may compulsorily redeem or require the disposition of the Shares held by the U.S. Person (as defined herein) all Shares held by any such person and reserves the right to require the respective U.S. Person holding Shares in the Company to indemnify the Company against incurred losses, costs or expenses, in accordance with the Articles.

The value of the Shares may fall as well as rise and a shareholder on transfer or redemption of Shares may not get back the amount he initially invested. Income from the Shares may fluctuate in money terms and changes in rates of exchange may cause the value of Shares to go up or down. The levels and basis of, and relief from, taxation may change. There can be no assurance that the investment objectives of the Company will be achieved.

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions, exchange control requirements or additional costs and expenses incurred relating to investments in the Company which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, conversion, redemption or disposal of the Shares of the Company (including, but not limited to any potential fees of local financial intermediaries).

All references in the Prospectus to “USD”, “EUR” and “JPY” are to the legal currency of the United States of America, the EU and Japan.

All references to:

- “Business Day”: refer to any day on which banks are open for business in Luxembourg, except 24 and 31 December or any other definition as described in the particulars of the Sub-Fund.
- “Net Asset Value”: the net asset value per Share of each Class which is determined on each day which is a Valuation Day for that Sub-Fund.
- “Valuation Day”: Unless otherwise specified in part B of this Prospectus, a Valuation Day in relation to any Sub-Fund is every day which is a bank Business Day in Luxembourg.

Further copies of this Prospectus may be obtained from:

BNP Paribas Securities Services, Luxembourg Branch  
60, avenue J.F. Kennedy,  
L-1855 Luxembourg,  
Grand Duchy of Luxembourg

**MEDIOBANCA SICAV**  
*Société d'investissement à capital variable*  
R.C.S. Luxembourg B-65.834

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**Board of Directors:**

**Chairman:**

Mr. Mario Seghelini  
Risk Management  
Mediobanca - Banca di Credito Finanziario S.p.A.  
Via Filodrammatici, 3  
20121 Milano  
Italy

**Members:**

Mr. Arcangelo Messina  
Risk Management  
Mediobanca SGR S.p.A.  
Piazzetta Bossi, 1  
20121 Milano  
Italy

Mr. Fabio Ventola  
Chief Executive Officer  
Mediobanca Management Company S.A.  
2, Boulevard de la Foire  
L-1528 Luxembourg  
Grand Duchy of Luxembourg

Ms. Debora CATERA  
Group Anti-Money Laundering  
Mediobanca S.p.A.  
Via Filodrammatici n. 5  
I-20121 Milano  
Italy

**Registered Office:**

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

**Initiator:**

Mediobanca - Banca di Credito Finanziario S.p.A.  
Piazzetta Enrico Cuccia, 1  
20121 Milano  
Italy

**Depository and  
Paying Agent,  
Domiciliary Agent and Listing Agent,  
Transfer and  
Repurchase Agent:**

BNP Paribas Securities Services  
Luxembourg Branch  
60, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Administrative Agent:**

BNP Paribas Securities Services  
Luxembourg Branch  
60, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Delegated Investment Managers:**

Mediobanca SGR S.p.A.  
Piazzetta Bossi, 1  
20121 Milano  
Italy

C-Quadrat Asset Management France  
21 boulevard de la Madeleine  
75001 Paris  
France

Alkimis SGR S.p.A  
Via Santa Margherita, 16  
20121 Milano  
Italy

Russell Investments Limited  
Rex House, 10 Regent Street  
London, SW1Y 4PE (RIL)  
United Kingdom

**Distributors:**

Mediobanca - Banca di Credito Finanziario S.p.A.  
Piazzetta Enrico Cuccia, 1  
20121 Milano  
Italy

Allfunds Bank, S.A.U. Milan Branch  
Via Santa Margherita, 7  
20121 Milano  
Italy

Compagnie Monégasque de Banque  
23, avenue de la Costa  
98000 Monaco  
Monaco

C-Quadrat (Suisse) S.A.  
A Member of the C-Quadrat Group  
Rue du Général Dufour, 12  
1204 Geneva  
Switzerland

Online Sim S.p.A.  
Via Santa Maria Segreta 7/9  
2012 Milano  
Italy

Attrax S.A.  
308, route d'Esch  
L-1471 Luxembourg  
Grand Duchy of Luxembourg

Banca Ifigest S.p.A.  
Piazza Santa Maria Soprarno 1  
I-50125 Firenze  
Italy

**Auditor:**

Ernst & Young  
35E, avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Management Company:**

Mediobanca Management Company S.A.  
2, Boulevard de la Foire  
L-1528 Luxembourg  
Grand Duchy of Luxembourg

**Legal Advisors:**

Arendt & Medernach S.A.  
41A, avenue J.F. Kennedy  
L-2082 Luxembourg  
Grand Duchy of Luxembourg

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## **PART A: COMPANY INFORMATION**

### **A.1. INVESTMENT OBJECTIVES, POLICIES, TECHNIQUES AND INVESTMENT RESTRICTIONS**

#### **I. INVESTMENT OBJECTIVES AND POLICIES**

The investment objective of the Company is to manage the assets of each Sub-Fund for the benefit of its shareholders within the limits set forth under “Investment Restrictions”. In order to achieve the investment objective, the assets of the Company will be invested in transferable securities or other assets permitted by law including but not limited to cash and cash equivalents.

The investments within each Sub-Fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that their investment objective will be achieved.

The investment policies and structure applicable to the various Sub-Funds created by the Board of Directors are described hereinafter in Part B of this Prospectus. If further Sub-Funds are created the Prospectus will be updated accordingly.

## II. INVESTMENT RESTRICTIONS

The Board of Directors shall, based upon the principle of risk spreading, have power to determine the investment policy for the investments for each Sub-Fund and the course of conduct of the management and business affairs of the Company.

Except to the extent that more restrictive rules are provided for in connection with a specific Sub-Fund as described in the particulars of the Sub-Fund in Part B of the Prospectus, the investment policy shall comply with the rules and restrictions laid down hereafter:

### 1. General principle

**Investment in each Sub-Fund of the Company shall consist solely of:**

- a) transferable securities and money market instruments admitted to or dealt in on a regulated market within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
- b) 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 recognized and open to the public;
- c) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-Member State of the EU or dealt in on another market in a non-Member State of the EU which is regulated, operates regularly and is recognized and open to the public;
- d) recently issued transferable securities and money market instruments provided that:
  - the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another regulated market referred to under a), b) and c) above; and
  - such admission is secured within one year of the issue;
- e) shares or units of UCITS authorized according to the UCITS Directive and/or other UCIs within the meaning of points a) and b) of Article 1 (2) of the UCITS Directive, should they be situated in a Member State of the EU or not, provided that:
  - such other UCIs are authorized under laws which provide that they are subject to supervision considered by the *Commission de Surveillance du Secteur Financier* (“CSSF”) to be equivalent to that laid down in EU law and that cooperation between authorities is sufficiently ensured;
  - the level of guaranteed protection for share- or unit-holders in such other UCIs is equivalent to that provided for share- or unit-holders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive;

- the business of the other UCI is reported in at least half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the UCITS or the other UCI assets, whose acquisition is contemplated, can be, according to its instruments of incorporation, invested in aggregate in shares or units of other UCITS or other UCIs;
- f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 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, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- g) financial derivatives, including equivalent cash settled instruments, dealt in on a regulated market referred to under a), b) and c) above, and/or financial derivative instruments dealt in over-the-counter (“**OTC Derivatives**”), provided that:
- the underlying consist of instruments covered by this Section 1, financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund may invest in accordance with its investment objectives;
  - the counterparties to OTC Derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF and the board of directors of the Management Company; and
  - OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair market value at the Company’s initiative;
- h) money market instruments other than those dealt in on regulated markets referred to in a), b) and c), if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
- issued or guaranteed by a central, regional or local authority, 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 the 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 under a), b) or c) 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; or
  - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, second and third indent of this Section 1 h), and provided that the issuer (i) is a company whose capital and reserves amount at least to ten million Euro (EUR 10,000,000.-) and (ii) which presents and publishes its annual accounts in accordance with 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, (iii) is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group, or (iv) is an entity which is dedicated to the financing of securitization vehicles which benefit from a banking liquidity line.

## **2. Other assets**

**Each Sub-Fund may:**

- a) invest up to 10% of the net assets of each of the Sub-Funds in transferable securities and money market instruments other than those referred to under Section 1) a) through d) and h) above;
- b) hold ancillary liquid assets;
- c) borrow the equivalent of up to 10% of its net assets provided that the borrowing is on a temporary basis;
- d) acquire foreign currencies by means of back-to-back loans.

## **3. Investment restrictions per issuer**

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

### **(a) Rules for risk spreading**

**For the calculation of the limits defined in points (1) to (5) and (7) below, companies belonging to the same group of companies shall be treated as a single issuer.**

- **Transferable securities and money market instruments**

- (1) A Sub-Fund may not invest more than 10% of its net assets in transferable securities or money market instruments issued by the same body.  
The total value of the transferable securities and money market instruments held by the Sub-Fund in the issuing bodies in each of which it invests more than 5% of its net assets must not exceed 40% of the value of its net assets. This restriction does not apply to deposits and OTC transactions made with financial institutions subject to prudential supervision.
- (2) The 10% limit laid down in paragraph (1) is raised to 20% in the case of transferable securities and money market instruments issued by the same group of companies.
- (3) The 10% limit laid down in paragraph (1) is raised to a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State of the EU, by its local authorities, by a non-Member State or by

public international bodies to which one or more Member States of the EU are members.

- (4) The 10% limit laid down in paragraph (1) is raised to 25% for certain debt securities issued by a credit institution whose registered office is in a Member State of the EU and which is subject by law to special public supervision designed to protect the holders of debt securities. In particular, sums deriving from the issue of such debt securities must be invested pursuant to the law in assets which, during the whole period of validity of the debt securities, are capable of covering claims attaching to the debt securities and which, in event of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of accrued interest. To the extent that the Sub-Fund invests more than 5% of its assets in such debt securities, issued by the same issuer, the total value of such investments may not exceed 80% of the value of the Sub-Fund's net assets.
- (5) The values mentioned in (3) and (4) above are not taken into account for the purpose of applying the 40% limit referred to under paragraph (1) above.
- (6) **Notwithstanding the limits indicated above, and in accordance with the principle of risk-spreading, each Sub-Fund is authorized to invest up to 100% of its assets in transferable securities and money market instruments issued or guaranteed by a Member State of the EU, its local authorities, a member state of the Organisation for Economic Co-operation and Development (the "OECD") or public international bodies of which one or more Member States of the EU are members, provided that (i) these securities consist of at least six different issues and (ii) securities from any one issue may not account for more than 30% of the Sub-Fund's net assets.**
- (7) Without prejudice to the limits laid down in (b) below, the limits laid down in (1) above are raised to maximum 20% for investment in shares and/or debt securities issued by the same body and when the Sub-Fund's investment policy is aimed at duplicating the composition of a certain stock or debt securities index, which is recognized by the CSSF and meets the following criteria:
  - the index's composition is sufficiently diversified;
  - the index represents an adequate benchmark for the market to which it refers;
  - the index is published in an appropriate manner.

The 20% limit is increased to 35% where that proves to be justified by exceptional conditions, in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for one single issuer.

- **Bank deposits**

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

- **Derivatives**

- (9) The risk exposure to a counterparty in an OTC Derivative transaction may not exceed 10% of the Sub-Fund's net assets when the counterparty is a credit institution referred to in f) in Section 1 above, or 5% of its net assets in the other cases.
- (10) The Sub-Fund may invest in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment

limits laid down in (1) to (5), (8), (16) and (17). When the Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined with the limits laid down in (1) to (5), (8), (16) and (17).

- (11) When a transferable security or money market instruments embeds a derivative, the latter must be taken into account when applying the provisions laid down in (12), (16) and (17), and when determining the risks arising on transactions in derivative instruments.
- (12) With regard to derivative instruments, each Sub-Fund will ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio.

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

As more specifically provide for in the section “Financial Techniques and Instruments” here below and in the particulars of the Sub-Funds in Part B of the Prospectus, derivatives may be used for both hedging and investment purposes.

- **Shares or units in open-ended funds**

- (13) Each Sub-Fund may not invest more than 20% of its net assets in shares or units of a single UCITS or other UCI referred to in 1) e) above.
- (14) Furthermore, investments made in UCIs other than UCITS, may not exceed, in aggregate, 30% of the net assets of the Sub-Fund.
- (15) To the extent that a UCITS or UCI is composed of several Sub-Funds and provided that the principle of segregation of commitments of the different Sub-Funds is ensured in relation to third parties, each Sub-Fund shall be considered as a separate entity for the application of the limit laid down in (13) here above.

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

If the Sub-Fund shall decide to invest a substantial proportion of its assets in other UCITS and/or UCIs the maximum level of management fees that may be charged to both the Sub-Fund and to the UCITS and/or UCI in which it intends to invest will be disclosed in this Prospectus under the specific information regarding the concerned Sub-Fund.

- **Combined limits**

- (16) Notwithstanding the individual limits laid down in (1), (8) and (9), the Sub-Funds may not combine:
  - investments in transferable securities or money market instruments issued by;
  - deposits made with; and/or
  - exposures arising from OTC Derivatives transactions undertaken with; a single body in excess of 20% of its net assets.
- (17) The limits set out in (1) to (5), (8) and (9) cannot be combined. Thus, investments by each Sub-Fund in transferable securities or money market instruments issued by the same body or in deposits or derivative instruments made with this body in accordance with (1) to (5), (8) and (9) may not exceed a total of 35% of the net assets of the Sub-Fund.

- (b) **Restrictions with regard to control**

- (18) No Sub-Fund may acquire such amount of shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- (19) The Company may acquire no more than:
  - (i) 10% of the outstanding non-voting shares of the same issuer,
  - (ii) 10% of the outstanding debt securities of the same issuer,
  - (iii) 25% of the outstanding shares or units of the same UCITS and/or other UCI,
  - (iv) 10% of the outstanding money market instruments of the same issuer.

The limits set in points (ii) to (iv) may be disregarded at the time of acquisition if at that time the gross amount of debt securities or money market instruments, or the net amount of the securities in issue, cannot be calculated.
- (20) The limits laid down in (18) and (19) are waived as regards:
  - transferable securities and money market instruments issued or guaranteed by a Member State of the EU or its local authorities;
  - transferable securities and money market instruments issued or guaranteed by a non-Member State of the EU;
  - transferable securities and money market instruments issued by public international bodies of which one or more Member States of the EU are members;
  - shares held in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in securities of issuing bodies having their registered office in that state, where under the legislation of that state, such holding represents the only way in which the relevant Sub-Fund can invest in the securities of issuing bodies of that State and provided that the investment policy of the company complies with regulations governing risk diversification and restrictions with regard to control laid down herein;
  - shares held in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country/state where the subsidiary is located, in regard to the repurchase of the shares at the shareholders request exclusively on its or their behalf.

#### **4. Further restrictions**

**Furthermore, the following restrictions will have to be complied with:**

- a) no Sub-Fund may acquire either precious metals or certificates representing them;
- b) no Sub-Fund may acquire 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;
- c) no Sub-Fund may issue warrants or other rights giving holders the right to purchase Shares in such Sub-Fund;
- d) without prejudice to the possibility of a Sub-Fund to acquire debt securities and to hold bank deposits, a Sub-Fund may not grant loans or act as guarantor on behalf of third parties. This restriction does not prohibit the Sub-Fund from acquiring transferable securities, money market instruments or other financial instruments that are not fully paid-up;
- e) a Sub-Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.

#### **5. Exercising of subscription rights**

**Notwithstanding the above provisions:**

- a) each of the Sub-Funds needs not necessarily to comply with the limits referred to here above when exercising subscription rights attaching to transferable securities or money market instruments which form part of such Sub-Fund's portfolio concerned;
- b) if the limits referred to above 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 a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

#### **6. Cross-investments**

A Sub-Fund of the Company may subscribe, acquire and/or hold securities to be issued or issued by one or more other Sub-Funds of the Company, provided that:

- the target Sub-Fund does not, in turn, invest in the Sub-Fund investing in the target Sub-Fund;
- no more than 10% of the assets of the target Sub-Funds whose acquisition is contemplated may be invested, according to its investment policy, in aggregate in Shares of other target Sub-Funds of the Company.

- voting rights, if any, attaching to the Shares of the target Sub-Fund are suspended for as long as they are held by the investing Sub-Fund and without prejudice to the appropriate processing in the accounts and the periodic reports;
- in any event, for as long as the Shares of the target Sub-Fund are held by the investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purpose of verifying the minimum threshold of the net assets imposed by the 2010 Law.

## 7. Master-feeders structures

Under the conditions set forth in Luxembourg laws and regulations, the Board of Directors may, at any time it deems appropriate and to the widest extent permitted by applicable Luxembourg laws and regulations:

- a) create any Sub-Fund and/or Class of Shares qualifying either as a feeder UCITS or as a master UCITS;
- b) convert any existing Sub-Fund and/or Class of Shares into a feeder UCITS Sub-Fund and/or Class of Shares or change the master UCITS of any of its feeder UCITS Sub-Fund and/or Class of Shares.

By way of derogation from Article 46 of the 2010 Law, the Company or any of its Sub-Funds which acts as a feeder (the “**Feeder**”) of a master-fund shall invest at least 85% of its assets in another UCITS or in a Sub-Fund of such UCITS (the “**Master**”).

The Feeder may not invest more than 15% of its assets in the following elements:

- a) ancillary liquid assets in accordance with Article 41 (2), second sub-paragraph of the 2010 Law;
- b) financial derivative instruments which may be used only for hedging purposes, in accordance with Article 41(1), point g) and Article 42 (2) and (3) of the 2010 Law;
- c) movable and immovable property which is essential for the direct pursuit of the Company’s business.

### **III. FINANCIAL TECHNIQUES AND INSTRUMENTS**

#### **1. General principle**

The Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio; it must employ a process for accurate and independent assessment of the value of OTC Derivative instruments. It must communicate to the CSSF regularly and in accordance with the detailed rules defined by the latter, the types of derivative instruments, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associated with transactions in derivative instruments.

The Company may employ techniques and instruments relating to transferable securities and money market instruments provided that, for the time being, such techniques and instruments are used for hedging purposes, efficient portfolio management, duration management or other risk management of the portfolio as described here below.

When these operations concern the use of derivative instruments, these conditions and limits shall conform to the provisions laid down in section “Investment Restrictions”. However, the overall risk exposure related to financial derivative instruments will not exceed the total Net Asset Value of the Company. This means that the global exposure relating to the use of financial derivative instruments may not exceed 100% of the Net Asset Value of the Company and, therefore, the overall risk exposure of the Company may not exceed 200% of its Net Asset Value on a permanent basis.

Each Sub-Fund will employ the commitment or VAR approach to calculate their global exposure accordingly to the risk profile of the Sub-Fund.

Under no circumstances shall these operations cause a Sub-Fund to diverge from its investment objectives.

Furthermore, the Company may, for efficient portfolio management purposes, exclusively resort to securities lending, provided that the rules described here below are complied with.

A Sub-Fund may also invest in OTC financial derivative instruments including but not limited to non-deliverable forwards, total return swaps, interest rate swaps, currency swaps, swaptions, credit default swaps, and credit linked notes for either investment or for hedging purposes and may employ techniques and instruments relating to transferable securities and money market instruments (including but not limited to securities lending) for investment purpose and efficient portfolio management.

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

The Company shall also comply with the provisions set forth by 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 (“**SFTR**”). General information to be included in the Prospectus in accordance with section B of the annex to SFTR are

provided in this Part A of the Prospectus. Specific information on securities lending and total return swaps (“TRS”) within the scope of SFTR which are used by the individual Sub-Funds are disclosed in Part B of the Prospectus. For the time being, none of the Sub-Funds will use other securities financing transactions within the scope of SFTR, i.e. none of the Sub-Funds will use (a) repurchase or reverse repurchase transactions, (b) buy-sell back transactions or sell-buy back transactions, and (c) margin lending transactions. In case such instruments shall be used in the future, the Prospectus will be amended accordingly.

The risk exposures to a counterparty arising from OTC financial derivative transactions and efficient portfolio management techniques should be combined when calculating the counterparty risk limits of Article 52 of the UCITS Directive.

In no case the use of financial derivatives instruments or other financial techniques and financial instruments may lead the Company to diverge from its investment objectives as expressed in the Prospectus.

In its financial reports, the Company must disclose:

- the underlying exposure obtained through OTC financial derivative instruments and efficient portfolio management techniques;
- the identity of the counterparty(ies) to these OTC financial derivative transactions and efficient portfolio management techniques; and
- the type and amount of collateral received by the UCITS to reduce counterparty exposure.

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

## **2. Securities Lending**

The Company in order to achieve a positive return in absolute terms may enter into securities lending transactions provided that they comply with the regulations set forth in CSSF Circular 08/356, CSSF Circular 14/592 and ESMA Guidelines 2014/937 concerning the rules applicable to undertakings for collective investment when they use certain techniques and instruments relating to transferable securities and money market instruments, as amended from time to time. Securities lending transactions are transactions by which a counterparty transfers securities on a future date or when requested to do so by the transferor, that transaction being considered as securities lending for the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred. The Company may enter into securities lending

transactions as lender of the securities provided that such transactions comply with the following rules:

- (i) The Company may only lend through a standardized system organized by a recognized clearing institution or through a first class financial institution of good reputation specializing in this type of transaction approved by the board of directors of the Management Company. In all cases, the counterparty to the securities lending agreement (i.e. the borrower) must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law. The counterparties must hold a rating at investment grade level and must, in all cases, have entered into an ISDA master agreement, credit support annex and delegation EMIR reporting agreement. Any counterparty shall be approved by the board of directors of the Management Company. The list of authorized counterparties is authorized at least once a year by the board of directors of the Management Company. The counterparties are selected through market and risk-reward analysis ensuring that the counterparties offer all guarantees in terms of organization and best execution policy. In case the aforementioned financial institution acts on its own account, it is to be considered as counterparty in the securities lending agreement. If the Company lends its securities to entities that are linked to the Company by common management or control, specific attention has to be paid to the conflicts of interest which may result therefrom. The counterparties to the securities lending transactions are not related counterparties.  
There are no specific requirements as to the legal status of the eligible counterparties (i.e. the corporate form of incorporation of the counterparty). The country of origin of the counterparty is an European Economic Area member state or a country belonging to the group of the 10 leading industrial nations (G10).
- (ii) As part of lending transactions, the Company must in principle receive an appropriate collateral the value of which at the conclusion of the contract must be at least equal to the global valuation of the securities lent. At maturity of the securities lending transaction, the appropriate collateral will be remitted simultaneously or subsequently to the restitution of the securities lent.
- (iii) All assets received by the Company in the context of efficient portfolio management techniques should be considered as collateral. The collateral which must comply with the conditions set forth below under “collateral management”.
- (iv) In case of a standardised securities lending system organised by a recognised clearing institution or in case of a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specialised in this type of transactions, securities lent may be transferred before the receipt of the guarantee if the intermediary in question assures the proper completion of the transaction. Such intermediary may, instead of the borrower, provide to the Company a guarantee which the value at conclusion of the contract must be at least equal to the total value of the securities lent.
- (v) The Company must ensure that the volume of the securities lending transactions is kept at an appropriate level or that it is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of Company’s assets in accordance with its investment policy.

- (vi) With respect to securities lending, the Company will generally require the borrower to post collateral representing, at any time during the lifetime of the agreement, at least the total value of the securities lent (interest, dividends and other potential rights included).
- (vii) The Company ensures that it is able at any time to recall any security that has been lent or terminate any securities lending transaction into which it has entered.
- (viii) The Company ensures that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the UCITS. The Company should also ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.

The Management Company does not act as securities lending agent.

Assets subject to securities lending transactions are safe-kept with the Depositary.

### **3. Total return swap arrangements**

A TRS is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses.

In general, TRS are unfunded derivatives, i.e. no upfront payment is made by the total return receiver at inception. However, a TRS can be traded in a funded fashion, where the total return receiver pays an upfront amount in return for the total return of the reference asset. An unfunded TRS allows both parties to gain exposure to a specific asset in cost-effective manner (the asset can be held without having to pay additional costs). In contrast, a funded TRS is relatively costlier due to the upfront payment requirement.

When entering into TRS arrangements, or investing in other derivative financial instruments having similar characteristics to TRS, the Company must respect the limits of diversification referred to in Articles 43, 44, 45, 46 and 48 of the 2010 Law. Likewise, in accordance with Article 42 (3) of the 2010 Law and Article 48 (5) of CSSF Regulation 10-4, the Company must ensure that the underlying exposures of the TRS (respectively other similar financial instrument) are taken into account in the calculation of the investment limits laid down in Article 43 of the 2010 Law.

The Sub-Funds may not enter into swap transactions unless it ensures that the level of its exposure to the swaps is such that it is able, at all times, to have sufficient liquid assets available to meet its redemption obligations and the commitments arising out of such transactions.

The counterparties will be leading financial institutions of good reputation specialised in this type of transaction and subject to prudential regulation and supervision in an OECD member state. The counterparties must hold a rating at investment grade level and must, in all cases, have entered into an

ISDA master agreement, credit support annex and delegation EMIR reporting agreement. Any counterparty shall be approved by the board of directors of the Management Company. The list of authorized counterparties is authorized at least once a year by the board of directors of the Management Company. The counterparties are selected through market and risk-reward analysis ensuring that the counterparties offer all guarantees in terms of organization and best execution policy. The selected counterparties do not have discretionary power over the composition or management of the investment portfolio of the Sub-Fund or over the underlying assets of the derivative financial instruments. There are no specific requirements as to the legal status of the eligible counterparties (i.e. the corporate form of incorporation of the counterparty).

Combined risk exposure to a single counterparty may not exceed 10% of the respective Sub-Fund's assets when the counterparty is a credit institution referred to in Article 41 paragraph (1) (f) of the 2010 Law or 5% of its assets in any other cases.

The TRS and other derivative financial instruments that display the same characteristics shall not confer to the Sub-Fund a right of action against the counterparty in the swap or in the derivative financial instrument, and any eventual insolvency risk of the counterparty may make it impossible for the payments envisioned to be received.

The total commitment arising from total return swap transactions of a particular Sub-Fund shall be the market value of the underlying assets used for such transactions at inception.

The net exposure of total return swap transactions in conjunction with all exposures resulting from the use of options, interest rate swaps and financial futures may not in respect of each Sub-Fund exceed at any time the Net Asset Value of such Sub-Fund.

There is a valuation each Business Day, which is counter checked by an independent party. In case of big discrepancies, the Management Company will conduct further investigations. Typically investments in total return swap transactions will be made in order to adjust regional exposures, limit settlement and custodian risks as well as repatriation risk in certain markets and to avoid costs and expenses related to direct investments or sale of assets in certain jurisdictions as well as foreign exchange restrictions.

Assets subject to TRS transactions are safe-kept with the Depositary.

#### **4. Collateral management and policy for OTC financial derivatives and efficient management techniques (“EMT”)**

As security for any EMT and OTC financial derivatives transactions, the relevant Sub-Fund will obtain collateral, under the form of bonds (bonds issued or guaranteed by a member state of the OECD or by their local public authorities; or by supranational institutions and undertakings with EU, regional or world-wide scope) and cash, covering at least the market value of the financial instruments object of EMT and OTC financial derivatives transactions. For the OTC financial derivatives transactions only, the eligible collateral could include in addition to the bonds and cash also equities via ETFs (UCITS eligible).

Collateral received must at all times meet with the following criteria:

- Liquidity: collateral must be sufficiently liquid in order that it can be sold quickly at a robust price that is close to its pre-sale valuation.
- Valuation: collateral must be capable of being valued on at least a daily basis and must be marked to market daily.
- Issuer credit quality: the Company will ordinarily only accept very high quality collateral.
- Correlation: the collateral received by the Sub-fund will be issued by an entity that is independent from the counterparty and that does not display a high correlation with the performance of the counterparty.
- Safe-keeping: collateral must be transferred to and will be safe-kept with the Depositary or its agent, which is subject to prudential supervision, is an unrelated counterparty and qualifies as third party custodian. Where there is a title transfer, collateral received should be held by the Depositary or one of its sub-custodians to which the Depositary has delegated the custody of such collateral. For other types of collateral arrangement (e.g. a pledge), collateral can be held by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of the collateral.
- Enforceable: collateral must be immediately available to the Company without recourse to the counterparty, in the event of a default by that entity.
- Risk management: risks linked to the management of collateral, such as operational and legal risks, will be identified, managed and mitigated by the risk management process.

In particular, the following specific restrictions apply:

**(a) Non-cash collateral**

- cannot be sold, pledged or re-invested;
- must be issued by an entity independent of the counterparty; and
- must be diversified to avoid concentration risk in one issue, sector or country.

**(b) Cash collateral can only be:**

- placed on deposit with entities prescribed in Article 41 (f) of the 2010 Law;
- invested in high-quality government bonds;
- invested in short-term money market funds as defined in ESMA's Guidelines on a Common Definition of European Money Market Funds. Each Sub-Fund may reinvest cash which it receives as collateral in connection with the use of techniques and instruments for efficient portfolio management, pursuant to the provisions of the applicable laws and regulations, including CSSF Circular 08/356, as amended by CSSF Circular 11/512 and the ESMA Guidelines.

Re-invested cash collateral will expose the Sub-Fund to certain risks such as foreign exchange risk, the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested. Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.

Each Sub-Fund must make sure that it is able to claim its rights on the guarantee in case of the occurrence of an event requiring the execution thereof. Therefore, the guarantee must be available at all times, either directly or through the intermediary of a first class financial institution or a wholly-owned subsidiary of this institution, in such a manner that the Sub-Fund is able to appropriate or realize the assets given as guarantee, without delay, if the counterparty does not comply with its obligation to return the securities. During the duration of the agreement, the guarantee cannot be sold or given as a security or pledged.

**(c) Collateral diversification (asset concentration)**

Collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Company receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its Net Asset Value. When the Company is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this sub-paragraph, the Company may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State of the EU, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. In such case, the Company should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Company's net asset value. The Company intends to be fully collateralised in securities issued or guaranteed by a Member State of the EU. The Company may accept as collateral for more than 20% of its net asset value securities issued or guaranteed by Member States of the EU.

**5. Haircut Policy**

When entering into securities lending transactions, each Sub-Fund must receive, in principle, a guarantee the value of which is, during the lifetime of the lending agreement, at least equivalent to 105% of the global valuation (interests, dividends and other possible rights included) of the securities lent, depending on the degree of risk that the market value of the assets included in the guarantee may fall.

The eligible collateral will be represented only by Government Bonds with the following characteristic and haircuts: collateral

Asset class	Eligible collateral	Margin required	Concentration by issuer
<b>Fixed Income</b>			
Government Bonds ITALIA	Investment grade	105%	20%
Government Bonds EUR (Italy not included)	Investment grade	105%	20%
Government Bonds USD	Investment grade	105%	20%
Government Bonds CHF	Investment grade	105%	20%
Government Bonds GBP	Investment grade	105%	20%

For cash, the haircut will be 0%. This holds only true for cash of the same currency as of the Sub-Fund.

When entering into **OTC transaction** each Sub-Fund must receive or pay a guarantee managed by the Credit Support Annex (the “**CSA**”) to the ISDA in place with each counterparty. The Company must proceed on a daily basis to the valuation of the guarantee received or paid, using available market prices and taking into account appropriate discounts which will be determined in accordance to the CSA for each asset class based on its haircut policy. The policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer’s credit standing, the maturity, currency, price volatility of the assets.

Any haircuts applicable to collateral are agreed conservatively with each OTC financial derivative counterparty on case-by-case basis. They will vary according to the terms of each collateral agreement negotiated and prevailing market practice and conditions. Collateral received or paid by the Company shall predominantly be limited to cash and government bonds according to the CSA.

Each Sub-Fund will obtain the following collateral covering at least the market value of the financial instrument object of the OTC transaction:

Asset class/instruments	Haircut
Cash	0%
Government bonds with maturity up to 1 year	between 0% and 2%
Government bonds with maturity more than to 1 year	between 0% and 5%

The absence of haircut is mainly due to the very short term of the transactions.

## **6. Special limits for derivatives**

### **6.1 Special limits relating to equity swaps and index swaps**

The Company may conclude equity swaps and swaps on market index, in accordance with the investment restrictions as stated in Part A Section II:

- with first class counterparties specialised in this type of transaction and subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- where underlying assets comply with the investment objectives and policy of the Sub-fund;
- they may be liquidated at any time at their valuation value;
- whose valuation, realized independently, must be reliable and verifiable on a daily basis;
- for hedging purposes or not.

Each index will comply with the classification of “financial index” pursuant to Article 9 of the Grand Ducal Regulation of February 8, 2008 relating to certain definitions of the 2010 Law and with CSSF Circular 14/592.

### **6.2 Conclusion of “Contracts for Difference” (“CFD”)**

Each Sub-Fund may enter into “contracts for difference” (“CFD”). A CFD is an agreement between two parties for the exchange, at the end of the contract, of the difference between the open price and the closed price of the contract, multiplied by the number of units of the underlying assets specified in the contract. These differences in the settlements are therefore made by payment in cash more than by physical delivery of underlying assets.

When these CFD transactions are carried out for a different purpose than the one of risk hedging, the risk exposure relating to these transactions, together with the global risk relating to other derivative instruments shall not, at any time, exceed the Net Asset Value of the concerned Sub-Fund.

Particularly, the CFD on transferable securities, on financial index or on swaps shall be used strictly in accordance with the investment policy followed by each Sub-Fund. Each Sub-Fund shall ensure an adequate and permanent coverage of its commitments related to CFDs in order to face the redemption requests of shareholders.

### **6.3 Currency Hedging**

In order to protect its present and future assets and liabilities against the fluctuation of currencies, the Company may enter into transactions the object of which is the purchase or the sale of forward foreign exchange contracts, the purchase or the sale of call options or put options in respect of currencies, the purchase or the sale of currencies forward or the exchange of currencies on a mutual agreement basis provided that these transactions be made either on exchanges or over-the-counter with first class financial institutions specializing in these types of transactions and being participants of the over-the-counter markets.

The objective of the transactions referred to above presupposes the existence of a direct relationship between the contemplated transaction and the assets or liabilities to be hedged and implies that, in principle, transactions in a given currency, including a currency bearing a substantial relation to the

value of the reference currency (i.e. currency of denomination) of the relevant Sub-Fund -known as “hedging by proxy”- may not exceed the total valuation of the assets and liabilities held in such currency nor may they, as regards their duration, exceed the period where such assets are held or anticipated to be acquired or for which such liabilities are incurred or anticipated to be incurred.

In its financial reports, the Company must indicate for the different categories of transactions involved, the total amount of commitments incurred under such outstanding transactions as of the reference date for such financial reports.

## **IV. RISK FACTORS**

### **1. General risk considerations applicable to the Company**

An investment in the Company is not a deposit in a bank or other insured depository institution. Investment may not be appropriate for all investors. The Company is not intended to be a complete investment programme and investors should consider their long-term investment goals and financial needs when making an investment decision. An investment in the Company is intended to be a long-term investment.

Past performance is not necessarily a guide to the future. The value of Shares, and the return derived from them, can fluctuate and can go down as well as up. There can be no assurance, and no assurance is given, that the Company will achieve its investment objectives. An investor who realises his investment after a short period may, in addition, not realise the amount that he originally invested because of the initial charge applicable on the issue of Shares.

The value of an investment in the Company will be affected by fluctuations in the value of the currency of denomination of the relevant Sub-Fund's Shares against the value of the currency of denomination of that Sub-Fund's underlying investments. It may also be affected by any changes in exchange control regulations, tax laws, economic or monetary policies and other applicable laws and regulations. Adverse fluctuations in currency exchange rates can result in a decrease in return and in a loss of capital.

An investment in equity instruments may decline in value over short or even extended periods of time as well as rise. Shareholders should be aware that the holding of warrants may result in increased volatility of the relevant Sub-Fund's value.

Sub-Funds which invest in fixed interest securities are subject to changes in interest rates and the interest rate environment. Generally, the prices of bonds and other debt securities will fluctuate inversely with interest rate changes. Fixed-income securities are subject to credit risk, which is an issuer's inability to meet principal and interest payments on the obligations, and may be subject to price volatility due to interest rate sensitivity. Some strategies utilised may be based on bonds issued by issuers with a high credit risk. Sub-Funds investing in high-yield / non-investment grade securities (securities rated below BBB by Standard and Poor's or an equivalent rating) present a higher than average risk due to the greater fluctuation of their currency or the quality of the issuer.

### **2. FATCA / CRS – Investor obligation to report information**

Under the terms of the Luxembourg law dated 24 July 2015, as amended from time to time (the "FATCA Law") and of the Luxembourg law of 18 December 2015, as amended from time to time (the "CRS Law"), the Company is likely to be treated as a (Foreign) Financial Institution. As such, the Company may require all shareholders to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above-mentioned regulations.

Should the Company become subject to a withholding tax and/or penalties as a result of FATCA and/or penalties as a result of CRS, the value of the Units held by all shareholders may be materially affected.

The Company and/or its shareholders may also be indirectly affected by the fact that a non U.S. financial entity does not comply with FATCA regulations even if the Company satisfies with its own FATCA obligations.

### **3. Data protection**

In accordance with the provisions of the Luxembourg law of 2 August 2002 on the protection of persons with regard to the processing of personal data, as amended from time to time (the “**Data Protection Law**”), and local laws and regulations where applicable, the Company, as data controller, collects, stores and processes, by electronic or other means, the data supplied by investors for the purpose of fulfilling the services required by the investors and complying with its legal and regulatory obligations. The data processed includes in particular the name, contact details (including postal or email address), banking details, invested amount and holdings in the Company of investors (“**Personal Data**”). The investor may at his/her discretion refuse to communicate Personal Data to the Company. In this case, however, the Company may reject a request for Shares. Each investor has a right to access his/her Personal Data and may ask for Personal Data to be rectified where it is inaccurate or incomplete by writing to the Company at its registered office, as indicated in the Directory.

Personal Data supplied by investors is processed, in particular, for the purposes of processing subscriptions, redemptions and conversions of Shares and payments of dividends to investors, account administration, client relationship management, performing controls on excessive trading and market timing practices, tax identification as may be required under Luxembourg or foreign laws and regulations (including laws and regulations relating to FATCA or CRS) and compliance with applicable anti-money laundering rules. Data supplied by shareholders is also processed for the purpose of maintaining the register of shareholders of the Company. In addition, Personal Data may be processed for the purposes of marketing. Each investor has the right to object to the use of its Personal Data for marketing purposes by writing to the Company.

Personal Data will not be retained for a period longer than necessary for the purpose of the data processing, subject to applicable legal minimum retention periods.

### **4. Risk considerations applicable to the use of derivatives**

While the prudent use of derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. Investment in derivatives may add volatility to the performance of the Sub-Funds and involve peculiar financial risks. The following is a summary of the risk factors and issues concerning the use of derivatives that investors should understand before investing in the Company.

#### *a) Market risk*

This is a general risk that applies to all investments meaning that the value of a particular derivative may change in a way which may be detrimental to the Company's interests.

*b) Control and monitoring*

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

*c) Liquidity risk*

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous price (however, the Company will only enter into OTC Derivatives if it is allowed to liquidate such transactions at any time at fair value).

*d) Counterparty risk*

The Company may enter into transactions in OTC markets, which will expose the Company to the credit of its counterparties and their ability to satisfy the terms of such contracts. In the event of a bankruptcy or insolvency of a counterparty, the Company could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated.

*e) Reinvestment of collateral*

A Sub-Fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty as required by the terms of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

*f) Other risks*

Other risks in using derivatives include the risk of differing valuations of derivatives arising out of different permitted valuation methods and the inability of derivatives to correlate perfectly with underlying securities, rates and indices. Many derivatives, in particular OTC Derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals which may act as counterparties to the transaction to be valued. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value to a Company.

However, this risk is limited as the valuation method used to value OTC Derivatives must be verifiable by an independent auditor.

The use of financial derivative instruments implies additional risks due to the leverage thus created. Leverage occurs when a modest capital sum is invested in the purchase of derivatives in comparison with the cost of direct acquisition of the underlying assets. The higher the leverage effect, the greater the variation in the price of the derivative in the event of fluctuation in the price of the underlying asset (in comparison with the subscription price calculated in the conditions of the derivative). The potential and the risks of derivatives thus increase in parallel with the increase of the leverage effect. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, a Company's use of derivative techniques may not always be an effective means of, and sometimes could be counterproductive to, following a Company's investment objective.

## **5. Custody risk**

The Depository's liability only extends to its own negligence and wilful default and to that caused by the negligence or wilful misconduct of certain of its local agents, and does not extend to losses due to the liquidation, bankruptcy, negligence or wilful default of any registrar. In the event of such losses, the Company will have to pursue its rights against the issuer and/or the appointed registrar of the securities.

Securities held with a local correspondent or clearing / settlement system or securities correspondent ("Securities System") may not be as well protected as those held within Luxembourg. In particular, losses may be incurred as a consequence of the insolvency of the local correspondent or Securities System. In some markets, the segregation or separate identification of a beneficial owner's securities may not be possible or the practices of segregation or separate identification may differ from practices in more developed markets.

## **6. Conflicts of interest**

The Management Company, the distributor(s), the Delegated Investment Manager, if any, the Depository and the Administrative Agent may, in the course of their business, have potential conflicts of interest with the Company. Each of the Management Company, the distributor(s), the Delegated Investment Manager, if any, the Depository and the Administrative Agent will have regard to their respective duties to the Company and other persons when undertaking any transactions where conflicts or potential conflicts of interest may arise. In the event that such conflicts do arise, each of such persons has undertaken or will be requested by the Company to undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Company and the shareholders are fairly treated.

## **7. Total return swaps ("TRS")**

These contracts represent a derivative combining market risk and credit risk which are affected by interest rate fluctuations, as well as events and credit prospects. A TRS, which involves the receipt of a total return by the Sub-Fund, is similar in terms of risk profile because it genuinely holds the underlying benchmark security. Furthermore, these transactions can be less liquid than interest rate swaps, as there is no standardisation of the underlying benchmark index and this situation can have a

negative impact on the ability to settle the TRS position, or on the price at which the settlement is performed. The swap contract is an agreement between two parties, each of whom must bear the credit risk of the other. Hedging is used to minimise this risk. The information risk for TRS is reduced through adherence to the standard ISDA documentation.

When the investment policy of a Sub-Fund provides that the latter may invest in TRS and/or other derivative financial instruments that display similar characteristics, these investments will be made in compliance with the investment policy of such Sub-Fund.

Unless the investment policy of a Sub-Fund provides otherwise, such TRS and other derivative financial instruments that display the same characteristics may have underlyings such as currencies, interest rates, transferable securities, a basket of transferable securities, indexes, or undertakings for collective investment.

The counterparties to such TRS will be high-standing financial institutions specialised in this type of transaction and subject to prudential supervision.

These counterparties do not have discretionary power over the composition or management of the investment portfolio of the Sub-Fund or over the underlying assets of the derivative financial instruments.

The TRS and other derivative financial instruments that display the same characteristics shall not confer to the Company a right of action against the counterparty in the swap or in the derivative financial instrument, and any eventual insolvency of the counterparty may make it impossible for the payments envisioned to be received.

## **8. Risk Considerations applicable to the use of ABS, MBS and CoCo**

### **8.1 Asset-backed Securities (“ABS”) and Mortgage-backed Securities (“MBS”)**

An ABS is a generic term for a debt security issued by corporations or other entities (including public or local authorities) backed or collateralised by the income stream from an underlying pool of assets. The underlying assets typically include loans, leases or receivables (such as credit card debt, automobile loans and student loans). An ABS is usually issued in a number of different classes with varying characteristics depending on the riskiness of the underlying assets assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate. The higher the risk contained in the class, the more the ABS pays by way of income.

A MBS is a generic term for a debt security backed or collateralised by the income stream from an underlying pool of commercial and/or residential mortgages. This type of security is commonly used to redirect the interest and principal payments from the pool of mortgages to investors. A MBS is normally issued in a number of different classes with varying characteristics depending on the riskiness of the underlying mortgages assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate of securities. The higher the risk contained in the class, the more the MBS pays by way of income.

The obligations associated with ABS and MBS may be subject to greater credit, liquidity and interest rate risk compared to other fixed income securities such as government issued bonds. ABS and MBS

are often exposed to extension risk (where obligations on the underlying assets are not paid on time) and prepayment risks (where obligations on the underlying assets are paid earlier than expected), these risks may have a substantial impact on the timing and size of the cashflows paid by the securities and may negatively impact the returns of the securities. The average life of each individual security may be affected by a large number of factors such as the existence and frequency of exercise of any optional redemption and mandatory prepayment, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets.

## 8.2 Contingent Convertible Bonds (“CoCos”)

CoCos are unlimited, principally fixed-income bonds with a hybrid character which are issued as bonds with fixed coupon payments, but which upon a trigger event are mandatorily converted into company shares or written down, provided that respective trigger events are set out in the issuing terms of the CoCos. Coupon payments on certain CoCos may be entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. Contrary to typical capital hierarchy, CoCo investors may suffer a loss of capital before equity holders.

Most CoCos are issued as perpetual instruments which are callable at pre-determined dates. Perpetual CoCos may not be called on the predefined call date and investors may not receive return of principal on the call date or at any date.

There are no widely accepted standards for valuing CoCos. The price at which bonds are sold may therefore be higher or lower than the price at which they were valued immediately before their sale.

In certain circumstances finding a ready buyer for CoCos may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.

There are three types of CoCos with different percentage of risk weighted assets (RWA). The implemented legislation through the Capital Requirements Directive IV (CRD IV) and Capital Requirement Regulation (CRR) as with Basel III, mandates a change in the quantity of the highest quality capital layer Common Equity Tier 1 (CET1), increasing from what was effectively 2% to 4.5% of RWA. While the intent of the legislation is to ensure an increase in a bank’s common equity, the regulation allows a financial institution to issue Additional Tier 1 (AT1) securities in non-CET1 capital but in the form of CoCos so that Tier 1 capital is at least 6% of RWA at all times. CoCos may also be issued as Tier 2 (T2) instruments so that total capital is at least 8% of RWA at all times.

There are potential risks to investing in CoCos which include the following:

**Trigger level risk:** CoCos which qualify as AT1 (additional tier 1 capital) can be converted in Common Equity (CET1 or Tier 1 common equity capital) if certain level are triggered. So CoCos which are AT1 carries de facto an equity risk. The amount of CET1 varies depending on the issuer while trigger levels differ depending on the specific terms of issuance. The trigger could be activated either through a material loss in capital as represented in the numerator or an increase in risk weighted assets as measured in the denominator.

**Coupon cancellation:** Coupon payments on AT1 instruments are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

While all CoCos (AT1 and T2) are subject to conversion or write down when the issuing bank reaches the trigger level, for AT1s there is an additional source of risk for the investor in the form of coupon cancellation in a going concern situation. Coupon payments on AT1 instruments are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The cancellation of coupon payments on AT1 CoCos does not amount to an event of default. Cancelled payments do not accumulate and are instead written off. This significantly increases uncertainty in the valuation of AT1 instruments and may lead to mispricing of risk. Perhaps most challenging to investors, given the required absence of dividend stoppers/pushers, the AT1 holders may see their coupons cancelled while the issuer continues to pay dividends on its common equity and variable compensation to its workforce.

**Capital structure inversion risk:** Contrary to classic capital hierarchy, CoCo investors may suffer a loss of capital when equity holders do not.

In certain scenarios, holders of CoCos will suffer losses ahead of equity holders, e.g., when a high trigger principal write-down CoCo is activated. This cuts against the normal order of capital structure hierarchy where equity holders are expected to suffer the first loss. This is less likely with a low trigger CoCo when equity holders will already have suffered loss. Moreover, high trigger Tier 2 CoCos may suffer losses not at the point of gone concern but conceivably in advance of lower trigger AT1s and equity.

**Call extension risk:** AT1 CoCos are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority.

It cannot be assumed that the perpetual CoCos will be called on call date. AT1 CoCos are a form of permanent capital. The investor may not receive return of principal if expected on call date or indeed at any date.

**Unknown risk:** the structure of the instruments is innovative yet untested.

In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform. In the event a single issuer activates a trigger or suspends coupons, will the market view the issue as an idiosyncratic event or systemic. In the latter case, potential price contagion and volatility to the entire asset class is possible. This risk may in turn be reinforced depending on the level of underlying instrument arbitrage. Furthermore, in an illiquid market, price formation may be increasingly stressed.

**Yield/Valuation risk:** investors have been drawn to the instrument as a result of the CoCos' often attractive yield which may be viewed as a complexity premium.

Yield has been a primary reason this asset class has attracted strong demand, yet it remains unclear whether investors have fully considered the underlying risks. Relative to more highly rated debt issues of the same issuer or similarly rated debt issues of other issuers, CoCos tend to compare favorably from a yield standpoint. The concern is whether investors have fully considered the risk of conversion or, for AT1 CoCos, coupon cancellation.

**Liquidity Risk:** CoCos tend to have higher price volatility and greater liquidity risk than other securities, which do not expose investors to the aforementioned risks.

## **9. Risks Considerations applicable to the use of distressed securities and securities in default**

A Sub-Fund may invest in distressed debt securities and securities in default. Investment in such distressed debt securities and securities in default (which qualify as transferable securities) involves purchases of obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganisation and liquidation proceedings. Acquired investments may include senior or subordinated debt securities, bank loans, promissory notes and other evidences of indebtedness, as well as payables to trade creditors. Although such purchases may result in significant investor returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these investments ordinarily remain unpaid unless and until the company reorganises and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that the Delegated Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganisation or similar action. In any reorganisation or liquidation proceeding relating to a company in which a Sub-Fund invests, an investor may lose its entire investment or may be required to accept cash or securities with a value less than the original investment. Under such circumstances, the returns generated from the investment may not compensate a Sub-Fund adequately for the risks assumed.

Investing in distressed debt securities and securities in default can also impose duties on the Delegated Investment Manager which may conflict with duties which it owes to a Sub-Fund. A specific example of where the Delegated Investment Manager may have a conflict of interest is where it invests the assets of a Sub-Fund in a company in serious financial distress and where that investment leads to the Delegated Investment Manager investing further amounts of the Sub-Fund's assets in the company or taking an active role in managing or advising the company, or one of the Delegated Investment Manager's employees becomes a director or other officer of the company. In such cases, the Delegated Investment Manager or its employee may have duties to the company and/or its members and creditors which may conflict with, or not correlate with, the interests of the shareholders of that Sub-Fund. In such cases, the Delegated Investment Manager may also have discretion to exercise any rights attaching to the Sub-Fund's investments in such a company. The Delegated Investment Manager will take such steps as it considers necessary to resolve such potential conflicts of interest fairly.

## **10. Emerging Markets Securities Risk**

In the case of companies located in or deriving substantial revenue from countries that are in the process of developing into modern industrialized states ("**Emerging Markets**"), fluctuations in value due to market, economic, political and other factors may be substantial, and may be greater than would occur in similar market conditions for the equity shares of companies domiciled in OECD countries. Securities traded in certain emerging market countries may be subject to additional risks due to the inexperience of financial intermediaries, the lack of modern technology, less developed

legal systems, less governmental supervision and regulation, and differences in standards for transparency of fiscal reporting and trading clearance and settlement procedures.

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

In addition, the settlement systems may be less developed than in more established markets, which could impede a Sub-Fund's ability to effect portfolio transactions and may result in the Sub-Fund investments being settled through a more limited range of counterparties with an accompanying enhanced credit risk. Moreover, the payment of redemptions proceeds in Sub-Funds that invest in emerging markets may be delayed.

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

## **11. Securities lending and repurchase agreements**

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

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

Securities lending transactions and repurchase agreements also entail liquidity risks due, *inter alia*, to locking cash or securities positions in transactions of excessive size or duration relative to the liquidity profile of the Sub-Fund or delays in recovering cash or securities paid to the counterparty. These circumstances may delay or restrict the ability of the Company to meet redemption requests. The Sub-Fund may also incur operational risks such as, *inter alia*, non-settlement or delay in

settlement of instructions, failure or delays in satisfying delivery obligations under sales of securities, and legal risks related to the documentation used in respect of such transactions.

The Sub-Funds may enter into securities lending transactions and repurchase agreements with other companies in the same group of companies as the Delegated Investment Manager. Affiliated counterparties, if any, will perform their obligations under any securities lending transactions, repurchase agreements and buy-sell back transactions concluded with a Sub-Fund in a commercially reasonable manner. In addition, the Delegated Investment Manager will select counterparties and enter into transactions in accordance with best execution principles. However, investors should be aware that the Delegated Investment Manager may face conflicts between its role and its own interests or that of affiliated counterparties.

## V. GLOBAL EXPOSURE & RISK MEASUREMENT

The Company may use derivative instruments, whose underlying assets may be transferable securities or money market instruments, both for hedging and for trading purposes.

If the aforesaid transactions involve the use of derivative instruments, these conditions and limits must correspond to the provisions of the Prospectus.

If a Sub-Fund uses derivative instruments for investment (trading) purposes, it may use such instruments only within the limits of its investment policy.

### 1. Determination of the global exposure

The Sub-Fund's global exposure must be calculated in accordance with CSSF Circular 11/512. The limits on global exposure must be complied with on an ongoing basis.

It is the responsibility of the Management Company to select an appropriate methodology to calculate the global exposure. More specifically, the selection should be based on the self-assessment by the Management Company of the Sub-Fund's risk profile resulting from its investment policy (including its use of financial derivative instruments).

### 2. Risk measurement methodology according to the Sub-Fund's risk profile

The Sub-Funds are classified after a self-assessment of their risk profile resulting from their investments policy including their inherent derivative investment strategy that determines two risk measurements methodologies:

- a) The advanced risk measurement methodology such as the Value-at-Risk (VaR) approach to calculate global exposure where:
  - the Sub-Fund engages in complex investment strategies which represent more than a negligible part of the Sub-Fund's investment policy;
  - the Sub-Fund has more than a negligible exposure to exotic derivatives; or
  - the commitment approach does not adequately capture the market risk of the portfolio.
- b) The commitment approach methodology.

**The Management Company has selected the commitment approach methodology for all the Sub-Funds of the Company.**

### 3. Calculation of the global exposure

For Sub-Funds that use the commitment approach methodology:

- a) the commitment conversion methodology for standard derivatives is always the market value of the equivalent position in the underlying asset. This may be replaced by the notional value or the price of the futures contract where this is more conservative;

- b) for non-standard derivatives, an alternative approach may be used provided that the total amount of the derivatives represents a negligible portion of the Sub-Fund's portfolio;
- c) for structured Sub-Funds, the calculation method is described in the ESMA/2011/112 guidelines.

A financial derivative instrument is not taken into account when calculating the commitment if it meets both of the following conditions:

- a) the combined holding by the Sub-Fund of a financial derivative instrument relating to a financial asset and cash which is invested in risk free assets is equivalent to holding a cash position in the given financial asset;
- b) the financial derivative instrument is not considered to generate any incremental exposure and leverage or market risk.

The Sub-Fund's total commitment to derivative financial instruments, limited to 100% of the portfolio's total net value, is quantified as the sum, as an absolute value, of the individual commitments, after possible netting and hedging arrangements.

#### **4. Investment in non-investment grade securities**

For Sub-Funds whose policy allows for the investment in securities rated lower than BBB- (Standard & Poor's), investors are warned that these securities are below investment grade and carry more risk, including greater price volatility and a higher default risk on the repayment of principal and the payment of interest than for higher grade securities. Moreover, certain unlisted or undervalued fixed income securities are highly speculative and entail considerable risk, and may be disputed when principal and interest payments fall due. Securities with a rating below BBB- (Standard & Poor's), or comparable unlisted securities, are considered speculative and may be disputed when principal and interest payments fall due and incorporate a high risk as to the ability of the debtor to honour their obligations in full.

Such securities involve higher credit or liquidity risk.

**High Credit Risk:** Lower rated debt securities, commonly referred to as "junk bonds" are subject to a substantially higher degree of risk than investment grade debt securities. During recessions, a high percentage of issuers of lower rated debt securities may default on payments of principal and interest. The price of a lower rated debt security may therefore fluctuate drastically due to unfavourable news about the issuer or the economy in general.

**High Liquidity Risk:** During recessions and periods of broad market declines, lower rated debt securities could become less liquid, meaning that they will be harder to value or sell at a fair price.

Due to the volatile nature of the above assets and the corresponding risk of default, investors must be able to accept significant temporary losses to their capital and the possibility of fluctuations in the income return level of the relevant Sub-Fund. The Company or the Delegated Investment Manager of the relevant Sub-Fund, if any, will endeavour to mitigate the risks associated with the investment in securities rated lower than BBB-, by diversifying its holdings by issuer, industry and credit quality.

## **5. Downgrading risk**

Debt securities can be rated investment grade or below investment grade. Such ratings are assigned by independent rating agencies (e.g. Fitch, Moody's, Standard & Poor's) on the basis of the creditworthiness of the issuer or of a bond issue. The general assessment of an issuer's creditworthiness may affect the value of the fixed income securities issued by the issuer. Rating agencies review, from time to time, such assigned ratings and debt securities may therefore be downgraded in rating if economic circumstances impact the relevant bond issues. A reassessment of the creditworthiness that results in a downgrading of the rating assigned to an issuer may negatively affect the value of the fixed income securities issued by this issuer.

## VI. SUSTAINABILITY-RELATED DISCLOSURES

Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investments made by the Company (the “**Sustainability Risk**”).

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

Pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the “**SFDR**”), the Company is required to disclose the manner in which Sustainability Risks are integrated into the investment decision and the results of the assessment of the likely impacts of Sustainability Risks on the returns of the Company.

Unless otherwise provided in the relevant Sub-Fund’s Appendix, the Company does not actively promote sustainability factors, *i.e.* environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters (the “**Sustainability Factors**”) and does not maximize portfolio alignment with Sustainability Factors; however, it remains exposed to Sustainability Risks. Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns.

The impacts following the occurrence of a Sustainability Risk may be numerous and vary depending on the specific risk, region and asset class. In general, where a Sustainability Risk occurs in respect of an asset, there will be a negative impact on, or entire loss of, its value.

Such assessment of the likely impact must, therefore, be conducted at Sub-Fund level, further detail and specific information is given in Part B of this Prospectus, in each relevant Sub-Fund’s Appendix.

The Management Company does not consider the adverse impacts of its investment decisions on Sustainability Factors (i) as no sufficient data of satisfactory quality is available to allow the Management Company to adequately assess the potential adverse impact of the investment decision on Sustainability Factors, and (ii) a clearly defined European regulatory framework on this matter is still missing.

Further information on the manner in which Sustainability Risks are integrated into the investment decisions can be found in the specific section “SFDR Disclosures” available on the website of the Management Company: <https://www.mediobancamanagementcompany.com>.

Notwithstanding the above and unless otherwise provided in the relevant Sub-Fund’s Appendix, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities, which are determined by the 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, as amended from time to time (the “**EU Regulation 2020/852**”).

## **A.2. INVESTOR PROFILE**

Given the Company's investment objectives and policies as described here above, investment in the Company may be appropriate for investors who seek to invest in short term, fixed income securities or equity securities and who seek capital growth over the long-term. Investors should not seek regular income distributions and should accept the risks associated with this type of investment, as set out in "Risk factors" here above and can withstand volatility in the value of their Shares.

### **A.3 THE SHARES**

The Company may issue Shares of different Classes reflecting the various Sub-Funds which the Board of Directors may decide to open. Within a Sub-Fund, Classes of Shares may be defined from time to time by the Board of Directors so as to correspond to (i) a specific distribution policy, such as entitling to distributions (“**Distribution Shares**”) or not entitling to distributions (“**Capitalization Shares**”) and/or (ii) a specific sales and redemption charge structure and/or (iii) a specific management or advisory fee structure, and/or (iv) a specific distribution fee structure, (v) a specific minimum subscription amount or holding amount and/or (vi) any other specific features applicable to one class (e.g. specific currency).

If different Classes of Shares are issued within a Sub-Fund, the details will be described in the relevant Sub-Fund in Part B of this Prospectus.

A separate Net Asset Value, which will differ as a consequence of the variable factors described here above, will be calculated for each Class within each Sub-Fund.

Shares in any Sub-Fund are issued on a registered basis only. The inscription of the shareholder's name in the register of shareholders evidences his or her right of ownership of such registered Shares.

A holder of registered Shares shall receive a written confirmation of his or her shareholding. Certificates evidencing the ownership may be issued by the Company upon request by the shareholder and at the shareholder's expense.

All Shares must be fully paid-up; they are of no par value and carry no preferential or preemptive rights. Each Share of the Company to whatever Sub-Fund it belongs is entitled to one vote at any general meeting of shareholders, in compliance with the laws of the Grand Duchy of Luxembourg and the Articles.

Fractional registered Shares will be issued to one thousandth of a Share, and such fractional Shares shall not be entitled to vote but shall be entitled to a participation in the net results and in the proceeds of liquidation attributable to the Shares in the relevant Sub-Fund on a pro rata basis. If the sum of the fractional Shares held by the shareholder in the same Class of Shares represents one or more entire Share(s), such shareholder benefits from the corresponding voting right.

If the Shares of a Sub-Fund are listed on the Luxembourg stock exchange, this will be specified in Part B of the Prospectus.

#### **I. DESCRIPTION OF THE SHARES AND CLASSES OF SHARES**

##### **1. The Classes of Shares**

The Board of Directors may decide to issue, within each Sub-Fund, separate Classes of Shares, whose assets will be commonly invested but where a specific structure, as mentioned here above, may be applied. The details of the different Classes of Shares issued within a Sub-Fund will be specified in Part B of this Prospectus.

For the time being the Company may offer the following Classes of Shares within the Sub-Funds:

- Class A (hereafter “**A**”) offered to retail investors subscribing for an initial amount of at least EUR 500,000.- bearing a management fee of 1% which will be expressed either in Euro (A EURO) or in United States Dollar (A USD);
  - Class AA (hereafter “**AA**”) offered to retail investors subscribing for an initial amount of at least EUR 500,000.- bearing a management fee of 0.60% which will be expressed in Euro (AA EURO);
- Class B (hereafter “**B**”) offered to retail and institutional investors (e.g. corporate entities or professional asset managers) residing in the United Kingdom which will be expressed either in Euro (B EURO) or in Pound Sterling (B GBP) or in United States Dollar (B USD) or in Swiss Franc (B CHF);
- Classic Class (hereafter “**C**”), offered to retail investors which will be expressed either in Euro (C EURO) or in Pound Sterling (C GBP) or in United States Dollar (C USD) or in Swiss Franc (C CHF);
  - Class E (hereafter “**E**”) offered to retail and institutional investors (e.g. individuals or corporate entities or professional asset managers) without any performance fee which will be expressed in Euro (E EURO);
  - Institutional Class (hereafter “**I**”), offered to institutional investors (e.g. professional asset managers or institutional corporate entities) which will be expressed either in Euro (I EURO) or in Pound Sterling (I GBP) or in United States Dollar (I USD) or in Swiss Franc (I CHF);
  - Class SC (hereafter “**SC**”), offered to retail investors residing in Switzerland which will be expressed either in Euro (SC EURO) or Swiss Franc (SC CHF);
  - Class SE (hereafter “**SE**”) offered to retail and institutional investors (e.g. individuals or corporate entities or professional asset managers) residing in Switzerland, without any performance fee which will be expressed either in Swiss Franc (SE CHF) or either in Euro (SE EUR );
  - Institutional Class (hereafter “**SI**”), institutional investors (e.g. professional asset managers or institutional corporate entities) residing in Switzerland, which will be expressed either in Euro (SI EURO) or Swiss Franc (SI CHF);
  - Class Z (hereafter “**Z**”), offered to retails and institutional investors (e.g. individuals or corporate entities or professional asset managers or institutional investors) residing in Germany or in Austria which will be expressed either in Euro (Z EURO) or in Pound Sterling (Z GBP) or in United States Dollar (Z USD) or in Swiss Franc (Z CHF).

The particulars of each Sub-Fund will specify the Share Classes available.

Each of these Classes may be associated with specific fee structure and minimum subscription amounts as detailed hereunder and in Part B of this Prospectus.

The investors may be able to subscribe for Shares through regular savings plans.

## **2. Minimum subscription amounts and holding requirements**

The Board of Directors may determine initial minimum subscription amounts and holding amounts for each Class of Shares, which if applicable, are detailed in the relevant Sub-Fund in Part B of this Prospectus.

The Board of Directors may also determine a minimum additional subscription amount for shareholders wishing to add to their shareholding a given Class of Shares.

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

**The Board of Directors may, at any time, decide to compulsorily redeem all Shares from shareholders whose holding is less than the minimum subscription amount specified for the relevant Sub-Fund or who fail to satisfy any other applicable eligibility requirements. In such case, the shareholder concerned shall receive one month's prior notice so as to be able to increase his amount or to satisfy the eligibility requirement.**

## **II. PROCEDURE OF SUBSCRIPTION, CONVERSION AND REDEMPTION**

### **1. Subscription of Shares**

The subscription price per each Class of Shares in the relevant Sub-Fund (the "**Subscription Price**") is the total of the Net Asset Value per Share of such Class determined on the applicable Valuation Day and the sales charge as stated in Part B of this Prospectus. The Subscription Price is available for inspection at the registered office of the Company.

Investors whose applications are accepted will be allotted Shares issued on the basis of the Net Asset Value per each Class of Shares determined as of the Valuation Day following receipt of the application form provided that such application is received by the Company not later than 4.00 p.m., Luxembourg time, on the Business Day preceding that Valuation Day. Applications received after 4.00 p.m., Luxembourg time, on the Business Day preceding the Valuation Day, will be dealt with on the following Valuation Day.

Orders will generally be forwarded to the Company by the Distributor or any agent thereof on the date received provided the order is received by the Distributor or any agent thereof prior to such deadline as may from time to time be established in the office in which the order is placed. Neither the Distributor nor any agent thereof is permitted to withhold placing orders whether with aim of benefiting from a price change or otherwise.

Investors may be required to complete a purchase application for each Class of Shares or other documentation satisfactory to the Company or to the Distributor or any agent thereof, indicating that the purchaser is not a U.S. Person, as such term is defined in Article 13 of the Articles, or nominees

thereof. Application forms containing such representation are available from the Company or from the Distributor or any of its agents.

Payments for Shares may be made either in the reference currency of the Company, or in the reference currency of the relevant Sub-Fund or in any other freely convertible currency.

Payments for subscriptions must be made within five (5) Business Days of the calculation of the Subscription Price.

If the payment is made in a currency different from the reference currency of the relevant Sub-Fund, any currency conversion cost shall be borne by the shareholder.

The Company reserves the right to reject any application in whole or in part, in which case subscription monies paid, or the balance thereof, as appropriate, will be returned to the applicant as soon as practicable or to suspend at any time and without prior notice the issue of Shares in one, several or all of the Sub-Funds.

Written confirmations of shareholding (as appropriate) will be sent to shareholders within ten (10) Business Days after the relevant Valuation Day.

No Shares in any Sub-Fund will be issued during any period when the calculation of the Net Asset Value per each Class of Shares in such Sub-Fund, or subscriptions, are suspended by the Company, pursuant to the powers reserved to it by Article 15 of the Articles.

In the case of suspension of dealings in Shares the application will be dealt with on the first Valuation Day following the end of such suspension period.

**In order to contribute to the fight against money laundering, subscription requests must include a certified copy (by one of the following authorities: embassy, consulate, notary, police commissioner) of (i) the subscriber's identity card in the case of individuals, (ii) the articles of incorporation as well as an extract of the register of commerce for corporate entities.**

**Moreover, the Company is legally responsible for identifying the origin of funds transferred from banks not subject to an identification procedure equal to the one required by the laws of the Grand Duchy of Luxembourg. Subscriptions may be temporarily suspended until such funds have been correctly identified.**

## **2. Conversion of Shares**

Shareholders have the right, subject to the provisions hereinafter specified, to convert all or part of their Shares of any Class from one Sub-Fund into Shares of another existing Class of that or another Sub-Fund.

However, the right to convert the Shares is subject to compliance with any conditions (including any minimum subscriptions amounts) applicable to the Class of Shares into which the conversion is to be effected.

The rate at which Shares in any Sub-Fund shall be converted will be determined by reference to the respective Net Asset Values of the relevant Shares or Classes of Shares, calculated as of the Valuation Day of the Classes following receipt of the documents referred to below.

The Company may levy any applicable charges, expenses and commissions upon conversion. Conversions of Shares or Classes of Shares in any Sub-Fund shall be subject to a fee based on the respective Net Asset Value of the relevant Shares or Classes of Shares as stated in Part B of this Prospectus. However, this amount may be increased if the sales charges applied to the original Sub-Fund was less than the sales charges applied to the Sub-Fund in which the Shares will be converted. In such cases, the conversion fee may not exceed the amount of the difference between the subscription rate applied to the Sub-Fund in which the Shares will be converted and the subscription rate applied to the initial subscription. This amount will be payable to the Distributor.

Shares may be tendered for conversion on any Valuation Day.

All terms and notices regarding the redemption of Shares shall equally apply to the conversion of Shares.

No conversion of Shares will be effected until a duly completed request for conversion of Shares have been received at the registered office of the Company from the shareholder and any previous transactions involving the Shares to be converted has been fully settled.

Fractions of registered Shares will be issued on conversion to one thousandth of a Share.

Written confirmations of shareholding (as appropriate) will be sent to shareholders within ten (10) Business Days after the relevant Valuation Day, together with the balance resulting from such conversion, if any.

In converting Shares of any Class of a Sub-Fund for Shares of another Class and/or of another Sub-Fund, a shareholder must meet the applicable minimum initial investment requirements imposed by the acquired Sub-Fund.

If, as a result of any request for conversion, the number of Shares held by any shareholder in a Sub-Fund would fall below the minimum number indicated in the section 6. "Minimum Initial and Subsequent Investment" under the Specific Information for each Sub-Fund, the Company may treat such request as a request to convert the entire shareholding of such shareholder.

Shares in any Sub-Fund will not be converted in circumstances where the calculation of the Net Asset Value per Share or Classes of Shares in such Sub-Funds is suspended by the Company pursuant to Article 15 of the Articles.

In the case of suspension of dealings in Shares, the request for conversion will be dealt with on the first Valuation Day following the end of such suspension period.

### **3. Redemption of Shares**

Each shareholder of the Company may at any time request the Company to redeem on any Valuation Day all or any of the Shares or Classes of Shares held by such shareholder in any of the Sub-Funds.

Shareholders desiring to have all or any of their Shares redeemed should apply in writing to the registered office of the Company.

The Distributor and its agents shall transmit redemption requests to the Company on behalf of the shareholders, including Share written confirmation where they have been issued to the shareholders.

Redemption requests should contain the following information (if applicable): the identity and address of the shareholder requesting the redemption, the number of Shares to be redeemed, the relevant Class of Shares, if any, of the Sub-Fund, whether the Shares are issued with or without a Share written confirmation, the name in which such Shares are registered and details as to whom payment should be made. All necessary documents to complete the redemption should be enclosed with such application.

Shareholders whose applications for redemption are accepted will have their Shares redeemed on any Valuation Day provided that the applications have been received by the Company prior to 4.00 p.m., Luxembourg time, on the Business Day preceding the relevant Valuation Day. Applications received after 4.00 p.m., on the Business Day preceding the Valuation Day, will be dealt with on the following Valuation Day.

Shares will be redeemed at a price based on the Net Asset Value per Share or Classes of Shares in the relevant Sub-Fund determined on the first Valuation Day following receipt of the redemption request, potentially decreased by a fee, as stated in Part B of this Prospectus.

The Redemption Price shall be paid no later than five (5) Business Days after the calculation of the relevant Net Asset Value.

Payment will be made by transfer bank order to an account indicated by the shareholder, at such shareholder's expense and at the shareholder's risk.

Payment of the redemption price will automatically be made in the reference currency of the relevant Sub-Fund, except if instructions to the contrary are received from the shareholder; in such case, payment may be made in the reference currency of the Company or in any other freely convertible currency and any currency conversion cost shall be deducted from the amount payable to that shareholder.

The Redemption Price may be higher or lower than the price paid at the time of subscription or purchase.

Shares in any Sub-Fund will not be redeemed if the calculation of the Net Asset Value per Share or Classes of Shares in such Sub-Fund, or the redemption of Shares, is suspended by the Company in accordance with Article 15 of the Articles.

Notice of any such suspension shall be given in all the appropriate ways to the shareholders who have made a redemption request which has been thus suspended. In the case of suspension of dealings in Shares, the request will be dealt with on the first Valuation Day following the end of such suspension period.

If, as a result of any request for redemption, the number of Shares or Classes of Shares held by any shareholder in a Sub-Fund would fall below the minimum amounts for each Class of Shares in the relevant Sub-Fund as indicated in part B of the present Prospectus, the Company may treat such request as a request to redeem the entire shareholding of such shareholder.

Unless otherwise provided in the particulars of each Sub-Fund, if on any Valuation Day redemption requests pursuant to Article 11 and conversion requests pursuant to Article 12 of the Articles relate to more than 10% of the Shares in issue in a specific Sub-Fund or in case of a strong volatility of the market or markets on which a specific Sub-Fund is investing, the Board of Directors may decide that part or all of such requests for redemption or conversion will be deferred for such period as the Board of Directors considers to be in the best interests of the Sub-Fund, but normally not exceeding 30 days. In any such case, an exit fee of maximum 1% of the Net Asset Value per Share of the relevant Sub-Fund may be charged to the shareholders making a redemption or conversion request to cover the corresponding costs of sales of the underlying portfolio. The rate of such exit fee will be the same for all shareholders having requested the redemption or conversion of their shares on the same Valuation Day. The exit fee shall revert to the Sub-Fund from which the redemption or conversion was effected. On the next Valuation Day following such period, these redemption and conversion requests will be met in priority to later requests if necessary on a *pro rata* basis among involved shareholders.

When there is insufficient liquidity or in other exceptional circumstances, the Board of Directors reserves the right to postpone the payment of redemption proceeds in the best interest of the Company.

Unless otherwise provided in the particulars of each Sub-Fund, if the value of the net assets of any Sub-Fund on a given Valuation Day has decreased to an amount determined by the Company to be the minimum level for such Sub-Fund to be operated in an economically efficient manner, or in case of a significant change of the economic or political situation or in order to proceed to an economic rationalization, the Board of Directors may, at its discretion, elect to redeem all, but not less than all, of the Shares of such Sub-Fund then outstanding at the Net Asset Value per Share in such Sub-Fund (taking into account actual realization prices of investments and realization expenses), calculated on the Valuation Day at which such decision shall take effect. The Company shall provide prior written notice of redemption to all holders of the Shares to be so redeemed. Redemption proceeds corresponding to Shares not surrendered at the date of the compulsory redemption of the relevant Shares by the Company may be kept with the *Caisse des Consignations*. In addition, unless otherwise provided in the particulars of each Sub-Fund, if the assets of any Sub-Fund do not reach or fall below a level at which the Board of Directors considers management possible, the Board of Directors may decide the merger of one Sub-Fund with one or several other Sub-Funds of the Company in the manner described in “GENERAL INFORMATION”, sub “5) Dissolution and Merger of Sub-Funds”.

The Articles contain in their Article 13 provisions enabling the Company to compulsorily redeem Shares held by U.S. Persons.

#### **4. Protection against late trading and market timing**

The Board of Directors will not knowingly allow investments associated with market timing or late trading practices or other excessive trading practices, as such practices may adversely affect the interests of the shareholders. The Board of Directors shall refuse subscriptions, conversions or

redemptions from shareholders suspected of such practices and take, as the case may be any other decisions as it may think fit to protect the interests of other shareholders.

Market timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same UCI 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 UCI.

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

## A.4 DETERMINATION OF THE NET ASSET VALUE

### I. CALCULATION AND PUBLICATION

The Net Asset Value per each Class of Shares in respect of each Sub-Fund shall be determined in the reference currency of that Sub-Fund.

The Net Asset Value per each Class of Shares in a Sub-Fund shall be calculated as of any Valuation Day (as defined hereinafter) by dividing the net assets attributable to each Class of the Company attributable to such Sub-Fund (being the value of the portion of assets less the portion of liabilities attributable to each Class of Shares in the Sub-Fund on any such Valuation Day) by the total number of Shares of such Classes in the relevant Sub-Fund then outstanding.

If, since the time of determination of the Net Asset Value per each Class of Shares on the relevant Valuation Day, there has been a material change in the quotations in the markets on which a substantial portion of the investments attributable to the relevant Sub-Fund are dealt in or quoted, the Company may, in order to safeguard the interests of the shareholders and the Company, cancel the first valuation and carry out a second valuation. All subscription, redemption and conversion requests shall be treated on the basis of this second valuation.

The Net Asset Value per each Class of Shares is determined on the day specified for each Sub-Fund in Part B of this Prospectus (the “**Valuation Day**”) on the basis of the value of the underlying investments of the relevant Sub-Fund, determined as follows:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate by the Board of Directors in such case to reflect the true value thereof;
- (b) the value of each security and/or financial derivative instrument and/or money market instrument which is quoted or dealt in on any stock exchange will be based on its last closing price on the stock exchange which is normally the principal market for such security and/or financial derivative instrument and/or money market instrument known at the end of the day preceding the relevant Valuation Day;
- (c) the value of each security and/or financial derivative instrument and/or money market instrument dealt in on any other regulated market will be based on its last known closing price which is normally available at the end of the day preceding the relevant Valuation Day;
- (d) shares or units in open-ended investment funds shall be valued at their last available calculated net asset value;
- (e) swaps are valued at their fair value based on the underlying securities;

- (f) in the event that any assets are not listed or dealt in on any stock exchange or on any other regulated market, or if, with respect to assets listed or dealt in on any stock exchange, or other regulated market as aforesaid, the price as determined pursuant to sub-paragraph (b) to (e) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith;
- (g) all other securities and other assets are valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.

The net proceeds from the issue of Shares in the relevant Sub-Fund are invested in the specific portfolio of assets constituting such Sub-Fund.

The Board of Directors shall maintain for each Sub-Fund a separate portfolio of assets. As between shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Sub-Fund and each Sub-Fund is treated as a separate legal entity. The assets of a particular Sub-Fund are only applicable to the debts, engagements and obligations of that Sub-Fund.

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 the rate of exchange ruling in Luxembourg on the relevant Valuation Day. 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, in its discretion, may permit other methods of valuation to be used if it considers that such valuation better reflects the fair value of any assets.

The Net Asset Value per each Class of Shares and the issue, redemption and conversion prices for the Shares in each Sub-Fund may be obtained during business hours at the registered office of the Company and will be published in such newspapers as determined for each Sub-Fund in part B of this Prospectus.

## **II. TEMPORARY SUSPENSION OF THE CALCULATION**

Unless otherwise provided in the particulars of each Sub-Fund, the Company may temporarily suspend the calculation of the Net Asset Value per each Class of Shares and the issue, redemption and conversion of Shares during:

- a) any period when any of the principal stock exchanges or other markets on which a substantial portion of the investments of the Company attributable to such Class of Shares from time to time is quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended, provided that such restriction or suspension affects the valuation on the investments of the Company attributable to such Class of Shares quoted thereon;
- b) the existence of any state of affairs which constitutes an emergency in the opinion of the Board of Directors as a result of which disposal or valuation of assets owned by the Company attributable to such Class of Shares would be impracticable;

- c) any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Class of Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange;
- d) when for any other reason the prices of any investments owned by the Company attributable to such Class of Shares cannot promptly or accurately be ascertained;
- e) upon the publication of a notice convening a general meeting of shareholders for the purpose of resolving the winding-up of the Company or informing them about the termination and liquidation of a Sub-Fund or Class of Shares, and more generally, during the process of liquidation of the Company, a Sub-Fund or Class of Shares;
- f) any period when the market of a currency in which a substantial portion of the assets of the Company is denominated is closed other than for ordinary holidays, or during which dealings therein are suspended or restricted;
- g) any period when political, economic, military, monetary or fiscal circumstances which are beyond the control and responsibility of the Company prevent the Company from disposing of the assets, or determining the Net Asset Value of the Company in a normal and reasonable manner;
- h) during the process of establishing exchange ratios in the context of a merger, a contribution of assets, an asset or share split or any other restructuring transaction;
- i) when a Class of Shares or a Sub-Fund is a Feeder of another UCITS, if the net asset value calculation of the Master UCITS or sub-fund or class of shares is suspended;
- j) when the information or calculation sources normally used to determine the value of the assets of the Company or a Sub-Fund are unavailable;
- k) during any period when any breakdown or malfunction occurs in the means of communication network or IT media normally employed in determining the price or value of the assets of the Company or a Sub-Fund, or which is required to calculate the Net Asset Value per Share;
- l) when exchange, capital transfer or other restrictions prevent the execution of transactions of the Company or a Sub-Fund or prevent the execution of transactions at normal rates of exchange and conditions for such transactions;
- m) when exchange, capital transfer or other restrictions prevent the repatriation of assets of the Company or a Sub-Fund for the purpose of making payments on the redemption of Shares or prevent the execution of such repatriation at normal rates of exchange and conditions for such repatriation; and/or
- n) in exceptional circumstances, whenever the Board of Directors considers it necessary in order to avoid irreversible negative effects on the Company, a Sub-Fund or Class of Shares, in compliance with the principle of fair treatment of shareholders in their best interests.

In the case of Master-Feeder structures, when a class of shares or a Sub-Fund is a Feeder of another UCITS, the latter may temporarily suspend the issue, redemption and conversion of shares, if the said Master UCITS or Sub-Fund or class of Shares suspend itself the issue, redemption and conversion of shares.

Notice of the beginning and of the end of any period of suspension shall be given by the Company to all the shareholders by way of publication and may be sent to shareholders affected, i.e. having made an application for subscription, redemption or conversion of Shares for which the calculation of the Net Asset Value has been suspended.

Any application for subscription, redemption or conversion of Shares is irrevocable except in case of suspension of the calculation of the Net Asset Value per Share in the relevant Sub-Fund, in which case shareholders may give notice that they wish to withdraw their application. If no such notice is received by the Company, such application will be dealt with on the first Valuation Day following the end of the period of suspension.

### **A.5 DISTRIBUTION POLICY**

The Company's principal investment objective is to achieve long-term capital growth.

Nevertheless, some Sub-Funds, as specified in Part B of this Prospectus, will issue shares on a distribution basis. Those shares will entitle shareholders to receive dividends.

The Board of Directors reserves the right to propose the payment of a dividend at any time.

In any event, no distribution may be made if, as a result, the Net Asset Value of the Company would fall below EUR 1,250,000.-.

Dividends not claimed within five (5) years of their due date will lapse and revert to the Shares in the relevant Sub-Fund.

## A.6 MANAGEMENT OF THE COMPANY

### I. MANAGEMENT COMPANY

Pursuant to a Management Services Agreement dated 1 July 2008, Mediobanca Management Company S.A., having its registered address at 2, Boulevard de la Foire, L-1528, Luxembourg has been appointed as management company (the “**Management Company**”) of the Company. The Management Company will be responsible on a day-to-day basis, under the overall responsibility and supervision of the Board of Directors, for providing administration, marketing, investment management and advisory services in respect of the Company. The Management Company Services Agreement is terminable by any party thereto by giving not less than three (3) months' prior written notice.

The Management Company has the possibility to delegate any or all of such functions to third parties. The Management Company has delegated the administration functions to the Administration Agent and registrar and transfer functions to the Registrar and Transfer Agent. The Management Company has delegated the investment management services for some specific Sub-Funds to a Delegated Investment Manager and the marketing and distribution functions to the Distributor and any other distributors as may be appointed.

The Management Company was incorporated on 15 May 2008 as a *société anonyme* for an unlimited duration. As at 15 May 2008 the Management Company has a subscribed and paid-up capital of EUR 500,000.-. The Management Company is a member of the Mediobanca Banking Group and has been approved as a management company regulated by Chapter 15 of the 2010 Law.

The Management Company has in place a remuneration policy in line with the UCITS Directive.

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

- a) the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Company;
- b) the remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company, the Company and of the investors, and includes measures to avoid conflicts of interest;
- c) the assessment of performance is 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 that the actual payment of performance-based components of remuneration is spread over the same period;
- d) fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the

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

The current remuneration policy containing further details and information in particular on how the remuneration and advantages are calculated and the identity of the persons responsible for the attribution of the remuneration and advantages (including the members of the remuneration committee) is available at <https://www.mediobancamanagementcompany.com/>. A copy of the remuneration policy or its summary may be obtained free of charge upon request.

The remuneration policy is reviewed at least on annual basis.

## II. DISTRIBUTOR(S)

The Management Company may appoint distributors (the “**Distributor(s)**”) to market and promote the Company's Shares in each Sub-Fund.

Distribution agreements are concluded for an unlimited period of time from the date of their signature and may be terminated by any party thereto by giving not less than three (3) months' prior written notice. However, the Management Company may terminate these agreements with immediate effect when this is in the best interest of the shareholders.

The Distributor(s) are authorized to retain a sales charge calculated on the Net Asset Value per Share of the Sub-Fund on the relevant Valuation Day. However, the Distributor may also be paid (as the case may be) a distribution fee by the Management Company out of its own management fee.

The Distributor(s) may be involved in the collection of subscription and redemption orders on behalf of the Company and any of the Sub-Funds and may, in that case, provide a nominee service for investors purchasing Shares through the Distributor. Investors may elect to make use of such nominee service pursuant to which the nominee will hold the Shares in its name for and on behalf of the investors who shall be entitled at any time to claim direct title to the Shares and who, in order to empower the nominee to vote at any general meeting of shareholders, shall provide the nominee with specific or general voting instructions to that effect. Notwithstanding the foregoing, investors may also invest directly in the Company without using the nominee service.

The Management Company, the Company and the Distributor(s) will at all time comply with any obligations imposed with respect to money laundering and, in particular, with the Luxembourg laws of 19 February 1973, 5 April 1993 and 12 November 2004 and the related circulars issued by the Luxembourg supervisory authority (in particular CSSF Circular 05/211 and CSSF Regulation N°12-02 of 14 December 2012) on the fight against money laundering and against the financing of terrorism and any other applicable laws and regulations, as they may be amended or revised from time to time.

## III. DELEGATED INVESTMENT MANAGER(S) AND INVESTMENT ADVISER(S)

The Management Company may delegate under the terms of an agreement (the “**Delegated Investment Management Agreement**”) its investment management services to a delegated investment manager (the “**Delegated Investment Manager**”). The Delegated Investment Manager will manage the investment and reinvestment of the assets of the Sub-Fund(s) in accordance with its

investment objectives, and investment and borrowing restrictions, under the overall responsibility of the Board of Directors.

The particulars of each Sub-Fund will specify when a Delegated Investment Manager has been approved.

The Delegated Investment Manager shall be entitled to delegate, with the prior approval of the Board of Directors and the Management Company and at its own expenses, its functions, discretions, privileges and duties herein or any of them to any person, firm or corporation (the “**Sub-Investment Manager**”) whom it may consider appropriate, provided that the Delegated Investment Manager shall remain liable hereunder for any loss or omission of such person, firm or corporation as if such act or omission was its own other than in respect of any error of judgment or mistake of law on the part of such person, firm or corporation made or committed in good faith in the performance of the duties delegated to it. Information on the Sub-Investment Manager, if any, will be specified in Part B of this Prospectus.

Moreover, the Management Company or the Delegated Investment Manager may appoint one or more investment advisers who shall provide advice and recommendations to the Management Company or Delegated Investment Manager as to the investment of the portfolios of the Sub-Funds.

#### **IV. DEPOSITARY BANK AND PAYING AGENT**

The Company has appointed BNP Paribas Securities Services, Luxembourg branch, as depositary of its assets.

BNP Paribas Securities Services, Luxembourg Branch has been appointed Depositary of the Company under the terms of a written agreement dated 18 March 2016 (the “**Depositary Agreement**”) between BNP Paribas Securities Services, Luxembourg Branch (the “**Depositary**”), the Management Company and the Company.

BNP Paribas Securities Services, Luxembourg Branch is a branch of BNP Paribas Securities Services SCA, a wholly-owned subsidiary of BNP Paribas S.A. BNP Paribas Securities Services SCA is a licensed bank incorporated in France as a *Société en Commandite par Actions* (partnership limited by shares) under No.552 108 011, authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) and supervised by the *Autorité des Marchés Financiers* (AMF), with its registered address at 3 rue d’Antin, 75002 Paris, acting through its Luxembourg branch, whose office is at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, and is supervised by the CSSF.

The Depositary performs three types of functions, namely (i) the oversight duties (as defined in Article 34 (1) of the 2010 Law), (ii) the monitoring of the cash flows of the Company (as set out in Article 34 (2) of the 2010 Law) and (iii) the safekeeping of the Company’s assets (as set out in Article 34 (3) of the 2010 Law).

Under its oversight duties, the Depositary is required to:

- a) ensure that the sale, issue, repurchase, redemption and cancellation of Shares effected on behalf of the Company are carried out in accordance with the 2010 Law or with the Articles;
- b) ensure that the value of Shares is calculated in accordance with the 2010 Law and the Articles;
- c) carry out the instructions of the Company or the Management Company acting on behalf of the Company, unless they conflict with the 2010 Law or the Articles;
- d) ensure that in transactions involving the Company's assets, the consideration is remitted to the Company within the usual time limits;
- e) ensure that the Company's revenues are allocated in accordance with the 2010 Law and its Articles.

The overriding objective of the Depositary is to protect the interests of the shareholders of the Company, which always prevail over any commercial interests.

Conflicts of interest may arise if and when the Management Company or the Company maintains other business relationships with BNP Paribas Securities Services, Luxembourg Branch in parallel with an appointment of BNP Paribas Securities Services, Luxembourg Branch acting as Depositary.

Such other business relationships may cover services in relation to:

- outsourcing/delegation of middle or back office functions (e.g. trade processing, position keeping, post trade investment compliance monitoring, collateral management, OTC valuation, fund administration inclusive of net asset value calculation, transfer agency, fund dealing services) where BNP Paribas Securities Services, Luxembourg Branch or its affiliates act as agent of the Company or the Management Company, or
- selection of BNP Paribas Securities Services, Luxembourg Branch or its affiliates as counterparty or ancillary service provider for matters such as foreign exchange execution, securities lending, bridge financing.

The Depositary is required to ensure that any transaction relating to such business relationships between the Depositary and an entity within the same group as the Depositary is conducted at arm's length and is in the best interests of shareholders.

In order to address any situations of conflicts of interest, the Depositary has implemented and maintains a management of conflicts of interest policy, aiming namely at:

- identifying and analysing potential situations of conflicts of interest;
- recording, managing and monitoring the conflict of interest situations either in:
  - relying on the permanent measures in place to address conflicts of interest such as segregation of duties, separation of reporting lines, insider lists for staff members;
  - implementing a case-by-case management to (i) take the appropriate preventive measures such as drawing up a new watch list, implementing a new Chinese wall,

(i.e. by separating functionally and hierarchically the performance of its Depositary duties from other activities), making sure that operations are carried out at arm's length and/or informing the concerned shareholders of the Company, or (ii) refuse to carry out the activity giving rise to the conflict of interest;

- implementing a deontological policy;
- recording of a cartography of conflicts of interest permitting to create an inventory of the permanent measures put in place to protect the Company's interests; or
- setting-up internal procedures in relation to, for instance (i) the appointment of service providers which may generate conflicts of interest, (ii) new products/activities of the Depositary in order to assess any situation entailing a conflict of interest.

In the event that such conflicts of interest do arise, the Depositary will undertake to use its reasonable endeavors to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Company and the shareholders are fairly treated.

The Depositary may delegate to third parties the safe-keeping of the Company's assets subject to the conditions laid down in the applicable laws and regulations and the provisions of the Depositary Agreement. The process of appointing such delegates and their continuing oversight follows the highest quality standards, including the management of any potential conflict of interest that should arise from such an appointment. Such delegates must be subject to effective prudential regulation (including minimum capital requirements, supervision in the jurisdiction concerned and external periodic audit) for the custody of financial instruments. The Depositary's liability shall not be affected by any such delegation.

A potential risk of conflicts of interest may occur in situations where the delegates may enter into or have a separate commercial and/or business relationship with the Depositary in parallel to the custody delegation relationship.

In order to prevent such potential conflicts of interest from crystalizing, the Depositary has implemented and maintains an internal organisation whereby such separate commercial and / or business relationships have no bearings on the choice of the delegate or the monitoring of the delegates' performance under the delegation agreement.

A list of these delegates and sub-delegates for its safekeeping duties is available in the website [http://securities.bnpparibas.com/files/live/sites/portal/files/contributed/files/Regulatory/Ucits\\_delegates\\_EN.pdf](http://securities.bnpparibas.com/files/live/sites/portal/files/contributed/files/Regulatory/Ucits_delegates_EN.pdf).

Such list may be updated from time to time.

Updated information on the Depositary's custody duties, a list of delegations and sub-delegations and conflicts of interest that may arise, may be obtained, free of charge and upon request, from the Depositary.

All acts of a general nature for the investment of the Company's assets shall be performed by the Depositary on the instructions of the Authorised Persons, as defined in the Depositary Agreement. For the avoidance of doubt, the Depositary has no decision-making discretion relating to the Company's investments.

Updated information on the Depository's duties and the conflicts of interest that may arise are available to investors upon request.

BNP Paribas Securities Services, Luxembourg Branch will also act as paying agent. In its capacity as paying agent of the Company, BNP Paribas Securities Services, Luxembourg Branch is responsible for the distribution of income and dividends to the shareholders.

The Company or the Management Company acting on behalf of the Company may release the Depository from its duties with ninety (90) days written notice to the Depository. Likewise, the Depository may resign from its duties with ninety (90) days written notice to the Company. In that case, a new depository must be designated to carry out the duties and assume the responsibilities of the Depository, as defined in the agreement signed to this effect. The replacement of the Depository shall happen within two months.

## V. REGISTRAR AND TRANSFER AGENT

The Management Company has also appointed BNP Paribas Securities Services, Luxembourg Branch, as registrar and transfer agent to the Company (the "**Registrar and Transfer Agent**").

In its capacity as registrar and transfer agent, the Registrar and Transfer Agent is responsible for handling the processing of subscription for Shares, dealing with requests of redemption and conversion and accepting transfers of funds, for the safe keeping of the register of shareholders of the Company, for accepting certificates rendered for replacement, redemption or conversion and providing and supervising the mailing of statements, reports, notices and other documents to the shareholders.

The rights and obligations of BNP Paribas Securities Services, Luxembourg Branch as registrar and transfer agent are governed by an agreement entered into for an unlimited period of time on 1 July 2008. Each of the parties may terminate the agreement by way of three (3) months prior written notice.

## VI. DOMICILIARY AGENT AND LISTING AGENT

The Company has appointed BNP Paribas Securities Services, Luxembourg Branch, as its domiciliary and listing agent (the "**Domiciliary Agent**" and "**Listing Agent**" respectively).

In its capacity as domiciliary agent, in accordance with the terms of the agreement and the requirements of the Prospectus and Articles, the Domiciliary Agent is responsible *inter alia* for the receipt of any correspondence addressed to the Company, for the preparation and sending to shareholders of any reports, notices, convening notices, publications, proxies and any other documents arising during the course of the life of the Company, and the preparation of the minutes of all Company meetings including Board and shareholder meetings and legal publications as for all and any secretarial and administrative tasks.

In its capacity as listing agent, the Listing Agent will undertake upon instruction of the Company, the listing of the Shares, where necessary, on the Luxembourg Stock Exchange. Where the Shares are

listed on the Luxembourg Stock Exchange, the particulars of the relevant Sub-Fund will specify as such.

The rights and obligations of BNP Paribas Securities Services, Luxembourg Branch as Domiciliary Agent and Listing Agent are governed by an agreement entered into for an unlimited period of time on 30 September 2005. Each of the parties may terminate the agreement by way of three (3) months' prior written notice.

## **VII. ADMINISTRATIVE AGENT**

The Management Company has further appointed BNP Paribas Securities Services, Luxembourg Branch as administrative agent to the Company (the "**Administrative Agent**").

In its capacity as administrative agent, it will be responsible for all administrative duties required by Luxembourg law, and in particular for the book-keeping and calculation of the Net Asset Value of the Shares as required by Luxembourg law.

The rights and obligations of BNP Paribas Securities Services, Luxembourg Branch as administrative agent are governed by an agreement entered into for an unlimited period of time on 1 July 2008. Each of the parties may terminate the agreement by way of three (3) months' prior written notice.

## **A.7 CHARGES AND EXPENSES**

### **I. GENERAL**

The Company pays out of the assets of the relevant Sub-Fund all expenses payable by the Company which shall include but not be limited to formation expenses, fees payable to the Management Company, including the investment management fee and risk management fee, fees and expenses payable to the auditor and accountants, Depositary and its correspondents, Domiciliary agent, Registrar and Transfer Agent, distributor, the Listing agent, the Paying Agent, any permanent representatives in places of registration, as well as any other agent employed by the Company, the remuneration (if any) of the Board of Directors and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with board meetings, fees and expenses for legal and auditing services, any fees and expenses involved in registering and maintaining the registration of the Company with any governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country, reporting and publishing expenses, including the costs of preparing, printing, advertising and distributing prospectuses, explanatory memoranda, periodical reports or registration statements, and the costs of any reports to shareholders, all taxes, duties, governmental and similar charges, and all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage, postage, telephone and telex. The Company may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount for yearly or other periods.

In the case where any liability of the Company cannot be considered as being attributable to a particular Sub-Fund, such liability shall be allocated to all the Sub-Funds on a *pro rata* basis to their Net Asset Values or in such other manner as determined by the Board of Directors acting in good faith, provided that all liabilities, whatever Sub-Fund they are attributable to, shall, unless otherwise agreed upon with the creditors, be binding upon the Company as a whole.

Charges relating to the incorporation of the Company and the creation of a new Sub-Fund shall be borne by all the existing Sub-Funds on a *pro rata* basis to their net assets. Hence, the new created Sub-Funds shall have to bear on a *pro rata* basis of the costs and expenses incurred in connection with the creation of the Company and the initial issue of Shares, which have not already been written off at the time of the creation of the new Sub-Funds.

All charges relating to the creation of a new Sub-Fund after the Company's incorporation expenses have been written off, shall be fully amortized upon their occurrence and shall be borne by all the existing Sub-Funds on a *pro rata* basis to their net assets.

In case of a dissolution of a Sub-Fund all charges relating to the incorporation of the Company and the creation of new Sub-Funds which have not already been written off shall be borne by all the remaining Sub-Funds.

### **II. FEES OF THE MANAGEMENT COMPANY**

The Management Company is entitled to receive from the Company a fee of a maximum of 0.10% per annum, calculated on the average quarterly Net Asset Value of the Company for its activity as management company. However, such general management fee does not cover the remuneration for

the investment management function performed either directly by the Management Company or a Delegated Investment Manager.

In addition, where the Management Company in compensation for the investment management function, the Management Company is entitled to an investment management fee. The investment management fee is payable quarterly and calculated on the average of the Net Asset Value of the relevant Sub-Fund for the relevant quarter, unless otherwise determined in Part B of this Prospectus. The amount of the investment management fee is set out individually for each Sub-Fund in Part B of this Prospectus.

Moreover, for its risk management activities, the Management Company is entitled to receive from the Company a fee of 0.025% per annum, payable quarterly and calculated on the average quarterly Net Asset Value of the Company.

Finally, for its distribution activities, the Management Company is entitled to receive from some Sub-Funds for which distribution activities are performed, a fee payable quarterly and calculated on the average quarterly net asset value of the concerned Sub-Fund.

### **III. FEES OF THE DELEGATED INVESTMENT MANAGER**

Where a Delegated Investment Manager has been appointed as specified in the particulars of the relevant Sub-Funds, the Management Company will pay the Delegated Investment Manager a fee for its investment activity unless otherwise determined in Part B of this Prospectus.

### **IV. DUPLICATION OF COMMISSIONS AND FEES**

Given that various Sub-Funds will invest in other UCIs, investors must be aware that the applicable investment management commissions, as well as fund administration, central administration and other providers commissions, may be in addition to commissions paid by UCIs to their sub-managers and other sub-providers, resulting in double payment of such commissions.

Investors are also made aware that the Sub-Funds may invest, in accordance with the terms of the present Prospectus, in collective investment schemes 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; in this case the Management Company or the other company may not charge subscription, conversion or redemption fees on the account of the Sub-Funds investment in the collective investment schemes.

A Sub-Fund that invests a substantial proportion of its assets in other collective investment schemes shall disclose in the present Prospectus the maximum level of the management fees that may be charged both to the Sub-Fund itself and to the other collective investment schemes in which it intends to invest. In the annual report of the Company, it shall indicate the maximum proportion of management fees charged both to the Sub-Fund itself and to the other collective investment schemes in which it intends to invest.

## **V. FEES OF THE DEPOSITARY AND PAYING AGENT, DOMICILIARY AGENT, LISTING AGENT, ADMINISTRATIVE AGENT, AND REGISTRAR AND TRANSFER AGENT**

The Depositary and Paying Agent, Domiciliary Agent and Listing Agent, Administrative Agent, and Registrar and Transfer Agent are entitled to receive out of the assets of each Sub-Fund a fee calculated in accordance with customary banking practice in Luxembourg as a percentage per annum of the average quarterly Net Asset Value thereof during the relevant quarter and payable quarterly in arrears. In addition, the Depositary and Paying Agent, Domiciliary Agent, Listing Agent, Administrative Agent, and Registrar and Transfer Agent are entitled to be reimbursed by the Company for their reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

As remuneration for services rendered to the Company in its respective capacities, the Depositary and Paying Agent will receive from the Company, in accordance with market practice in Luxembourg and unless otherwise determined in Part B of this Prospectus, a fee of a maximum of 0.075% per annum and calculated on the average quarterly net asset value of the Company.

In accordance with market practice in Luxembourg, a fee of a maximum of 0.80% per annum and calculated on the average quarterly net asset value of the Company will be charged to the Company for central administration services provided to the Company.

## **VI. SOFT COMMISSIONS**

The Management Company, or its delegates may effect transactions on behalf of the Company with, or through the agency of a person who provides services under a soft commission agreement under which that person will, from time to time, provide to, or procure for the Management Company, or its delegates, and/or their respective associates goods, services, or other benefits such as research, and advisory services, specialised computer hardware or software provided that:

- a. such transactions are effected on a best execution basis, disregarding any benefit which might ensure directly, or indirectly to the Management Company, or its delegates, or their respective associates, or the Company from the services or benefits provided under such soft commission agreement;
- b. the services, and/or benefits provided are of a type which: (a) assist the Management Company or its delegates in the provision of investment services to the Company; (b) enhance the quality of the investment services to be provided to the Company hereunder; and (c) do not impair the ability of the Management Company or its delegates to act in the best interests of the Company; and
- c. the Management Company or its delegates shall provide the Company on request with such information with respect to soft commissions as the Company may reasonably require to enable inclusion of a report in the Company's annual reports describing the Management Company's and its delegates soft commission practices.

## A.8 TAXATION

The following summary is based on the laws and practice currently applicable in the Grand Duchy of Luxembourg and is subject to changes therein.

### I. TAXATION OF THE COMPANY IN THE GRAND DUCHY OF LUXEMBOURG

The Company is not liable to any tax in the Grand Duchy of Luxembourg on profits or income, nor are distributions paid by the Company liable to any withholding tax in the Grand Duchy of Luxembourg. The Company is, however, liable in the Grand Duchy of Luxembourg to a subscription tax (*taxe d'abonnement*) of 0.05% *per annum* of its Net Asset Value, such tax being payable quarterly on the basis of the value of the aggregate net assets of the Sub-Funds at the end of the relevant calendar quarter.

However, in respect of the Classes of Sub-Fund which are only held by institutional investors the Company is liable to the above mentioned subscription tax at a rate of 0.01% *per annum* of the Net Asset Value of such Sub-Fund, as defined by guidelines or recommendations issued by Luxembourg supervisory authorities.

It is to be noted that no such subscription tax is levied on the portion of the net assets of the Sub-Funds that is invested in the shares or units of other UCIs, to the extent that such shares or units have already been subject to subscription tax, pursuant to the applicable laws of the Grand Duchy of Luxembourg. No stamp duty or other tax is payable in the Grand Duchy of Luxembourg on the issue of Shares. However, any amendments to the Articles are as a rule subject to a fixed registration duty of EUR 75. No tax is payable in the Grand Duchy of Luxembourg on the realized capital appreciation of the assets of the Company.

The Company is considered in Luxembourg as a taxable person for value added tax (“VAT”) purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the 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.

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

#### *General*

Dividends and interest received by the Company on its investments may be subject to non-recoverable withholding or other taxes in the countries of origin.

The Company was liable to an initial capital tax of EUR 1,240.- which was paid upon incorporation.

## **II. TAXATION OF SHAREHOLDERS IN THE GRAND DUCHY OF LUXEMBOURG**

Under the current laws of the Grand Duchy of Luxembourg, shareholders are not subject to any capital gains, income or withholding tax in the Grand Duchy of Luxembourg (except for (i) those domiciled, resident, having a permanent establishment or a place of business in the Grand Duchy of Luxembourg or (ii) non-residents of the Grand Duchy of Luxembourg who hold (personally or by attribution) more than 10% of the Shares of the Company and who dispose of all or part of their holdings within six (6) months from the date of acquisition or (iii) in some limited cases, some former residents of the Grand Duchy of Luxembourg who hold (personally or by attribution) more than 10% of the Shares of the Company).

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

## **III. COMMON REPORTING STANDARD (“CRS”)**

On December 9, 2014, the Council adopted the Directive 2014/107/EU amending the Directive 2011/16/EU (hereinafter the “**AEOID**”) as regards mandatory automatic exchange of information in the field of taxation, which includes an automatic exchange of information on all type of financial products based on the OECD CRS. As of January 1, 2016, the AEOID shall be implemented in the Member States, the related exchange of information shall be performed in 2017. Moreover the CRS will possibly also be put in place between non-EU jurisdictions and EU jurisdictions in accordance with multilateral agreements.

## **IV. FOREIGN ACCOUNT TAX COMPLIANCE ACT (“FATCA”)**

FATCA provisions generally impose a reporting to the U.S. Internal Revenue Service of U.S. Persons’ direct and indirect ownership of non-U.S. accounts and non-U.S. entities. Failure to provide the requested information could lead to (i) a 30% withholding tax applying to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends and/or (ii) penalties.

The basic terms of FATCA may include the Company as a “(Foreign) Financial Institution”, such that in order to comply, the Company may require all shareholders to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above-mentioned legislation.

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

- withhold any taxes or similar charges that it is legally required to withhold, whether by law or otherwise, in respect of any shareholding in the Company;

- require any shareholder or beneficial owner of the 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/or to promptly determine the amount of withholding to be retained;
- divulge any such personal information to any tax or regulatory authority, as may be required by law or such authority;
- withhold the payment of any dividend or redemption proceeds to a shareholder until the Company holds sufficient information to enable it to determine the correct amount to be withheld.

In addition the Company hereby confirms that it may become a participating Foreign Financial Institution (“**FFI**”) as laid down in the FATCA rules and that it may register and certify compliance with FATCA with obtaining a Global Intermediary Identification Number (“**GIIN**”). From this point, the Company will furthermore only deal with professional financial intermediaries duly registered with a GIIN.

**Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, converting, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.**

## A.9. GENERAL INFORMATION

### I. CORPORATE INFORMATION

The Company was incorporated for an unlimited period of time on 14 August 1998 and is governed by the Luxembourg law of 10 August 1915 on commercial companies, as amended, and by the 2010 Law.

Pursuant to an extraordinary general meeting held on 22 July 2020 the Company changed its name from “Esperia Funds SICAV” to “Mediobanca SICAV”.

The registered office of the Company is established at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg but may, by decision of the Board of Directors, be transferred within the municipality or to any other municipality within the Grand Duchy of Luxembourg. Should this occur, a respective communication will be sent to all shareholders informing them of the new registered office of the Company.

The Company is recorded at the *Registre de Commerce et des Sociétés* in Luxembourg (the “RCSL” under the number B 65 834).

The Articles have been published in the *Mémorial, Recueil des Sociétés et Associations* (the “*Mémorial*”) of 11 September 1998, and have been filed with the RCSL together with the *notice légale* on the issue and sale of Shares. Further to an extraordinary general meeting held before a notary on April 22, 2002, the amended Articles have been published in the *Mémorial* of May 24, 2002 and have been filed with the RCSL. Any interested person may inspect these documents at the RCSL; copies are available on request at the registered office of the Company. The Articles have been amended on April 16, 2015 and such amendments published in the *Mémorial* of May 4, 2015. They have furthermore been amended on November 30, 2015 and such amendment published in the *Mémorial* of 4 January 2016 to change, *inter alia*, the name from “Duemme Sicav” into “Esperia Funds Sicav”. The latest changes to the Articles were made on 22 July 2020 and were published in the *Recueil Electronique des Sociétés et Associations* (“RESA”) on 6 August 2020 to change, *inter alia*, the name from “Esperia Funds SICAV” to “Mediobanca SICAV”.

The minimum capital of the Company, as provided by law, is of EUR 1,250,000.-. The capital of the Company is represented by fully paid-up Shares of no par value.

The Company is open-ended which means that it may, at any time on the request of the shareholders, redeem its Shares at prices based on the applicable Net Asset Value per Share of the relevant Sub-Fund.

In accordance with the Articles, the Board of Directors may issue Shares in each Sub-Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund. As a result, the Company is an “umbrella fund” enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds.

The Board of Directors may from time to time decide to create further Sub-Funds; in that event, the Prospectus will be updated and amended to include detailed information on the new Sub-Funds.

The share capital of the Company will be equal, at any time, to the total value of the net assets of all the Sub-Funds.

## **II. MEETINGS OF, AND REPORTS TO, SHAREHOLDERS**

Notice of any general meeting of shareholders shall be mailed to each registered shareholder at least eight days prior to the meeting and shall be published to the extent required by the Law in the RESA and in any newspaper published in the Grand Duchy of Luxembourg and other newspaper(s) that the Board of Directors may determine. Such notices will indicate the date and time of the meeting as well as the agenda, quorum requirements and the conditions of admission.

If all the Shares are only issued in registered form, convening notices may be mailed by registered mail to each registered shareholder to the address entered in the register of shareholders, or any other address notified to the Company for the purpose of receiving notices and announcements from the Company, without any further publication.

If the Articles are amended, such amendments shall be filed with the RCSL and published in the RESA.

The Company publishes annually a detailed audited report on its activities and on the management of its assets; such report shall include, *inter alia*, the combined accounts relating to all the Sub-Funds, a detailed description of the assets of each Sub-Fund and a report from the Auditor.

The Company shall further publish semi-annual unaudited reports, including, *inter alia*, a description of the investments underlying the portfolio of each Sub-Fund and the number of Shares issued and redeemed since the last publication.

The aforementioned documents will be available within four (4) months for the annual reports and two (2) months for the semi-annual reports of the date thereof and copies may be obtained free of charge by any person at the registered office of the Company.

The accounting year of the Company commences on the first of July and terminates on the thirtieth of June.

The annual general meeting of shareholders takes place in Luxembourg within six (6) months of the end of the financial year at the date, time and place specified in the notice of the meeting sent to shareholders.

The shareholders of any Class of Shares of any Sub-Fund may hold, at any time, general meetings to decide on any matters which relate exclusively to such Class of Shares of a Sub-Fund.

The combined accounts of the Company shall be maintained in EUR being the currency of the share capital. The financial statements relating to the various separate Sub-Funds shall also be expressed in the reference currency for the Sub-Funds.

Shareholders may request the Company to convene a general meeting of shareholders if such written request is supported by at least 10% of the Company's share capital. If this is the case, the general meeting of shareholders shall be held within one (1) month of the Company's receipt of such written request.

The Company may suspend voting rights of any shareholder in accordance with the Articles.

### **III. SHAREHOLDERS INFORMATION**

The Management 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.

### **IV. DISSOLUTION AND LIQUIDATION OF THE COMPANY**

The Company may at any time be dissolved by a resolution of a general meeting of shareholders subject to the quorum and majority requirements applicable for amendments to the Articles.

Whenever the share capital falls below two-thirds of the minimum capital indicated in Article 5 of the Articles, the question of the dissolution of the Company shall be referred to a general meeting of shareholders by the Board of Directors. The meeting, for which no quorum shall be required, shall decide by the simple majority of the Shares represented at the meeting.

The question of the dissolution of the Company shall also be referred to a general meeting of shareholders whenever the share capital falls below one-fourth of the minimum capital set by Article 5 of the Articles; in such event, the meeting shall be held without any quorum requirement and the dissolution may be decided by shareholders holding one-fourth of the Shares represented at the meeting.

The meeting must be convened so that it is held within a period of forty (40) days as from ascertainment that the net assets have fallen below two-thirds (2/3) or one-fourth (1/4) of the legal minimum, as the case may be.

Liquidation shall be carried out by one or several liquidators, who may be physical persons or legal entities, duly approved by the regulatory authority and appointed by the general meeting of shareholders which shall determine their powers and their compensation.

The net proceeds of liquidation corresponding to each Class of Shares in each Sub-Fund shall be distributed by the liquidators to the holders of Shares of the relevant Class in such Sub-Fund in proportion to their holding of such Shares.

Should the Company be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with the provisions of the Law. The said Law specifies the steps to be taken to enable shareholders to participate in the distribution(s) of the liquidation proceeds and provides for a deposit

in escrow at the *Caisse de Consignations* at the time of the close of liquidation. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of the Law.

## **V. DISSOLUTION AND MERGER OF SUB-FUNDS**

### **1. Dissolution of Sub-Funds, categories or Classes of Shares**

In the event that the assets in any Sub-Fund, categories or classes should fall below a threshold considered by the Board of Directors as a minimum below which the management of that Sub-Fund, categories or classes, would become too problematic, the Board of Directors may decide to liquidate the Sub-Fund, categories or any Classes of Shares. The same may also apply within the framework of a rationalization of the range of products offered to the Company's clients.

The decision and methods applying to the closing of the Sub-Fund, categories or classes shall be brought to the knowledge of shareholders of the concerned Sub-Fund by way of the publication of notices to that effect in such newspapers as are mentioned in section "Documents available" below.

A notice relating to the closing of the Sub-Fund, categories or classes shall also be communicated to all the registered shareholders of that Sub-Fund.

In such event, the net assets of the concerned Sub-Fund, categories or classes shall be divided among the remaining shareholders of the Sub-Fund, categories or classes. Amounts which have not been claimed by shareholders at the time of the closure of the liquidation operations of the Sub-Fund shall be deposited with the *Caisse de Consignation* in Luxembourg, for the profits of their rightful assignees, until the prescribed date of limitation.

### **2. Merger of Sub-Funds, categories or classes**

The Board of Directors may decide, in the interest of the shareholders and in accordance with the provisions of the 2010 Law, to transfer or merge the assets of one Sub-Fund, category or class of Shares to those of another Sub-Fund, category or class of Shares of such other Sub-Fund within the Company. Such mergers may be performed for reasons of various economic reasons justifying a merger of Sub-Funds, categories or Classes of Shares. The merger decision of Sub-Funds shall be sent to all registered shareholders of the Sub-Fund before the effective date of the merger in accordance with the provisions of CSSF Regulation 10-05. The notification in question shall indicate, in addition, the characteristics of the new Sub-Fund, the new category or Class of Shares. Every shareholder of the relevant Sub-Funds shall have the opportunity of requesting the redemption or the conversion of his own Shares without any cost (other than the cost of disinvestment) during a period of at least thirty (30) calendar days before the effective date of the merger, it being understood that the effective date of the merger takes place five (5) Business Days after the expiry of such notice period.

In the same circumstances as described in the previous paragraph and in the interest of the shareholders, the transfer or merger of assets and liabilities attributable to a Sub-Fund, category or Class of Shares to another UCITS or to a Sub-Fund, category or class of shares within such other UCITS (whether established in Luxembourg or another Member State of the EU and whether such UCITS is incorporated as a company or is a contractual type fund), may be decided by the Board of

Directors, in accordance with the provisions of the 2010 Law. The Company shall send a notice to the shareholders of the relevant Sub-Fund in accordance with the provisions of CSSF Regulation 10-5. Every shareholder of the Sub-Fund, category or Class of Shares concerned shall have the possibility to request the redemption or the conversion of his Shares without any cost (other than the cost of disinvestment) during a period of at least thirty (30) calendar days before the effective date of the merger, it being understood that the effective date of the merger takes place five (5) Business Days after the expiry of such notice period.

In case of a merger of a Sub-Fund, category or Class of Shares where, as a result, the Company ceases to exist, the merger needs to be decided by a general meeting of shareholders of the Sub-Fund, category or Class of Shares concerned, for which no quorum is required and decisions are taken by the simple majority of the votes cast.

## **PART B: SPECIFIC INFORMATION**

### **I. Sub-Fund MEDIOBANCA SICAV: Mediobanca Euro Equities**

#### **1. Name**

The name of the Sub-Fund is “MEDIOBANCA SICAV: Mediobanca Euro Equities” (hereinafter referred to as the “**Sub-Fund**”).

#### **2. Investment Objectives**

The investment objective of the Sub-Fund is to provide investors with an adequate exposure to the Euro equities market.

#### **3. Specific Investment Policy and Restrictions**

As principal investment policy the Sub-Fund will invest with a particular focus in the Euro Area Equity markets. Normally the allocation to the principal investment policy will be limited between 70% and 110% of the Net Asset Value of the Sub-Fund, in equities and/or other equity related instruments (equity and index derivatives, equity rights, convertible bonds, warrants), dividend-right certificates and warrants issued by companies headquartered in a country being part of the Euro denominated area (for the purposes of this section the “**Approved Instruments**”) or admitted to official listing on a stock exchange being part of the Euro denominated area or dealt in on another regulated market that operates regularly and is recognized and open to the public.

As an ancillary investment policy, the Sub-Fund may also invest in accordance with the terms of the present Prospectus, in other transferable securities, bond, money market instruments, derivatives, including but not limited to options, warrants, futures, swaps, other equity derivatives traded either on a regulated market or OTC and forward transactions, deposits and units in collective investment schemes. The Sub-Fund may also hold ancillary liquid assets.

The Sub-Fund may use securities financing transactions in form of securities lending for efficient portfolio management purposes. The use of such financial instruments is not expected to affect the Sub-Fund’s overall risk profile.

A maximum of 100% of the assets held by the Sub-Fund (i.e. equities) can be subject to securities lending. The expected percentage of the assets subject to securities lending is around 45%.

100% of the return generated by securities lending is returned to the Sub-Fund.

There are no transaction costs and fees.

The Sub-Fund will neither make use of other securities financing transactions (i.e. (i) repurchase transactions, (ii) buy-sell back transactions or sell-buy back transactions and (iii) margin lending transactions) nor of total return swaps.

#### **4. Risk Measurement Approach**

The global exposure of the Sub-Fund is calculated using the commitment approach.

## 5. Classes of Shares

The Sub-Fund will issue five (5) Classes of Shares. The first is denominated “Classic”, referred to as “C”, the others are denominated “Institutional”, referred to as “I”, expressed in Euro, “Class B”, referred to as “B”, “Class SC”, referred to as “SC”, and “Class SI”, referred to as “SI” certain of which may be expressed in different currencies, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Share Classes will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion and Redemption”.

The Sub-Fund issues Shares on a capitalization basis, as described in Part A of this Prospectus.

Investors of this Sub-Fund are entitled to convert at no charge their issued Shares into Shares of another existing Class, where available (as described above). However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class in which conversion is effected.

## 6. Minimum Initial and Subsequent Investment

The minimum initial and subsequent investment amounts are reported in the following table:

<i>Classes of shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C EURO Class	None	None
I EURO Class	None	None
SC CHF Class	None	None
SC EUR Class	None	None
SI CHF Class	None	None
SI EUR Class	None	None
B EURO Class	None	None
B GBP Class	None	None

## 7. Investment Management

The Management Company has appointed Mediobanca SGR S.p.A, having its registered office at Via Dante, 16, I-20121 Milano, Italy as Delegated Investment Manager for the Sub-Fund, pursuant to a Delegated Investment Management Agreement dated 1 July 2008 between the Management Company, the Company and the Delegated Investment Manager as amended. The Delegated Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three (3) months' prior written notice.

However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

The Delegated Investment Manager, was founded on 27 June 1996, and its principal activity is to advise on, and manage, assets of high net worth individuals, institutional clients and pension funds. On 31 December 2009, its share capital, which is fully paid, amounted to EUR 10,330,000.-.

## 8. Fees

A management fee is payable to the Management Company in compensation for its management services. Such a fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

A distribution fee is payable to the Management Company in compensation for its distribution services. Such a fee is equal to 0.05% per annum, payable quarterly and calculated on the average quarterly net asset value of the Sub-Fund.

The Distributor is authorized to retain a sales charge calculated as a percentage of the subscribed amount.

The management fee and the sales charge applied to each Class of Shares are reported in the following table:

<i>Classes of Shares</i>	<i>Management Fee</i>	<i>Sales Charge</i>
C EURO Class	1.50% per annum	up to a maximum of 3%
I EURO Class	0.85% per annum	up to a maximum of 1%
SC CHF Class	1.50% per annum	up to a maximum of 3%
SC EUR Class	1.50% per annum	up to a maximum of 3%
SI CHF Class	0.85% per annum	up to a maximum of 1%
SI EUR Class	0.85% per annum	up to a maximum of 1%
B EURO Class	0.85% per annum	up to a maximum of 1%
B GBP Class	0.85% per annum	up to a maximum of 1%

Furthermore, for all Classes of Shares, the Management Company is entitled to receive a quarterly performance fee equal to 15% of the difference between the quarterly performance of the Sub-Fund and that of the index, 95% comprising the Euro Stoxx Index and the remaining 5% the Merrill Lynch Euro Government Bills index (the “**Benchmark**”), both calculated at the end of each calendar quarter. The performance fee is only applicable at the end of each quarter if the Sub-Fund performs positively and higher than the Benchmark at the end of each calendar quarter and provided that the Net Asset Value at the last Valuation Day of the relevant calendar quarter is higher than the last Net Asset Value of the preceding calendar year and higher than each last Net Asset Value of each preceding calendar quarter during the current accounting year (the “**High Water Mark**”). Any performance fee applicable will be calculated at the end of each calendar quarter on the average assets

of the Sub-Fund during the quarter and charged to the Sub-Fund at the end of the quarter. For newly launched Shares, the reference period for the calculation shall start at the launch of such Shares and end at the end of the current calendar quarter and the High Water Mark shall be the first Net Asset Value after the launch date that is higher than the Benchmark. The first High Water Mark will give right to the payment of a performance fee as above defined. If Shares were redeemed or converted into other Shares of any Class of the same Sub-Fund or any Class of another existing Sub-Fund during the reference calendar quarter, and for those Shares, a performance fee is accrued, it will be crystallized at the date of redemption or conversion and it will be considered as payable to the Management Company.

This methodology has been in place since January 2012.

The Management Company may pay part or all of the investment management fees received to the Delegated Investment Manager.

### **9. Subscription price**

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

The subscription list will be closed at 4.00 p.m. at the latest on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five (5) Business Days after the relevant Net Asset Value is calculated.

### **10. Redemptions**

The redemption price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The redemption price shall be paid within five (5) Business Days after the relevant Net Asset Value is calculated.

### **11. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

### **12. Reference Currency**

The reference currency of the Sub-Fund is the EUR.



### **13. Frequency of Calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg (“**Valuation Day**”).

### **14. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in “*Il Sole 24 Ore*”.

### **15. Likely Impacts following the Occurrence of a Sustainability Risk**

This Sub-Fund is a highly diversified portfolio. Therefore, the Delegated Investment Manager believes that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ across geographic scope and industry sector focus.

The Sub-Fund will be principally exposed to Sustainability Risks linked to its focus on Euro denominated equities, increasing regulatory requirements in Western Europe that results, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy may result in significant Sustainability Risks that might impede the Sub-Fund’s assets business models, revenues and overall value. Such financial loss may be due to, for example, the changes in the regulatory framework like carbon pricing mechanisms, stricter energy efficiency standards, or policy and legal risks related to litigation claims or the transition to a low-carbon economy which may also negatively impact organizations via technological evolutions leading to the substitution of existing products and services by lower emissions options or the potential unsuccessful investment in new technologies made by Sub-Fund.

In Western Europe the raising awareness of sustainability issues exposes the Sub-Fund to reputational risk linked to sustainability that can affect the Sub-Fund’s assets or Mediobanca directly, for examples through name and shame campaigns by NGOs or consumer organizations. Stigmatization of an industry sector, shift in consumer preferences and increased shareholder concern/negative feedback resulting from growing concerns over climate change may negatively impact the Sub-Fund and the value of its investments.

## **II. Sub-Fund MEDIOBANCA SICAV: Mediobanca Corporate Bond Euro**

### **1. Name**

The name of the Sub-Fund is “MEDIOBANCA SICAV: Mediobanca Corporate Bond Euro” (hereinafter referred to as the “**Sub-Fund**”).

### **2. Investment Objectives**

The investment objective of the Sub-Fund is to provide investors with an adequate exposure to the corporate bond Euro market.

### **3. Specific Investment Policy and Restrictions**

The Sub-Fund will mainly invest in government and corporate bonds according to the principle of risk diversification. Such bonds may be denominated in any currency, issued by borrowers headquartered in any OECD country and primarily shall have received a minimum rating of BBB- (minus) by Standard & Poor’s or equivalent for the relevant maturity.

The Sub-Fund may also invest in accordance with the terms of the present Prospectus, and on an ancillary basis, in other transferable securities, money market instruments, derivatives, including but not limited to options, warrants, futures, other equity derivatives traded either on a regulated market or OTC and forward transactions, deposits and units in collective investment schemes.

The Sub-Fund may also hold ancillary liquid assets and may invest up to 10% in convertible bonds.

The Sub-Fund may also enter into swap transactions.

The Sub-Fund will neither make use of securities financing transactions (i.e. (i) repurchase transactions, (ii) securities or commodities lending and securities or commodities borrowing, (iii) buy-sell back transactions or sell-buy back transactions, and (iv) margin lending transactions) nor of total return swaps.

### **4. Risk Measurement Approach**

The global exposure of the Sub-Fund is calculated using the commitment approach.

### **5. Classes of Shares**

The Sub-Fund will issue two (2) Classes of Shares. The first is denominated “Classic”, referred to as “C”, the other is denominated “Institutional”, referred to as “I”, expressed in Euro, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Share Classes will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion and Redemption”.

The Sub-Fund issues Shares on a capitalization basis, as described in Part A of this Prospectus.

Investors in this Sub-Fund are entitled to convert at no charge their issued Shares into Shares of another existing Class, where available (as described above) at no charge. However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class into which conversion is to be effected.

## 6. Minimum Initial and Subsequent Investment

The minimum initial and subsequent investment amounts are reported in the following table:

<i>Classes of shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C EURO Class	None	None
I EURO Class	None	None

## 7. Investment Management

The Management Company has appointed Mediobanca SGR S.p.A, having its registered office at Via Dante, 16, I-20121 Milano, Italy as Delegated Investment Manager for the Sub-Fund, pursuant to a Delegated Investment Management Agreement dated 1 July 2008 between the Management Company, the Company and the Delegated Investment Manager as amended. The Delegated Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three (3) months' prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

The Delegated Investment Manager, was founded on 27 June 1996, and its principal activity is to advise on, and manage, assets of high net worth individuals, institutional clients and pension funds. On 31 December 2009, its share capital, which is fully paid, amounted to EUR 10,330,000.-.

## 8. Fees

A management fee is payable to the Management Company in compensation for its management services. Such a fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

A distribution fee is payable to the Management Company in compensation for its distribution services. Such a fee is equal to 0.05% per annum, payable quarterly and calculated on the average quarterly net asset value of the Sub-Fund.

The Distributor is authorized to retain a sales charge calculated as a percentage of the subscribed amount.

The management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Classes of Shares</i>	<i>Management Fee</i>	<i>Sales Charge</i>
C EURO Class	1.00% per annum	up to a maximum of 3%
I EURO Class	0.60% per annum	up to a maximum of 1%

Furthermore, for all Classes of Shares, the Management Company is entitled to receive a quarterly performance fee equal to 10% of the difference between the quarterly performance of the Sub-Fund and that of the Merrill Lynch Euro Government Bills index plus 25 basis points (100 basis points on an annual basis) (the “**Benchmark**”), both calculated at the end of each calendar quarter. The performance fee is only applicable at the end of each quarter if the Sub-Fund performs positively and higher than the Benchmark at the end of each calendar quarter and provided that the Net Asset Value at the last Valuation Day of the relevant calendar quarter is higher than the last Net Asset Value of the preceding calendar year and higher than each last Net Asset Value of each preceding calendar quarter during the current accounting year (the “**High Water Mark**”). Any performance fee applicable will be calculated at the end of each calendar quarter on the average assets of the Sub-Fund during the quarter and charged to the Sub-Fund at the end of the quarter. For newly launched Shares, the reference period for the calculation shall start at the launch of such Shares and end at the end of the current calendar quarter and the High Water Mark shall be the first Net Asset Value after the launch date that is higher than the Benchmark. The first High Water Mark will give right to the payment of a performance fee as above defined. If Shares were redeemed or converted into other Shares of any Class of the same Sub-Fund or any Class of another existing Sub-Fund during the reference calendar quarter, and for those Shares, a performance fee is accrued, it will be crystallized at the date of redemption or conversion and it will be considered as payable to the Management Company.

This methodology has been in place since January 2012.

## **9. Subscription price**

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

The subscription list will be closed at 4.00 p.m. at the latest on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five (5) Business Days after the relevant Net Asset Value is calculated.

## **10. Redemptions**

The redemption price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The redemption price shall be paid within five (5) Business Days after the relevant Net Asset Value is calculated.

### **11. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

### **12. Reference Currency**

The reference currency of the Sub-Fund is the EUR.

### **13. Frequency of Calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg (“**Valuation Day**”).

### **14. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in “*Il Sole 24 Ore*”.

### **15. Likely Impacts following the Occurrence of a Sustainability Risk**

A wide range of sustainability risks can affect corporate and sovereign bonds issuers.

Environmental risks include but are not limited to, physical risks stemming from climate change, the ability of companies to mitigate and adapt to climate change, the potential for higher carbon prices, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, and impact on global and local ecosystems. Social risks include, but are not limited to; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation. Governance risks are also relevant and can include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders.

For sovereign issuers, while a wide range of macro-economic variables are traditionally taken into account for their credit analysis Sustainability Factors have historically been less considered. Governance factors relating to the strength of the institutions and rule of law play an important part in sovereign issuers’ exposure to Sustainability Risks and in their ability to manage these. Social factors such as the demographics could also result in Sustainability Risks affecting a country’s credit rating or cash flows, for example as a result of an aging population that may adverse fiscal implications longer term and increase the country’s healthcare costs. Credit spread widening or default risk can also result from environmental risks, climate change and natural disasters such as droughts or wildfires can affect some countries balance sheets negatively by destabilizing crucial industry sectors

such as agriculture or tourism. Such Sustainability Risks affecting sovereign issuers could also affect the value of currencies.

For corporate and sovereign issuers alike failure to manage Sustainability Risks can result in deterioration in the credit rating and difficulty to meet their debt obligations.

### **III. Sub-Fund MEDIOBANCA SICAV: Mediobanca Private Equity Strategies**

#### **1. Name**

The name of the Sub-Fund is “MEDIOBANCA SICAV: Mediobanca Private Equity Strategies” (hereinafter referred to as the “**Sub-Fund**”).

#### **2. Investment Objectives**

The investment objective of the Sub-Fund is to provide investors with an adequate exposure to companies involved in private equity activities on a global basis.

#### **3. Specific Investment Policy and Restrictions**

The Sub-Fund will mainly invest in equities issued by companies incorporated in any OECD country and bonds issued by supranational, government, quasi-government bodies and corporate bonds (min BBB-) issued by companies incorporated in any OECD country under the principle of risk diversification.

The Sub-Fund may also invest in accordance with the terms of the present Prospectus, and on an ancillary basis, in other transferable securities, money market instruments, derivatives, including but not limited to options, warrants, futures, other equity derivatives traded either on a regulated market or OTC and forward transactions, deposits and units in collective investment schemes. The Sub-Fund may also hold ancillary liquid assets.

The Sub-Fund may also enter into swap transactions.

The Sub-Fund may use securities financing transactions in form of securities lending for efficient portfolio management purposes. The use of such financial instruments is not expected to affect the Sub-Fund’s overall risk profile.

A maximum of 100% of the assets held by the Sub-Fund (i.e. equities) can be subject to securities lending. The expected percentage of the assets subject to securities lending is around 15%.

100% of the return generated by securities lending is returned to the Sub-Fund.

There are no transaction costs and fees.

The Sub-Fund will neither make use of other securities financing transactions (i.e. (i) repurchase transactions, (ii) buy-sell back transactions or sell-buy back transactions and (iii) margin lending transactions) nor of total return swaps.

#### **4. Risk Measurement Approach**

The global exposure of the Sub-Fund is calculated using the commitment approach.

## 5. Classes of Shares

The Sub-Fund will issue three Classes of Shares. The first is denominated “Classic”, referred to as “C”, the second is denominated “Institutional”, referred to as “I”, the third is denominated “E”, referred to as “E”, expressed in Euro, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Share Classes will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion and Redemption”.

The Sub-Fund issues Shares on a capitalization basis, as described in Part A of the Prospectus.

Investors in this Sub-Fund are entitled to convert at no charge their issued Shares into Shares of another existing Class, where available (as described above) at no charge. However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class into which conversion is to be effected.

## 6. Minimum Initial and Subsequent Investment

The minimum initial and subsequent investment amounts are reported in the following table:

<i>Classes of shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C EURO Class	None	None
I EURO Class	None	None
E EURO Class	None	None

## 7. Investment Management

The Management Company has appointed Mediobanca SGR S.p.A, having its registered office at Via Dante, 16, I-20121 Milano, Italy as Delegated Investment Manager for the Sub-Fund, pursuant to a Delegated Investment Management Agreement dated 1 July 2008 between the Management Company, the Company and the Delegated Investment Manager as amended. The Delegated Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three (3) months' prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

The Delegated Investment Manager was founded on 27 June 1996, and its principal activity is to advise on, and manage, assets of high net worth individuals, institutional clients and pension funds. On 31 December 2009, its share capital, which is fully paid, amounted to EUR 10,330,000.-.

## 8. Fees

A management fee is payable to the Management Company in compensation for its management services. Such a fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

A distribution fee is payable to the Management Company in compensation for its distribution services. Such a fee is equal to 0.05% per annum, payable quarterly and calculated on the average quarterly net asset value of the Sub-Fund.

The Distributor is authorized to retain a sales charge calculated as a percentage of the subscribed amount.

The management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Classes of Shares</i>	<i>Management Fee</i>	<i>Sales Charge</i>
C EURO Class	1.50% per annum	up to a maximum of 3%
I EURO Class	0.85% per annum	up to a maximum of 1%
E EURO Class	1.80% per annum	up to a maximum of 3%

Furthermore, for all Classes of Shares, the Management Company is entitled to receive a quarterly performance fee equal to 15% of the difference between the quarterly performance of the Sub-Fund and that of the index, 95% comprising S&P Listed Private Equity EUR index – Ticker: SPLPEQTE Index and the remaining 5% Merrill Lynch Euro Government Bills index – Ticker: EGB0 Index (the “**Benchmark**”), both calculated at the end of each calendar quarter. The performance fee is only applicable at the end of each quarter if the Sub-Fund performs positively and higher than the Benchmark at the end of each calendar quarter and provided that the Net Asset Value at the last Valuation Day of the relevant calendar quarter is higher than the last Net Asset Value of the preceding calendar year and higher than each last Net Asset Value of each preceding calendar quarter during the current accounting year (the “**High Water Mark**”). Any performance fee applicable will be calculated at the end of each calendar quarter on the average assets of the Sub-Fund during the quarter and charged to the Sub-Fund at the end of the quarter. For newly launched Shares, the reference period for the calculation shall start at the launch of such Shares and end at the end of the current calendar quarter and the High Water Mark shall be the first Net Asset Value after the launch date that is higher than the Benchmark. The first High Water Mark will give right to the payment of a performance fee as above defined. If Shares were redeemed or converted into other Shares of any Class of the same Sub-Fund or any Class of another existing Sub-Fund during the reference calendar quarter, and for those Shares, a performance fee is accrued, it will be crystallized at the date of redemption or conversion and it will be considered as payable to the Management Company.

This methodology has been in place since January 2012.

For Class “E” Shares, the Management Company is not entitled to receive any performance fee. The Management Company may pay part or all of the investment management fees received to the Delegated Investment Manager.

### **9. Subscription Price**

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

The subscription list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five (5) Business Days after the relevant Net Asset Value is calculated.

### **10. Redemptions**

The redemption price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The redemption price shall be paid within five (5) Business Days after the relevant Net Asset Value is calculated.

### **11. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

### **12. Reference Currency**

The reference currency of the Sub-Fund is the EUR.

### **13. Frequency of Calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg (“**Valuation Day**”).

### **14. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in “*Il Sole 24 Ore*”.

### **15. Likely Impacts following the Occurrence of a Sustainability Risk**

The Sub-Fund is exposed to a range of Sustainability Risks since its main asset class is private equity globally. Investments in unquoted companies and small caps expose the Sub-Fund to specific Sustainability Risks linked to typically lower levels of disclosure and resources dedicated to corporate sustainability compared to larger companies. As such, they may present additional challenge for the Delegated Investment Manager and portfolio companies alike to identify, manage and mitigate Sustainability Risks threatening portfolio companies.

#### **IV. Sub-Fund MEDIOBANCA SICAV: C-Quadrat Euro Investments Plus**

##### **1. Name**

This Sub-Fund is known as “MEDIOBANCA SICAV: C-Quadrat Euro Investments Plus” (hereinafter the “**Sub-Fund**”).

##### **2. Investment Objectives**

The investment objective of the Sub-Fund is to provide investors with an adequate exposure to the Euro bond market.

##### **3. Specific Investment Policy and Restrictions**

The Sub-Fund will mainly invest corporate bonds according to the principle of risk diversification. Such bonds may be issued or guaranteed by borrowers headquartered in both OECD and non-OECD countries, and may be denominated in any currency.

The Sub-Fund may also invest in ABS, MBS, CoCo and distressed securities. The total maximum exposure of the Sub-Fund to ABS, MBS, CoCo, and distressed securities will be 15% of its net asset value.

At any point in time, the Sub-Fund may hold a maximum of 35% of its net asset value in securities which are unrated or have a rating below BBB-(minus) by Standard & Poor’s or equivalent for the relevant maturity. Investment in convertible bonds shall be limited to 15% of the net asset value.

Aggregate exposure to equities, dividend-right certificates, warrants and other equity related derivative instruments shall not exceed +10% (positive), nor fall below -15% (negative) of the net asset value.

The Sub-Fund may also hold on ancillary basis liquid assets.

The Sub-Fund may also invest in accordance with the terms of the present Prospectus, and accessorially, in money market instruments, time deposits, structured notes and other financial derivatives on fixed income instruments (including but not limited to options, warrants, futures, contracts for difference, swaps, CDS, forward contracts traded either on a regulated exchange or OTC).

The aggregate exposure to non-Euro currencies shall not exceed 49% of the net asset value.

The Sub-Fund may invest no more than 10% of its net assets in other UCITS/UCI.

The Sub-Fund may use total return swaps for investment and hedging purposes. The use of such financial instruments is not expected to affect the Sub-Fund’s overall risk profile. The total return swaps used by the Sub-Fund are partly funded, since there is an upfront payment in the form of an initial margin payment. There is a variation margin payment during the lifetime of the total return swap.

A maximum of 10% of the assets held by the Sub-Fund (i.e. bonds) can be subject to total return swaps. The expected percentage of the assets subject to total return swaps is around 5%.

100% of the return generated by total return swaps is returned to the Sub-Fund.

The costs and fees associated with the use of total return swaps are paid to JP MORGAN SECURITIES PLC. The fees payable to JP MORGAN SECURITIES PLC are in average around 0.4% of the notional of the trades paid any times there is a trade (rolls included). All costs are included in the price of the index.

The Sub-Fund will not make use of any securities financing transactions (i.e. (i) repurchase transactions, (ii) securities or commodities lending and securities or commodities borrowing, (iii) buy-sell back transactions or sell-buy back transactions and (iv) margin lending transactions).

#### **4. Risk Measurement Approach**

The global exposure of the Sub-Fund is calculated using the commitment approach.

#### **5. Classes of Shares**

The Sub-Fund will issue four (4) Classes of Shares. The first is denominated “Classic”, referred to as “C”, the others are denominated “Institutional”, referred to as “I” and “Dedicated”, referred to as “Z” and “B”, certain of which may be expressed in different currencies, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Share Classes will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion and Redemption”.

The Sub-Fund issues Shares on a distribution basis, as described in Part A of this Prospectus.

As this Class of Shares is entitled to distributions, the Board of Directors may decide to pay interim dividends in compliance with the conditions set forth by law. If no such decision is made, it will be proposed to the shareholders to carry forward the net results of the accounting year to the subsequent year.

Investors of this Sub-Fund are entitled to convert at no charge their issued Shares into Shares of another existing Class, where available (as described above). However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class in which conversion is effected.

## 6. Minimum Initial and Subsequent Investment

The minimum initial and subsequent subscription amounts are reported in the following table:

<i>Classes of Shares</i>	<i>Minimum Initial subscription</i>	<i>Minimum Subsequent subscription</i>
C EURO Class	None	None
I EURO Class	None	None
Z EURO Class	None	None
B EURO Class	None	None
B GBP Class	None	None

## 7. Investment Management

The Management Company has appointed C-Quadrat Asset Management France, having its registered office at 21 boulevard de la Madeleine, 75001 Paris, France as Delegated Investment Manager for the Sub-Fund, pursuant to a Delegated Investment Management Agreement dated between the Management Company, the Company and the Delegated Investment Manager. The Delegated Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three (3) months' prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

C-Quadrat Asset Management France is a regulated entity (AMF) and is owned 100% by C Quadrat Group (Austria).

## 8. Fees

A management fee is payable to the Management Company in compensation of its management services. Such a fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

The Distributor is authorized to retain a sales charge calculated as a percentage of the subscribed amount.

A distribution fee is payable to the Management Company in compensation for its distribution services. Such a fee is equal to 0.05% per annum, payable quarterly and calculated on the average quarterly net asset value of the Sub-Fund.

The management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Classes of Shares</i>	<i>Management Fees</i>	<i>Sales Charge</i>
C EURO Class	1.30% per annum	up to a maximum of 3%
I EURO Class	0.90% per annum	up to a maximum of 1%
Z EURO Class	1.25% per annum	up to a maximum of 3%
B EURO Class	1.10% per annum	up to a maximum of 3%
B GBP Class	1.10% per annum	up to a maximum of 3%

Furthermore, for all Classes of Shares, the Management Company is entitled to receive a quarterly performance fee equal to 10% of the difference between the quarterly performance of the Sub-Fund and that of the Merrill Lynch Euro Government Bills index plus 25 basis points (100 basis points on an annual basis) (the “**Benchmark**”), both calculated at the end of each calendar quarter. The performance fee is only applicable at the end of each quarter if the Sub-Fund performs positively and higher than the Benchmark at the end of each calendar quarter and provided that the Net Asset Value at the last Valuation Day of the relevant calendar quarter is higher than the last Net Asset Value of the preceding calendar year and higher than each last Net Asset Value of each preceding calendar quarter during the current accounting year (the “**High Water Mark**”). Any performance fee applicable will be calculated at the end of each calendar quarter on the average assets of the Sub-Fund during the quarter and charged to the Sub-Fund at the end of the quarter. For newly launched Shares, the reference period for the calculation shall start at the launch of such Shares and end at the end of the current calendar quarter and the High Water Mark shall be the first Net Asset Value after the launch date that is higher than the Benchmark. The first High Water Mark will give right to the payment of a performance fee as above defined. If Shares were redeemed or converted into other Shares of any Class of the same Sub-Fund or any Class of another existing Sub-Fund during the reference calendar quarter, and for those Shares, a performance fee is accrued, it will be crystallized at the date of redemption or conversion and it will be considered as payable to the Management Company.

This methodology has been in place since January 2012.

The Management Company may pay part or all of the investment management fees received to the Delegated Investment Manager.

Any third party research received in connection with investment management and investment advisory services that the Investment Manager provides to the Sub-Fund (other than research that qualifies as a minor non-monetary benefit) will be paid for by the assets of the Sub-Fund.

## **9. Subscription price**

The subscription price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

The subscription list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

Payment for subsequent subscriptions must be made within five (5) Business Days after the relevant Net Asset Value is calculated.

## **10. Redemptions**

The redemption price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The redemption price shall be paid within five (5) Business Days after the relevant Net Asset Value is calculated.

## **11. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

## **12. Reference currency**

The reference currency of the Sub-Fund is the EUR.

## **13. Frequency of calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg (“**Valuation Day**”).

## **14. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in “*Il Sole 24 Ore*”.

## **15. Likely Impacts following the Occurrence of a Sustainability Risk**

The Sub-Fund is exposed to a broad range of Sustainability Risks. A wide range of Sustainability Risks can affect bond borrowers' cash flows and affect their ability to meet their debt obligations. For corporate bond issuers, environmental risks include but are not limited to; the ability of companies to

mitigate and adapt to climate change, the potential for higher carbon prices, exposure to increasing water scarcity leading to the potential of higher water prices, waste management challenges and impact on global and local ecosystems. Social risks include, but are not limited to; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation. Governance risks are also relevant and can include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders. Furthermore, with the general raising of awareness on sustainability issues across Europe, the underlyings are exposed to reputational risk linked to sustainability that can affect the underlying or this Sub-Fund directly. For example, through name and shame campaigns by NGOs or consumer organizations, stigmatization of an industry sector and shift in consumer preferences may negatively impact the underlying and the value of its investments.

## **V. Sub-Fund MEDIOBANCA SICAV: Mediobanca Systematic Diversification**

### **1. Name**

The name of the Sub-Fund is “MEDIOBANCA SICAV: Mediobanca Systematic Diversification” (hereinafter referred to as the “**Sub-Fund**”).

### **2. Investment Objectives**

The investment objective of the Sub-Fund is to achieve capital appreciation in the medium term.

### **3. Specific Investment Policy and Restrictions**

The allocation of the Sub-Fund’s assets will respond with flexibility to market trends and opportunities, with a systematic process to invest in a wide and diversified range of asset classes not correlated and with particular interest in equities, and derivatives, for the purpose of risk hedging, efficient management including but not limited to swap transactions and Total Return Swap (with shares as underlying), options, warrants, futures, other equity derivatives traded either on a regulated market or OTC and forward transactions. The Sub-Fund may also invest in money market instruments, government bonds, corporate and convertible bonds.

The Sub-Fund will mainly invest in securities listed or traded on the recognized markets of member states of the OECD and other countries.

The Sub-Fund may also invest, in accordance with the terms of the present Prospectus, in other transferable securities, deposits, units in collective investment schemes.

The Sub-Fund may also hold on ancillary basis liquid assets.

The Sub-Fund will maintain a flexible investment policy and, in accordance with the terms and conditions of the present Prospectus, is not subject to any specific limits in relation to its allocation of assets across the various asset types.

The Sub-Fund may invest no more than 10% in total in other UCITS/UCI.

The Sub-Fund may use securities financing transactions in form of securities lending for efficient portfolio management purposes and total return swaps for investment and hedging purposes. The use of such financial instruments is not expected to affect the Sub-Fund’s overall risk profile.

The total return swaps used by the Sub-Fund are partly funded, since there is an upfront payment in the form of an initial margin payment. There is a variation margin payment during the lifetime of the total return swap.

A maximum of 100% of the assets held by the Sub-Fund (i.e. equities) can be subject to securities lending. The expected percentage of the assets subject to securities lending is around 15%.

A maximum of 20% of the assets held by the Sub-Fund (i.e. equities) can be subject to total return swaps. The expected percentage of the assets subject to total return swaps is around 10%.

100% of the return generated by securities lending and total return swaps is returned to the Sub-Fund.

There are no transaction costs and fees regarding securities lending.

The costs and fees associated with the use of total return swaps are paid to MORGAN STANLEY & CO. INTERNATIONAL PLC. The fees payable to MORGAN STANLEY & CO. INTERNATIONAL PLC amount to 0.05% per trade. All costs are included in the price of the index.

The Sub-Fund will not make use of other securities financing transactions (i.e. (i) repurchase transactions, (ii) buy-sell back transactions or sell-buy back transactions and (iii) margin lending transactions).

#### **4. Risk Measurement Approach**

The global exposure of the Sub-Fund is calculated using the absolute VaR approach.

The Sub-Fund will regularly monitor its leverage and the average level of leverage is expected to be approximately 200% with a maximum expected level of leverage of 500%. The leverage figure is calculated as the sum of the notionals of the derivatives used as required by the Regulations.

The methodology used to calculate the leverage is the sum of the absolute value of the notionals.

#### **5. Classes of Shares**

The Sub-Fund will issue eight (8) Classes of Shares. The first is denominated “Classic”, referred to as “C”, the others are denominated “Institutional”, referred to as “I”, Class “B”, referred to as “B”, Class “E”, referred to as “E”, Class “SI”, referred to as “SI”, Class “SC” as referred to as “SC”, Class “AA”, referred to as “AA” and Class “SE”, referred to as “SE” certain of which may be expressed in different currencies, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Share Classes will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion and Redemption”.

The Sub-Fund issues Shares on a distribution basis as well as capitalization basis, as described in Part A of this Prospectus. As the distribution Classes of Shares are entitled to distributions, the Board of Directors may decide to pay interim dividends in compliance with the conditions set forth by law. If no such decision is made, it will be proposed to the shareholders to carry forward the net results of the accounting year to the subsequent year.

Investors in this Sub-Fund are entitled to convert at no charge their issued Shares into Shares of another existing Class, where available (as described above) at no charge. However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class into which conversion is to be effected.

## 6. Minimum Initial and Subsequent Investment

The minimum initial and subsequent investment amounts are reported in the following table:

<i>Classes of shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C EURO Class	None	None
I EURO Class	None	None
B EURO Class	EUR 1,000,000	None
B GBP Class	GBP 1,000,000	None
E EUR	None	None
SE CHF	CHF 1,000,000	None
SE EUR Class	EUR 1,000,000	None
SC CHF Class	None	None
SC EUR Class	None	None
SI CHF Class	None	None
SI EUR Class	None	None
AA EUR Class	EUR 500,000	None

## 7. Investment Management

The Management Company has appointed Mediobanca SGR S.p.A, having its registered office at Via Dante, 16, I-20121 Milano, Italy as Delegated Investment Manager for the Sub-Fund, pursuant to a Delegated Investment Management Agreement dated 1 July 2008 between the Management Company, the Company and the Delegated Investment Manager as amended to reflect the date of the launch of the Sub-Fund. The Delegated Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three (3) months' prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

The Delegated Investment Manager, was founded on 27 June 1996, and its principal activity is to advise on, and manage, assets of high net worth individuals, institutional clients and pension funds. On 31 December 2009, its share capital, which is fully paid, amounted to EUR 10,330,000.-.

## 8. Fees

A management fee is payable to the Management Company in compensation of its management services. Such a fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

A distribution fee is payable to the Management Company in compensation for its distribution services. Such a fee is equal to 0.05% per annum, payable quarterly and calculated on the average quarterly net asset value of the Sub-Fund.

The Distributor is authorized to retain a sales charge calculated as a percentage of the subscribed amount.

The management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Classes of Shares</i>	<i>Management Fee</i>	<i>Sales Charge</i>
C EURO Class	0.75% per annum	up to a maximum of 3%
I EURO Class	0.60% per annum	up to a maximum of 1%
E EUR Class	0.90% per annum	up to a maximum of 1%
SE CHF Class	0.90% per annum	up to a maximum of 1%
SE EUR Class	0.90% per annum	up to a maximum of 1%
B EURO Class	0.90% per annum	up to a maximum of 1%
B GBP Class	0.90% per annum	up to a maximum of 1%
SC CHF Class	0.75% per annum	up to a maximum of 3%
SC EUR Class	0.75% per annum	up to a maximum of 3%
SI CHF Class	0.60% per annum	up to a maximum of 1%
SI EUR Class	0.60% per annum	up to a maximum of 1%
AA EUR Class	0.60% per annum	up to a maximum of 1%

Furthermore, for C, I, SC, AA and SI Classes of Shares, the Management Company is entitled to receive a quarterly performance fee equal to 10% of the difference between the quarterly performance of the Sub-Fund and that of the Merrill Lynch Euro Government Bills index plus 18.75 basis points (75 basis points on an annual basis) (the “**Benchmark**”), both calculated at the end of each calendar quarter. The performance fee is only applicable at the end of each quarter if the Sub-Fund performs positively and higher than the Benchmark at the end of each calendar quarter and provided that the Net Asset Value at the last Valuation Day of the relevant calendar quarter is higher than the last Net Asset Value of the preceding calendar year and higher than each last Net Asset Value of each preceding calendar quarter during the current accounting year (the “**High Water Mark**”). Any performance fee applicable will be calculated at the end of each calendar quarter on the average assets of the Sub-Fund during the quarter and charged to the Sub-Fund at the end of the quarter. For newly launched Shares, the reference period for the calculation shall start at the launch of such Shares and end at the end of the current calendar quarter and the High Water Mark shall be the first Net Asset Value after the launch date that is higher than the Benchmark. The first High Water Mark will give right to the payment of a performance fee as above defined. If Shares were redeemed or converted into other Shares of any Class of the same Sub-Fund or any Class of another existing Sub-Fund during the reference calendar quarter, and for those Shares, a performance fee is accrued, it will be

crystallized at the date of redemption or conversion and it will be considered as payable to the Management Company.

This methodology has been in place since January 2012.

For E, B and SE Classes of Shares, the Management Company is not entitled to receive any performance fee.

The Management Company may pay part or all of the investment management fee and of the performance fee received to the Delegated Investment Manager.

## **9. Subscription price**

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

The subscription list will be closed at 4.00 p.m. at the latest on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five (5) Business Days after the relevant Net Asset Value is calculated.

## **10. Redemptions**

The redemption price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The redemption price shall be paid within five (5) Business Days after the relevant Net Asset Value is calculated.

## **11. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

## **12. Reference Currency**

The reference currency of the Sub-Fund is the EUR.

**13. Frequency of Calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg (“**Valuation Day**”).

**14. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in “*Il Sole 24 Ore*”.

**15. Likely Impacts following the Occurrence of a Sustainability Risk**

Considering the worldwide, multi-asset investment strategies without any industry sector focus, the Sub-Fund is expected to display a highly diversified portfolio. Therefore, the Delegated Investment Manager believes that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ across the underlying companies. Some markets and sectors will have greater exposure to Sustainability Risks than others. For instance, the energy sector is known as a major Greenhouse Gas (GHG) producer and may be subject to greater regulatory or public pressure than other sectors and thus, greater risk. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the return of the Sub-Fund or on the value of the Sub-Fund’s investments.

## **VI. Sub-Fund MEDIOBANCA SICAV: C-Quadrat Global Convertible Plus**

### **1. Name**

This Sub-Fund is known as “MEDIOBANCA SICAV: C-Quadrat Global Convertible Plus” (hereinafter the “**Sub-Fund**”).

### **2. Investment Objectives**

The investment objective of the Sub-Fund is to provide investors with an adequate exposure to the convertible bond market.

### **3. Specific Investment Policy and Restrictions**

The Sub-Fund will invest a minimum of 50% of its net assets value in convertible bonds or other equity-linked debt instruments, according to the principle of risk diversification. Such securities may be issued or guaranteed by borrowers headquartered in both OECD and non-OECD countries, and may be denominated in any currency.

The Sub-Fund may invest in ABS, MBS, CoCo and distressed securities. The total maximum exposure of the Sub-Fund to ABS, MBS CoCo, and distressed securities will be 15% of its net asset value.

The Sub-Fund may also hold on ancillary basis liquid assets.

The Sub-Fund may also use financial derivatives for both hedging and investment purposes, in accordance with the terms of the present Prospectus.

In particular the Sub-Fund may invest accessorially (max 49%), in money market instruments, in fixed income derivatives (included but not limited to options, warrants, futures, forward contracts) traded either on a regulated exchange or OTC; contracts for difference, interest rate swaps, CDS, time deposits, structured notes and other fixed income related instruments and in equities, dividend-right certificates, warrants and other equity related instruments, again traded on a regulated exchange or OTC.

The aggregate exposure to non-Euro currencies shall not exceed 33% of the net asset value.

At any point in time the Sub-Fund may hold a maximum of 75% of its net asset value in securities which are unrated or have a rating below BBB-(minus) by Standard & Poor's or equivalent for the relevant maturity.

The Sub-Fund may invest no more than 10% in total in other UCITS/UCI.

The Sub-Fund will neither make use of securities financing transactions (i.e. (i) repurchase transactions, (ii) securities or commodities lending and securities or commodities borrowing, (iii) buy-sell back transactions or sell-buy back transactions, and (iv) margin lending transactions) nor of total return swaps.

#### 4. Risk Measurement Approach

The global exposure of the Sub-Fund is calculated using the commitment approach.

#### 5. Classes of Shares

The Sub-Fund will issue four (4) Classes of Shares. The first is denominated “Classic”, referred to as “C”, the others are denominated “Institutional”, referred to as “I” and “Dedicated”, referred to as “Z” and “B”, certain of which may be expressed in different currencies, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Share Classes will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion and Redemption”.

The Sub-Fund issues Shares on a distribution basis, as described in Part A of this Prospectus.

As this Class of Shares is entitled to distributions, the Board of Directors may decide to pay interim dividends in compliance with the conditions set forth by law. If no such decision is made, it will be proposed to the shareholders to carry forward the net results of the accounting year to the subsequent year. Investors of this Sub-Fund are entitled to convert at no charge their issued Shares into Shares of another existing Class, where available (as described above). However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class in which conversion is effected.

#### 6. Minimum Initial and Subsequent Investment

The minimum initial and subsequent subscription amounts are reported in the following table:

<i>Classes of Shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C EURO Class	None	None
I EURO Class	None	None
Z EURO Class	None	None
I USD Class	None	None
C USD Class	None	None
B EURO Class	None	None
B GBP Class	None	None
B USD Class	None	None

## 7. Investment Management

The Management Company has appointed C-Quadrat Asset Management France, having its registered office at 21 boulevard de la Madeleine, 75001 Paris, France as Delegated Investment Manager for the Sub-Fund, pursuant to a Delegated Investment Management Agreement dated 19 October 2010 between the Management Company, the Company and the Delegated Investment Manager. The Delegated Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three (3) months' prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

C-Quadrat Asset Management France is a regulated entity (AMF) and is owned 100% by C Quadrat Group (Austria).

## 8. Fees

A management fee is payable to the Management Company in compensation of its management services. Such a fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

A distribution fee is payable to the Management Company in compensation for its distribution services. Such a fee is equal to 0.05% per annum, payable quarterly and calculated on the average quarterly net asset value of the Sub-Fund.

The Distributor is authorized to retain a sales charge calculated as a percentage of the subscribed amount.

The management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Classes of Shares</i>	<i>Management Fees</i>	<i>Sales Charge</i>
C EURO Class	1.50% per annum	up to a maximum of 3%
I EURO Class	1.00% per annum	up to a maximum of 1%
Z EURO Class	1.25% per annum	up to a maximum of 3%
C USD Class	1.50% per annum	up to a maximum of 3%
I USD Class	1.00% per annum	up to a maximum of 1%
B EURO Class	1.30% per annum	up to a maximum of 3%
B GBP Class	1.30% per annum	up to a maximum of 3%
B USD Class	1.30% per annum	up to a maximum of 3%

Furthermore, for all Classes of Shares, the Management Company is entitled to receive a quarterly performance fee equal to 20% of the difference between the quarterly performance of the Sub-Fund and that of the Merrill Lynch Euro Government Bills index plus 25 basis points (100 basis points on

an annual basis) (the “**Benchmark**”), both calculated at the end of each calendar quarter. The performance fee is only applicable at the end of each quarter if the Sub-Fund performs positively and higher than the Benchmark at the end of each calendar quarter and provided that the Net Asset Value at the last Valuation Day of the relevant calendar quarter is higher than the last Net Asset Value of the preceding calendar year and higher than each last Net Asset Value of each preceding calendar quarter during the current accounting year (the “**High Water Mark**”). Any performance fee applicable will be calculated at the end of each calendar quarter on the average assets of the Sub-Fund during the quarter and charged to the Sub-Fund at the end of the quarter. For newly launched Shares, the reference period for the calculation shall start at the launch of such Shares and end at the end of the current calendar quarter and the High Water Mark shall be the first Net Asset Value after the launch date that is higher than the Benchmark. The first High Water Mark will give right to the payment of a performance fee as above defined. If Shares were redeemed or converted into other Shares of any Class of the same Sub-Fund or any Class of another existing Sub-Fund during the reference calendar quarter, and for those Shares, a performance fee is accrued, it will be crystallized at the date of redemption or conversion and it will be considered as payable to the Management Company.

This methodology has been in place since January 2012.

The Management Company may pay part or all of the investment management fees received to the Delegated Investment Manager.

Any third party research received in connection with investment management and investment advisory services that the Delegated Investment Manager provides to the Sub-Fund (other than research that qualifies as a minor non-monetary benefit) will be paid for by the assets of the Sub-Fund.

## **9. Subscription price**

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

The subscription list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five (5) Business Days after the relevant Net Asset Value is calculated.

## **10. Redemptions**

The redemption price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The redemption price shall be paid within five (5) Business Days after the relevant Net Asset Value is calculated.

## **11. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

## **12. Reference currency**

The reference currency of the Sub-Fund is the EUR.

## **13. Frequency of calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg (“**Valuation Day**”).

## **14. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in “*Il Sole 24 Ore*”.

## **15. Likely Impacts following the Occurrence of a Sustainability Risk**

The Sub-Fund is a highly diversified portfolio. Therefore, the Delegated Investment Manager believes that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ from company to company. Some markets and sectors will have greater exposure to Sustainability Risks than others. For instance, the energy sector is known as a major Greenhouse Gas (GHG) producer and may be subject to greater regulatory or public pressure than other sectors and thus, greater risk. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund.

A wide range of Sustainability Risks can affect bond borrowers' cash flows and affect their ability to meet their debt obligations. For corporate bond issuers, environmental risks include but are not limited to; the ability of companies to mitigate and adapt to climate change, the potential for higher carbon prices, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, and impact on global and local ecosystems. Social risks include, but are not limited to; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation. Governance risks are also relevant and can include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders.

## **VII. Sub-Fund MEDIOBANCA SICAV: Russell Investments Global Equity Fund**

### **1. Name**

The Sub-Fund is known as the “MEDIOBANCA SICAV: Russell Investment Global Equity Fund” (hereinafter the “**Sub-Fund**”).

### **2. Investment Objectives**

The investment objective of the Sub-Fund is to achieve capital appreciation and growth, from a portfolio of securities mainly invested across the world’s main economies, sectors and industries in the medium – long term.

### **3. Specific Investment Policy and Restrictions**

The allocation of the Sub-Fund’s assets will respond with flexibility to market trends and opportunities. The Sub-Fund will mainly invest in collective investment schemes (that can be up to 100% of the net asset value of the Sub-Fund), which may include exposures to indices of the relevant asset type, and / or through financial derivative instruments, in accordance with the terms of the present Prospectus.

The Sub-Fund will mainly invest in or take exposures, on a global basis, to the equity markets, investing in the predominant economies, markets, industries and sectors.

The Delegated Investment Manager invests the portfolio primarily in funds managed or advised by the Delegated Investment Manager and affiliates of Russell Investments Limited.

The Sub-Fund may also invest, always in accordance with the terms of the present Prospectus, in other transferable securities, money market instruments, government bonds, corporate and convertible bonds, derivatives, including but not limited to options, warrants, futures, other equity derivatives traded either on a regulated market or OTC and forward transactions and deposits. The Sub-Fund may also hold ancillary liquid assets and enter into swap transactions.

The Sub-Fund may invest, in accordance with the terms of the present Prospectus, in collective investment schemes that are managed, directly or indirectly, by the Management Company or by any other company with which the Management C is linked by common management or control; in this case the Management Company or the other company may not charge subscription, conversion or redemption fees.

The Sub-Fund will maintain a flexible investment policy and, in accordance with the terms and conditions of the present Prospectus, is not subject to any specific limits in relation to its allocation of assets across the various asset types.

As mentioned above, the investment strategy of the Sub-Fund will in particular make use of investments in units of investment funds. It is to point out that a predominant part, of up to 100%, might be selected from funds managed or advised by Russell Investments Limited or affiliated parties which operate with a complete open architecture approach, giving access to specialist third party investment managers.

The Sub-Fund will neither make use of securities financing transactions (i.e. (i) repurchase transactions, (ii) securities or commodities lending and securities or commodities borrowing, (iii) buy-sell back transactions or sell-buy back transactions, and (iv) margin lending transactions) nor of total return swaps.

#### 4. Risk Measurement Approach

The global exposure of the Sub-Fund is calculated using the commitment approach.

#### 5. Classes of Shares

The Sub-Fund will issue three (3) Classes of Shares. The first is denominated “Classic”, referred to as “C”, the others are denominated “Institutional”, referred to as “I” and “Dedicated”, referred to as “B”, certain of which may be expressed in different currencies, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Share Classes will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion and Redemption”.

The Sub-Fund issues Shares on a capitalization basis, as described in Part A of the Prospectus.

Investors of this Sub-Fund are entitled to convert at no charge their issued Shares into Shares of another existing Class, where available (as described above). However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class in which conversion is effected.

#### 6. Minimum Initial and Subsequent Investment

The minimum initial and subsequent subscription amounts are reported in the following table:

<i>Classes of shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C EURO Class	None	None
I EURO Class	None	None
C USD Class	None	None
I USD Class	None	None
B EURO Class	None	None
B GBP Class	None	None
B USD Class	None	None

#### 7. Investment Management

The Management Company has appointed Russell Investments Limited, company incorporated under the laws of England and Wales with registered number 02086230 whose registered office is at Rex

House, 10 Regent Street, London, SW1Y 4PE (**RIL**), as Delegated Investment Manager for the Sub-Fund, pursuant to a Delegated Investment Management Agreement dated 8 April 2014 between the Management Company, the Company and the Delegated Investment Manager. The Delegated Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three (3) months' prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

## 8. Fees

A management fee is payable to the Management Company in compensation of its management services. Such fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

A distribution fee is payable to the Management Company in compensation for its distribution services. Such a fee is equal to 0.05% per annum, payable quarterly and calculated on the average quarterly net asset value of the Sub-Fund.

The Distributor is authorized to retain a sales charge calculated as a percentage of the subscribed amount.

The management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Classes of Shares</i>	<i>Management Fee</i>	<i>Sales Charge</i>
C EURO Class	1.50% per annum	up to a maximum of 3%
I EURO Class	1.25% per annum	up to a maximum of 1%
C USD Class	1.50% per annum	up to a maximum of 3%
I USD Class	1.25% per annum	up to a maximum of 1%
B EURO Class	1.30% per annum	up to a maximum of 3%
B GBP Class	1.30% per annum	up to a maximum of 3%
B USD Class	1.30% per annum	up to a maximum of 3%

The maximum level of total management fee that may be charged to both the Sub-Fund and to the UCITS and / or UCI in which the Sub-Fund intends to invest is 3.50% per annum calculated on the Net Asset Value.

Furthermore, for all Classes of Shares, the Management Company is entitled to receive a quarterly performance fee equal to 15% of the difference between the quarterly performance of the Sub-Fund and that of the index, 95% comprising the Morgan Stanley Capital International World index (MSCI World) and the remaining 5% the Merrill Lynch Government Bills index (the “**Benchmark**”), both calculated at the end of each calendar quarter. The performance fee is only applicable at the end of each quarter if the Sub-Fund performs positively and higher than the Benchmark at the end of each calendar quarter and provided that the Net Asset Value at the last Valuation Day of the relevant

calendar quarter is higher than the last Net Asset Value of the preceding calendar year and higher than each last Net Asset Value of each preceding calendar quarter during the current accounting year (the “**High Water Mark**”). Any performance fee applicable will be calculated at the end of each calendar quarter on the average assets of the Sub-Fund during the quarter and charged to the Sub-Fund at the end of the quarter. For newly launched Shares, the reference period for the calculation shall start at the launch of such Shares and end at the end of the current calendar quarter and the High Water Mark shall be the first Net Asset Value after the launch date that is higher than the Benchmark. The first High Water Mark will give right to the payment of a performance fee as above defined. If Shares were redeemed or converted into other Shares of any Class of the same Sub-Fund or any Class of another existing Sub-Fund during the reference calendar quarter, and for those Shares, a performance fee is accrued, it will be crystallized at the date of redemption or conversion and it will be considered as payable to the Management Company.

This methodology has been in place since January 2012.

### **9. Subscription price**

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

The subscription list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five (5) Business Days after the relevant Net Asset Value is calculated.

### **10. Redemptions**

The redemption price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The redemption price shall be paid within five (5) Business Days after the relevant Net Asset Value is calculated.

### **11. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

### **12. Reference currency**

The reference currency of the Sub-Fund is the EUR.

**13. Frequency of calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg (“**Valuation Day**”).

**14. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in “*Il Sole 24 Ore*”.

**15. Likely Impacts following the Occurrence of a Sustainability Risk**

Considering the worldwide, multi-asset investment strategies without any industry sector focus, the Sub-Fund is expected to display highly diversified portfolio. Therefore, the Delegated Investment Manager believes that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ across the underlying companies. Some markets and sectors will have greater exposure to Sustainability Risks than others. For instance, the energy sector is known as a major Greenhouse Gas (GHG) producer and may be subject to greater regulatory or public pressure than other sectors and thus, greater risk. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the return of the Sub-Fund or on the value of the Sub-Fund’s investments.

## **VIII. Sub-Fund MEDIOBANCA SICAV: C-Quadrat Asian Bond Opportunities**

### **1. Name**

The name of the Sub-Fund is “MEDIOBANCA SICAV: C-Quadrat Asian Bond Opportunities” (hereinafter referred to as the “Sub-Fund”).

### **2. Investment objectives**

The investment objective of the Sub-Fund is to provide investors with an adequate exposure to the Asian bond markets.

### **3. Specific Investment Policy and Restrictions**

The Sub-Fund mainly invests in fixed and floating rate instruments according to the principle of risk diversification. Such investments are issued by supranational, government, quasi-government bodies or private borrowers headquartered mainly in Asia excluding Japan.

The Sub-Fund may invest in ABS, MBS, CoCo and distressed securities. The total maximum exposure of the Sub-Fund to ABS, MBS CoCo, and distressed securities will be 15% of its net asset value.

The investments of the Sub-Fund can be denominated in any currency. The Sub-Fund may also invest, always in accordance with the terms of the present Prospectus, in other transferable securities, derivatives, including but not limited to options, warrants, futures, other equity derivatives traded either on a regulated market or OTC and forward transactions deposits and units in collective investment schemes. The Sub-Fund may also hold on ancillary basis liquid assets.

The Sub-Fund may invest, in accordance with the terms of the present Prospectus, in collective investment schemes that are managed, directly or indirectly, by the Management Company or by any other company with which the Management Company is linked by common management or control; in this case the Management Company or the other company may not charge subscription, conversion or redemption fees.

The Sub-Fund may invest no more than 10% in total in other UCITS/UCI.

The Sub-Fund will neither make use of securities financing transactions (i.e. (i) repurchase transactions, (ii) securities or commodities lending and securities or commodities borrowing, (iii) buy-sell back transactions or sell-buy back transactions, and (iv) margin lending transactions) nor of total return swaps.

### **4. Risk Measurement Approach**

The global exposure of the Sub-Fund is calculated using the commitment approach.

## 5. Classes of Shares

The Sub-Fund will issue four (4) Classes of Shares. The first is denominated “Classic”, referred to as “C”, the others are denominated “Institutional”, referred to as “I” and “Dedicated”, referred to as “Z” and “B”, certain of which may be expressed in different currencies, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Share Classes will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion and Redemption”.

The Sub-Fund issues Shares on a capitalization basis, as described in Part A of this Prospectus.

Investors of this Sub-Fund are entitled to convert at no charge their issued Shares into Shares of another existing Class, where available (as described above). However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class in which conversion is effected.

## 6. Minimum Initial and Subsequent Investment

The minimum initial and subsequent investment amounts are reported in the following table:

<i>Classes of shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C EURO Class	None	None
I EURO Class	None	None
Z EURO Class	None	None
C USD Class	None	None
I USD Class	None	None
B EURO Class	None	None
B GBP Class	None	None
B USD Class	None	None

## 7. Investment Management

The Management Company has appointed C-Quadrat Asset Management France, having its registered office at 21 boulevard de la Madeleine, 75001 Paris, France as Delegated Investment Manager for the Sub-Fund, pursuant to a Delegated Investment Management Agreement dated 19 October 2010 between the Management Company, the Company and the Delegated Investment Manager as amended. The Delegated Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three (3) months' prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

C-Quadrat Asset Management France is a regulated entity (AMF) and is owned 100% by C Quadrat Group (Austria).

## 8. Fees

A management fee is payable to the Management Company in compensation for its management services. Such a fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

A distribution fee is payable to the Management Company in compensation for its distribution services. Such a fee is equal to 0.05% per annum, payable quarterly and calculated on the average quarterly net asset value of the Sub-Fund.

The Distributor is authorized to retain a sales charge calculated as a percentage of the subscribed amount.

The management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Classes of Shares</i>	<i>Management Fee</i>	<i>Sales Charge</i>
C EURO Class	1.60% per annum	up to a maximum of 3%
I EURO Class	1.25% per annum	up to a maximum of 1%
Z EURO Class	1.25% per annum	up to a maximum of 3%
C USD Class	1.60% per annum	up to a maximum of 3%
I USD Class	1.25% per annum	up to a maximum of 1%
B EURO Class	1.40% per annum	up to a maximum of 3%
B GBP Class	1.40% per annum	up to a maximum of 3%
B USD Class	1.40% per annum	up to a maximum of 3%

The maximum level of total management fee that may be charged to both the Sub-Fund and to the UCITS and / or UCI in which the Sub-Fund intends to invest is 3.50% per annum calculated on the Net Asset Value.

Furthermore, for all Classes of Shares, the Management Company is entitled to receive a quarterly performance fee equal to 15% of the difference between the quarterly performance of the Sub-Fund and that of the Merrill Lynch Euro Government Bills Index plus 43.75 basis points (175 basis points on an annual basis) (the “**Benchmark**”), both calculated at the end of each calendar quarter. The performance fee is only applicable at the end of each quarter if the Sub-Fund performs positively and higher than the Benchmark at the end of each calendar quarter and provided that the Net Asset Value at the last Valuation Day of the relevant calendar quarter is higher than the last Net Asset Value of the preceding calendar year and higher than each last Net Asset Value of each preceding calendar quarter during the current accounting year (the “**High Water Mark**”). Any performance fee applicable will be calculated at the end of each calendar quarter on the average assets of the Sub-Fund during the quarter and charged to the Sub-Fund at the end of the quarter. For newly launched Shares, the reference period for the calculation shall start at the launch of such Shares and end at the end of the

current calendar quarter and the High Water Mark shall be the first Net Asset Value after the launch date that is higher than the Benchmark. The first High Water Mark will give right to the payment of a performance fee as above defined. If Shares were redeemed or converted into other Shares of any Class of the same Sub-Fund or any Class of another existing Sub-Fund during the reference calendar quarter, and for those Shares, a performance fee is accrued, it will be crystallized at the date of redemption or conversion and it will be considered as payable to the Management Company.

This methodology has been in place since January 2012.

Any third party research received in connection with investment management and investment advisory services that the Delegated Investment Manager provides to the Sub-Fund (other than research that qualifies as a minor non-monetary benefit) will be paid for by the assets of the Sub-Fund.

### **9. Subscription price**

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

The subscription list will be closed at 4.00 p.m. at the latest on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five (5) Business Days after the relevant Net Asset Value is calculated.

### **10. Redemptions**

The redemption price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The redemption price shall be paid within five (5) Business Days after the relevant Net Asset Value is calculated.

### **11. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied, except as stated in Part A of the Prospectus.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

## **12. Reference Currency**

The reference currency of the Sub-Fund is the EUR.

## **13. Frequency of Calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg (“**Valuation Day**”).

## **14. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in “*Il Sole 24 Ore*”.

## **15. Likely Impacts following the Occurrence of a Sustainability Risk**

The Sub-Fund is exposed to a broad range of Sustainability Risks due to its main asset class being bonds and other fixed income transferable securities in Asia. Sustainability risks include environmental risks such as the ability of companies to mitigate and adapt to climate change, the potential for higher carbon prices, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, and impact on global and local ecosystems. Social risks include, but are not limited to, product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation. Governance risks are also relevant and can include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders. For bond issuers, in some instances, these Sustainability Risks may affect the credit quality of the bond issuer through their impact on tax revenues, trade balance or foreign investment. Failure to effectively manage these risks can lead to deterioration in financial outcomes as well as a negative impact on society and the environment. Failure to manage sustainability risks can also affect the bond borrowers’ cash flows and ability to meet their debt obligations. The occurrence of these events can affect the overall value of the underlying companies and hence impact the return on the value of the Sub-Fund. Furthermore, less sustainability-related regulations are implemented and monitored in Asia, lag on labor and human rights practices, child labor, corruption are examples of Sustainability Risks in Asia that could damage the Sub-Fund’s and its underlying companies’ reputation and earnings prospects, increasing the risk of regulatory scrutiny and sanctions. Such events could significantly impact the return and valuation of the Sub-Fund and its underlying companies.

## **IX. Sub-Fund MEDIOBANCA SICAV: C-Quadrat Efficient**

### **1. Name**

The name of the Sub-Fund is “MEDIOBANCA SICAV: C-Quadrat Efficient” (hereinafter referred to as the “**Sub-Fund**”).

### **2. Investment Objectives**

The investment objective of the Sub-Fund is to achieve capital appreciation in the medium – long term.

### **3. Specific Investment Policy and Restrictions**

The Sub-Fund will provide global market exposure mainly to government, corporate and convertible bonds and Money Market instruments. The Sub-Fund may invest in ABS, MBS, CoCo and distressed securities. The total maximum exposure of the Sub-Fund to ABS, MBS CoCo, and distressed securities will be 15% of its net asset value.

For the complementary part of its assets, the Sub-Fund may provide exposure to equities.

Exposure may be gained through direct investment in transferable securities, money market instruments and collective investment schemes (that collective investment schemes can be up to 100% of the net assets of the Sub-Fund).

The Sub-Fund may also hold on ancillary basis liquid assets.

The Sub-Fund may also invest in financial derivatives for both hedging and investment purposes in accordance with the terms of the present Prospectus.

In particular the Sub-Fund may invest accessorially (max 49%), in money market instruments, in fixed income derivatives (included but not limited to options, warrants, futures, forward contracts) traded either on a regulated exchange or OTC; contracts for difference, interest rate swaps, CDS, time deposits, structured notes and other fixed income related instruments and accessorially (max 30%), in equities, dividend-right certificates, warrants and other equity related instruments, again traded on a regulated exchange or OTC.

The aggregate exposure to non-Euro currencies shall not exceed 70% of the net asset value.

The Sub-Fund will neither make use of securities financing transactions (i.e. (i) repurchase transactions, (ii) securities or commodities lending and securities or commodities borrowing, (iii) buy-sell back transactions or sell-buy back transactions, and (iv) margin lending transactions) nor of total return swaps.

### **4. Risk Measurement Approach**

The global exposure of the Sub-Fund is calculated using the commitment approach.

## 5. Classes of Shares

The Sub-Fund will issue four (4) Classes of Shares. The first is denominated “Classic”, referred to as “C”, the others are denominated “Institutional”, referred to as “I”, and “Dedicated”, referred to as “Z” and “B”, certain of which may be expressed in different currencies, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Share Classes will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion and Redemption”.

The Sub-Fund issues Shares on a distribution basis as well as capitalization basis, as described in Part A of this Prospectus. As the distribution Classes of Shares are entitled to distributions, the Board of Directors may decide to pay interim dividends in compliance with the conditions set forth by law. If no such decision is made, it will be proposed to the shareholders to carry forward the net results of the accounting year to the subsequent year.

Investors in this Sub-Fund are entitled to convert at no charge their issued Shares into Shares of another existing Class, where available (as described above) at no charge. However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class into which conversion is to be effected.

## 6. Minimum Initial and Subsequent Investment

The minimum initial and subsequent investment amounts are reported in the following table:

<i>Classes of shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C EURO Class	None	None
I EURO Class	None	None
Z EURO Class	None	None
B EURO Class	None	None
B GBP Class	None	None

## 7. Investment Management

The Management Company has appointed C-Quadrat Asset Management France, having its registered office at 21 boulevard de la Madeleine, 75001 Paris, France as Delegated Investment Manager for the Sub-Fund, pursuant to a Delegated Investment Management Agreement dated 19 October 2010 between the Management Company, the Company and the Delegated Investment Manager as amended. The Delegated Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three (3) months' prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

C-Quadrat Asset Management France is a regulated entity (AMF) and is owned 100% by C Quadrat Group (Austria).

## 8. Fees

A management fee is payable to the Management Company in compensation for its management services. Such fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

A distribution fee is payable to the Management Company in compensation for its distribution services. Such a fee is equal to 0.05% per annum, payable quarterly and calculated on the average quarterly net asset value of the Sub-Fund.

The Distributor is authorized to retain a sales charge calculated as a percentage of the subscribed amount.

The management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Classes of Shares</i>	<i>Management Fee</i>	<i>Sales Charge</i>
C EURO Class	1.20% per annum	up to a maximum of 3%
I EURO Class	0.80% per annum	up to a maximum of 1%
Z EURO Class	1.60% per annum	up to a maximum of 3%
B EURO Class	1.00% per annum	up to a maximum of 3%
B GBP Class	1.00% per annum	up to a maximum of 3%

The maximum level of total management fee that may be charged to both the Sub-Fund and to the UCITS and / or UCI in which the Sub-Fund intends to invest is 3.50% per annum calculated on the Net Asset Value.

Furthermore, for all Classes of Shares, the Management Company is entitled to receive a quarterly performance fee equal to 10% of the difference between the quarterly performance of the Sub-Fund and that of the Merrill Lynch Euro Government Bills index plus 20 basis points (80 basis points on an annual basis) (the “**Benchmark**”), both calculated at the end of each calendar quarter. The performance fee is only applicable at the end of each quarter if the Sub-Fund performs positively and higher than the Benchmark at the end of each calendar quarter and provided that the Net Asset Value at the last Valuation Day of the relevant calendar quarter is higher than the last Net Asset Value of the preceding calendar year and higher than each last Net Asset Value of each preceding calendar quarter during the current accounting year (the “**High Water Mark**”). Any performance fee applicable will be calculated at the end of each calendar quarter on the average assets of the Sub-Fund during the quarter and charged to the Sub-Fund at the end of the quarter. For newly launched Shares, the reference period for the calculation shall start at the launch of such Shares and end at the end of the current calendar quarter and the High Water Mark shall be the first Net Asset Value after the launch date that is higher than the Benchmark. The first High Water Mark will give right to the payment of a

performance fee as above defined. If Shares were redeemed or converted into other Shares of any Class of the same Sub-Fund or any Class of another existing Sub-Fund during the reference calendar quarter, and for those Shares, a performance fee is accrued, it will be crystallized at the date of redemption or conversion and it will be considered as payable to the Management Company.

This methodology has been in place since January 2012.

The Management Company may pay part or all of the investment management fees received to the Delegated Investment Manager.

Any third party research received in connection with investment management and investment advisory services that the Investment Manager provides to the Sub-Fund (other than research that qualifies as a minor non-monetary benefit) will be paid for by the assets of the Sub-Fund.

### **9. Subscription price**

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

The subscription list will be closed at 4.00 p.m. at the latest on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five (5) Business Days after the relevant Net Asset Value is calculated.

### **10. Redemptions**

The redemption price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The redemption price shall be paid within five (5) Business Days after the relevant Net Asset Value is calculated.

### **11. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

### **12. Reference Currency**

The reference currency of the Sub-Fund is the EUR.

### **13. Frequency of Calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg (“**Valuation Day**”).

### **14. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in “*Il Sole 24 Ore*”.

### **15. Likely Impacts following the Occurrence of a Sustainability Risk**

The Sub-Fund is a highly diversified portfolio. Therefore, the Delegated Investment Manager believes that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ from company to company. Some markets and sectors will have greater exposure to Sustainability Risks than others. For instance, the energy sector is known as a major Greenhouse Gas (GHG) producer and may be subject to greater regulatory or public pressure than other sectors and thus, greater risk. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund.

A wide range of Sustainability Risks can affect bond borrowers' cash flows and affect their ability to meet their debt obligations. For corporate bond issuers, environmental risks include but are not limited to; the ability of companies to mitigate and adapt to climate change, the potential for higher carbon prices, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, and impact on global and local ecosystems. Social risks include, but are not limited to; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation. Governance risks are also relevant and can include board composition and effectiveness, management incentives, management quality and alignment of management with shareholders.

## **X. Sub-Fund MEDIOBANCA SICAV: Alkimis Absolute**

### **1. Name**

The name of the Sub-Fund is “MEDIOBANCA SICAV: Alkimis Absolute” (hereinafter referred to as the “**Sub-Fund**”).

### **2. Investment Objectives**

Provide capital growth and aim for a positive absolute return over the long term through long and short market exposure in OECD markets primarily in equities or related derivative contracts.

The Sub-Fund aims to typically deliver absolute (more than zero) returns in each year, although an absolute return performance is not guaranteed and over the short-term it may experience periods of negative return and consequently the Sub-Fund may not achieve this objective.

### **3. Specific Investment Policy and Restrictions**

The Sub-Fund will have flexible net exposure to equity markets by taking long and short exposures on equities listed in OECD countries primarily through the use of transferable securities, linear financial derivatives “delta one” (i.e. contracts for difference (CFD) and swaps) and index futures.

The strategy will seek to gain market exposure exclusively on equities and equity related securities of companies that are listed in OECD countries.

The portfolio will contain a long exposure to a limited selection of securities considered as offering the greatest potential. Selection will comprise a mixture of “growth” and “value” stocks believed to have the potential to provide enhanced returns relative to the market. Growth stocks are those whose earnings are expected to grow faster than the average for the market, whereas value stocks, on the other hand, are inexpensive compared with the earnings or assets of the companies that issue them, often because they are in a mature or depressed industry, or because the company has suffered a setback.

Short exposure to single stocks may be gained if and when the manager believes they have a stretched valuation for which an imminent negative news flow is likely (e.g. sales or margins under unexpected pressure, likely to miss market forecasts, EPS revisions turning negative, unforeseen, acute risks on the balance sheet, cash flows disconnecting from P&L).

The Sub-Fund will be managed on a bottom up basis, whereby overweight and underweight positions in securities of a given country, sector and stock will be determined through the application of analytical techniques to such countries, sectors and stocks; furthermore, the Sub-Fund will endeavour to benefit from the regular movements of stock exchanges by investing according to geographical, sectorial and thematic trends.

For hedging and for efficient management purposes the Sub-Fund may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions.

When using financial derivative instruments, the Sub-Fund will primarily take exposure through CFD, portfolio swaps and listed derivatives.

On an ancillary basis, the Sub-Fund may also take exposure through any other financial derivative instruments such as but not limited to futures, options, swaps and forwards on any underlying in line with the 2010 Law as well as the investment policy of the Sub-Fund, including but not limited to, currencies (including non-delivery forwards), interest rates, transferable securities, basket of transferable securities, indices (including but not limited to commodities, precious metals or volatility indices).

The Sub-Fund may invest no more than 10% of its Net Asset Value in other UCITS/UCI.

The Sub-Fund may also hold ancillary liquid assets.

The Sub-Fund has a structural long bias, but could be net short in specific market circumstances.

The maximum overall net short position of the Sub-Fund would be about 20-25%.

The Sub-Fund will neither make use of securities financing transactions (i.e. (i) repurchase transactions, (ii) securities or commodities lending and securities or commodities borrowing, (iii) buy-sell back transactions or sell-buy back transactions, and (iv) margin lending transactions) nor of total return swaps.

#### **4. Risk Measurement Approach**

The global exposure of the Sub-Fund is calculated using the commitment approach.

#### **5. Classes of Shares**

For the time being, the Sub-Fund will issue three (3) Classes of Shares denominated “Classic”, referred to as “C” and denominated “Institutional”, referred to as “I”, expressed in Euro and “Dedicated”, referred to as “B”, certain of which may be expressed in different currencies, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Share Classes will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion and Redemption”.

The Sub-Fund issues Shares on a capitalization basis, as described in Part A of this Prospectus.

Investors in this Sub-Fund are entitled to convert at no charge their issued Shares into Shares of another existing Class, where available (as described above) at no charge. However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class into which conversion is to be effected.

## 6. Minimum Initial and Subsequent Investment

The minimum initial and subsequent investment amounts are reported in the following table:

<i>Classes of shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C EURO Class	None	None
I EURO Class	None	None
B EURO Class	None	None
B GBP Class	None	None

## 7. Investment Management

The Management Company has appointed Alkimis SGR S.p.A, having its registered office at Via Santa Margherita, 16, I-20121 Milano, Italy as Delegated Investment Manager for the Sub-Fund, pursuant to a Delegated Investment Management Agreement dated 26 April 2011 between the Management Company, the Company and the Delegated Investment Manager. The Delegated Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than ninety (90) days prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

Alkimis SGR S.p.A., founded in 2008, is an independent investment manager regulated and authorized (on 2 July 2009) by the Italian financial authorities Banca d'Italia and Consob.

## 8. Fees

A management fee is payable to the Management Company in compensation for its management services. Such a fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

A distribution fee is payable to the Management Company in compensation for its distribution services. Such a fee is equal to 0.05% per annum, payable quarterly and calculated on the average quarterly net asset value of the Sub-Fund.

The Distributor is authorized to retain a sales charge calculated as a percentage of the subscribed amount.

The management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Classes of Shares</i>	<i>Management Fee</i>	<i>Sales Charge</i>
C EURO Class	1.50% per annum	up to a maximum of 3%
I EURO Class	1.20% per annum	up to a maximum of 1%
B EURO Class	1.30% per annum	up to a maximum of 3%
B GBP Class	1.30% per annum	up to a maximum of 3%

Furthermore, for all Classes of Shares, the Management Company is entitled to receive a quarterly performance fee equal to 20% of the difference between the quarterly performance of the Sub-Fund and that of the Merrill Lynch Euro Government Bills index plus 25 basis points (100 basis points on an annual basis) (the “**Benchmark**”), both calculated at the end of each calendar quarter. The performance fee is only applicable at the end of each quarter if the Sub-Fund performs positively and higher than the Benchmark at the end of each calendar quarter and provided that the Net Asset Value at the last Valuation Day of the relevant calendar quarter is higher than the last Net Asset Value of the preceding calendar year and higher than each last Net Asset Value of each preceding calendar quarter during the current accounting year (the “**High Water Mark**”). Any performance fee applicable will be calculated at the end of each calendar quarter on the average assets of the Sub-Fund during the quarter and charged to the Sub-Fund at the end of the quarter. For newly launched Shares, the reference period for the calculation shall start at the launch of such Shares and end at the end of the current calendar quarter and the High Water Mark shall be the first Net Asset Value after the launch date that is higher than the Benchmark. The first High Water Mark will give right to the payment of a performance fee as above defined. If Shares were redeemed or converted into other Shares of any Class of the same Sub-Fund or any Class of another existing Sub-Fund during the reference calendar quarter, and for those Shares, a performance fee is accrued, it will be crystallized at the date of redemption or conversion and it will be considered as payable to the Management Company.

This methodology has been in place since January 2012.

The Management Company may pay part or all of the investment management fees received to the Delegated Investment Manager.

## **9. Subscription Price**

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge when applicable.

The subscription list will be closed at 4.00 p.m. at the latest on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five (5) Business Days after the relevant Net Asset Value is calculated.

## **10. Redemptions**

The redemption price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The redemption price shall be paid within five (5) Business Days after the relevant Net Asset Value is calculated.

## **11. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

A conversion may only be processed on the first Valuation Day on which both the Net Asset Values of the sub funds involved in the concerned transaction are calculated.

## **12. Reference Currency**

The reference currency of the Sub-Fund is the EUR.

## **13. Frequency of Calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg (“**Valuation Day**”).

## **14. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in “*Il Sole 24 Ore*”.

## **15. Likely Impacts following the Occurrence of a Sustainability Risk**

Considering the worldwide, multi-asset investment strategies without any industry sector focus, the Sub-Fund is expected to display a highly diversified portfolio. Therefore, the Delegated Investment Manager believes that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ across the underlying companies. Some markets and sectors will have greater exposure to Sustainability Risks than others. For instance, the energy sector is known as a major Greenhouse Gas (GHG) producer and may be subject to greater regulatory or public pressure than other sectors and thus, greater risk. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the return of the Sub-Fund or on the value of the Sub-Fund’s investments.

## **XI. Sub-Fund MEDIOBANCA SICAV: Alkimis Special Values**

### **1. Name**

The Sub-Fund is known as the “MEDIOBANCA SICAV: Alkimis Special Values” (hereinafter the “**Sub-Fund**”).

### **2. Investment Objectives**

The investment objective of the Sub-Fund is to achieve capital appreciation and growth in the medium – long term.

### **3. Specific Investment Policy and Restrictions**

The allocation of the Sub-Fund’s assets will respond with flexibility to market trends and opportunities, by investing mainly in equities and on ancillary basis bonds and Money Market instruments.

The Sub-Fund will mainly invest in securities listed or traded on the recognized markets of member states of the OECD.

The Sub-Fund has a structural long bias, but could be net short in specific market circumstances. The maximum overall net short position of the Sub-Fund would be about 25%, achieved through the use of derivatives exposed to the equity and bond markets and used both for hedging and investment purposes (including but not limited to options, warrants, futures, other equity derivatives traded either on a regulated market or OTC and forward transactions).

The Sub-Fund may invest no more than 10% of its Net Asset Value in other UCITS/UCI.

The Sub-Fund may also invest, always in accordance with the terms of the present Prospectus, in other transferable securities, deposits and units of collective investment schemes. The Sub-Fund may also hold ancillary liquid assets.

The Sub-Fund will maintain a flexible investment policy and, in accordance with the terms and conditions of the present Prospectus, is not subject to any specific limits in relation to its allocation of assets across the various asset types.

The Sub-Fund will neither make use of securities financing transactions (i.e. (i) repurchase transactions, (ii) securities or commodities lending and securities or commodities borrowing, (iii) buy-sell back transactions or sell-buy back transactions, and (iv) margin lending transactions) nor of total return swaps.

### **4. Risk Measurement Approach**

The global exposure of the Sub-Fund is calculated using the commitment approach.

## 5. Classes of Shares

For the time being, the Sub-Fund will issue three (3) Classes of Shares denominated “Classic”, referred to as “C” and denominated “Institutional”, referred to as “I”, expressed in Euro and “Dedicated”, referred to as “B”, certain of which may be expressed in different currencies, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Share Classes will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion and Redemption”.

The Sub-Fund issues Shares on a capitalization basis, as described in Part A of the Prospectus.

Investors of this Sub-Fund are entitled to convert at no charge their issued Shares into Shares of another existing Class, where available (as described above). However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class in which conversion is effected.

## 6. Minimum Initial and Subsequent Investment

The minimum initial and subsequent subscription amounts are reported in the following table:

<i>Classes of shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C EURO Class	None	None
I EURO Class	None	None
B EURO Class	None	None
B GBP Class	None	None

## 7. Investment Management

The Management Company has appointed Alkimis SGR S.p.A, having its registered office at Via Santa Margherita, 16, I-20121 Milano, Italy as Delegated Investment Manager for the Sub-Fund, pursuant to a Delegated Investment Management Agreement dated 26 April 2011 between the Management Company, the Company and the Delegated Investment Manager. The Delegated Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than ninety (90) days prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

Alkimis SGR S.p.A., founded in 2008, is an independent investment manager regulated and authorized (on 2 July 2009) by the Italian financial authorities Banca d’Italia and Consob.

## 8. Fees

A management fee is payable to the Management Company in compensation of its management services. Such fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

A distribution fee is payable to the Management Company in compensation for its distribution services. Such a fee is equal to 0.05% per annum, payable quarterly and calculated on the average quarterly net asset value of the Sub-Fund.

The Distributor is authorized to retain a sales charge calculated as a percentage of the subscribed amount.

The management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Classes of Shares</i>	<i>Management Fee</i>	<i>Sales Charge</i>
C EURO Class	1.70% per annum	up to a maximum of 3%
I EURO Class	1.25% per annum	up to a maximum of 1%
B EURO Class	1.50% per annum	up to a maximum of 3%
B GBP Class	1.50% per annum	up to a maximum of 3%

Furthermore, for all Classes of Shares, the Management Company is entitled to receive a quarterly performance fee equal to 20% of the difference between the quarterly performance of the Sub-Fund and that of the Merrill Lynch Euro Government Bills index plus 75 basis points (300 basis points on an annual basis) (the “**Benchmark**”), both calculated at the end of each calendar quarter. The performance fee is only applicable at the end of each quarter if the Sub-Fund performs positively and higher than the Benchmark at the end of each calendar quarter and provided that the Net Asset Value at the last Valuation Day of the relevant calendar quarter is higher than the last Net Asset Value of the preceding calendar year and higher than each last Net Asset Value of each preceding calendar quarter during the current accounting year (the “**High Water Mark**”). Any performance fee applicable will be calculated at the end of each calendar quarter on the average assets of the Sub-Fund during the quarter and charged to the Sub-Fund at the end of the quarter. For newly launched Shares, the reference period for the calculation shall start at the launch of such Shares and end at the end of the current calendar quarter and the High Water Mark shall be the first Net Asset Value after the launch date that is higher than the Benchmark. The first High Water Mark will give right to the payment of a performance fee as above defined. If Shares were redeemed or converted into other Shares of any Class of the same Sub-Fund or any Class of another existing Sub-Fund during the reference calendar quarter, and for those Shares, a performance fee is accrued, it will be crystallized at the date of redemption or conversion and it will be considered as payable to the Management Company.

This methodology has been in place since January 2012.

## **9. Subscription price**

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

The subscription list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five (5) Business Days after the relevant Net Asset Value is calculated.

## **10. Redemptions**

The redemption price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The redemption price shall be paid within five (5) Business Days after the relevant Net Asset Value is calculated.

## **11. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

## **12. Reference currency**

The reference currency of the Sub-Fund is the EUR.

## **13. Frequency of calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg (“**Valuation Day**”).

## **14. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in “*Il Sole 24 Ore*”.

## **15. Likely Impacts following the Occurrence of a Sustainability Risk**

Considering the worldwide, multi-asset investment strategies without any industry sector focus, the Sub-Fund is expected to display a highly diversified portfolio. Therefore, the Delegated Investment Manager believes that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which

will differ across the underlying companies. Some markets and sectors will have greater exposure to Sustainability Risks than others. For instance, the energy sector is known as a major Greenhouse Gas (GHG) producer and may be subject to greater regulatory or public pressure than other sectors and thus, greater risk. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the return of the Sub-Fund or on the value of the Sub-Fund's investments.

**DOCUMENTS AVAILABLE**

Copies of the following documents may be consulted during usual business hours on any Business Day in Luxembourg at the registered office of the Company:

- (i) the Articles;
- (ii) the agreement with the Depositary and on services referred to under the heading “Depositary Bank and Paying Agent”;
- (iii) the agreement with the Delegated Investment Manager referred to under the heading “Delegated Investment Manager(s) and Investment Adviser(s)”;
- (iv) the agreement(s) with the Distributor(s) referred to under the heading “Distributor(s)”;
- (v) the agreement with the Registrar and Transfer Agent and on services referred to under the heading “Registrar and Transfer Agent”;
- (vi) the agreement with the Domiciliary Agent and Listing Agent and on services referred to under the heading “Domiciliary Agent and Listing Agent”;
- (vii) the agreement with the Administrative Agent and on services referred to under the heading “Administrative Agent”;
- (viii) the agreement with the Management Company referred to under the heading “Management Company”;
- (ix) the latest reports and accounts referred to under the heading “Meetings of, and Reports to, Shareholders”.