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## Qtron Stock Booster Equity

## Sales Prospectus

including  
Management Regulations  
August 1, 2022 edition



An investment fund of the Grand Duchy of Luxembourg

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## **U.S. persons, Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)**

The Fund is not registered under the United States Investment Company Act of 1940, as amended, or any similar or analogous regulatory scheme enacted by any other jurisdiction except as described herein. In addition, the units of the Fund are not registered under the United States Securities Act of 1933, as amended, or under any similar or analogous provision of law enacted by any other jurisdiction except as described herein. Therefore, units of the Fund must not be offered, sold, transferred or delivered in the United States of America, its territories or possessions, neither for or on account of US persons (in the context of the definitions for the purposes of US federal laws on securities, goods and taxes, including Regulation S in relation to the United States Securities Act of 1933; together "US-Persons"), except in a transaction which does not violate the applicable legislation. Any documents related to the Fund must not be circulated in the United States of America.

In Luxembourg, the US Foreign Account Tax Compliance Act (FATCA) is based on the Intergovernmental Agreement (IGA) between the United States and Luxembourg (hereinafter referred to as "IGA Luxembourg-USA) as implemented into Luxembourg law by the law of 24 July 2015 relating to FATCA (the "FATCA-Law"). According to the FATCA-Law, Luxembourg Financial Institutions may be required to collect and report information about financial accounts of certain US Persons to the competent tax authorities.

According to the current national Luxembourg FATCA legislation, the Fund qualifies as a "Restricted Fund" in accordance with Annex II, Section IV (E) (5) of the IGA Luxembourg-USA. As per definition of the Annex II, Section IV (E) (5) of the IGA Luxembourg-USA, a Restricted Fund is a Non-Reporting Luxembourg Financial Institution and shall be treated as a deemed-compliant Foreign Financial Institution for purposes of section 1471 of the US Internal Revenue Code. Therefore, units of the Fund must not be offered, sold, transferred or delivered to:

Specified U.S. Persons within the meaning of Article 1, Section 1 (ff) of the IGA Luxembourg-USA, Nonparticipating Financial Institutions within the meaning of Article 1, Section 1 (r) of the IGA Luxembourg-USA, and  
Passive Non-Financial Foreign Entities (passive NFFEs) with one or more substantial US Owners as defined in the relevant US Treasury Regulations.

In Luxembourg, the Common Reporting Standard (CRS) is based on the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (the "CRS Law"). According to the current national Luxembourg CRS legislation, the Fund qualifies as a Financial Institution (Investment Entity) and is obliged to collect and to report certain information about financial accounts held by certain Unitholders to the Luxembourg tax authorities which subsequently exchange this information with the competent foreign tax authorities.

Each Unitholder agrees to provide the Management Company of the Fund with a Self-Certification form for purposes of FATCA and CRS and, if applicable, other documentation relating to or establishing such Unitholder's identity, jurisdiction of residence (or formation) and income tax status. The Unitholder has to undertake to advise the Management Company of the Fund promptly and provide an updated Self-Certification form within 30 days where any change in circumstances occurs which causes any of the information contained in the form to be inaccurate or incomplete.

In the event the Fund is required either to pay a withholding tax, or is forced to comply with reporting duties, or if it suffers any other damages, due to a Unitholder's non-compliance under

FATCA or CRS, the Management Company of the Fund reserves the right to claim damages from such Unitholder, without prejudice to any other rights.

Current and prospective investors are advised to direct any questions regarding FATCA/CRS and/or the FATCA classification and status of the Fund toward their financial, tax, and/or legal advisors.

## **Management and administration**

### **Management Company and central administrator:**

Universal-Investment-Luxembourg S.A.  
15, rue de Flaxweiler  
L-6776 Grevenmacher  
Grand Duchy of Luxembourg

Equity: EUR 23.321.572,91  
(as at: 30 September 2020\*)

### **Management Board of the Management Company:**

Dr. Sofia Harrschar  
Chairwoman of the Management Board  
Universal-Investment-Luxembourg S.A.  
Grevenmacher

Matthias Müller  
Member of the Management Board  
Universal-Investment-Luxembourg S.A.  
Grevenmacher

Martin Groos  
Member of the Management Board  
Universal-Investment-Luxembourg S.A.  
Grevenmacher

All with business address 15, rue de Flaxweiler,  
L-6776 Grevenmacher,  
Großherzogtum Luxemburg

### **Supervisory Board of the Management Company:**

Michael Reinhard  
Vorsitzender des Aufsichtsrats  
Universal-Investment Gesellschaft mbH  
Frankfurt

Frank Eggloff  
Mitglied des Aufsichtsrats  
Universal-Investment Gesellschaft mbH  
Frankfurt

Markus Neubauer  
Mitglied des Aufsichtsrats  
Universal-Investment Gesellschaft mbH  
Frankfurt

### **Depositary:**

CACEIS Bank, Luxembourg Branch

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

**Portfolio manager:**

Qtron Investments LLC  
50 Milk St, 16<sup>th</sup> Floor  
Boston, MA 02109  
United States

**Transfer Agent and Registrar as well as Paying Agent in the Grand Duchy of Luxembourg:**

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

**Auditor:**

KPMG Luxembourg, Société coopérative  
39, avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg  
*also the auditor for Universal-Investment-Luxembourg S.A.*

\*Up-to-date information on the equity of the Management Company and Depositary as well as the composition of the committees is contained in the latest annual and semi-annual reports.

No information may be given other than that which is available to the public and contained in this Prospectus or in the documents mentioned herein.

Purchases of units based on information or statements not contained in this Sales Prospectus are made entirely at the purchaser's risk. The following Management Regulations including the annex entitled "Overview of the sub-funds" form an integral element of this Prospectus.

This Prospectus applies to all unit classes of the Qtron Stock Booster Equity fund, with the sub-funds Qtron Global Equity, Qtron Emerging Markets Equity, Qtron Europe Small Cap Equity and can be obtained free of charge from the Management Company and Depositary as well as the Paying Agents.

Some jurisdictions may impose restrictions on the distribution of this Sales Prospectus and the offer of fund units. Furthermore, this Sales Prospectus does not constitute an offer to sell or an invitation to purchase in a jurisdiction in which such an offer or such an invitation to purchase is not permitted, or if the offer is made to anyone within a jurisdiction to whom it is unlawful to make such an offer or invitation.

## The Fund

The Fund Qtron Stock Booster Equity is an undertaking for collective investment in securities ("UCITS") in the form of an investment fund (fonds commun de placement) in accordance with part I of the Luxembourg Law of 17 December 2010 on the undertakings for collective investment in line with the European Directives (Law of 2010) and in relation to Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

This Sales Prospectus together with the Management Regulations in the latest valid version, the latest annual report and additionally the latest semi-annual report, should the annual report be older than eight months, and the Key Investor Information shall be provided to unitholders free of charge from the registered office of the Management Company, Depositary and any Paying Agent. These documents are also available free of charge online at [www.universal-investment.com](http://www.universal-investment.com).

It is not permissible to give information or explanations which deviate from the Sales Prospectus.

The Fund is made up of all the sub-funds. Each investor holds a stake in the Fund through investing in a sub-fund. The Management Company may launch one or more new sub-funds, merge two or more sub-funds and wind up one or more existing sub-funds at any time.

Each sub-fund represents an investment fund which is subdivided among the unitholders of the sub-fund entailing equal rights and equivalent to the ratio of the number of units they hold in the sub-fund.

The unitholders hold a share in the assets of the Fund proportional to the units they hold. All units issued have equal rights.

The currency of the Fund is the euro.

The Fund was established for an indefinite period.

The accounting year of the Fund runs from 1 January to 31 December of each calendar year. The first accounting year runs from 1 July 2019 to 31 December 2019.

The costs of establishing the Fund can be charged to the Fund assets and written off within the first five financial years.

The investment principles, objectives and limits of the Fund are presented in the section "Special remarks" of this Prospectus, in the annex entitled "Overview of the sub-funds" in conjunction with Article 4 of the Management Regulations.

When unit classes denominated in currencies other than the reference currency are formed, it is the objective of the investment policy to reduce, in part, the risk of currency fluctuations through the use of instruments and other techniques. However, there is no guarantee that this investment objective will be reached.

If the Fund or sub-fund assets are invested in target funds, a double cost may be incurred for the performance of the Fund or sub-fund, especially as both the target fund and the Qtron Stock Booster Equity fund or sub-funds are subject to costs and expenses as defined in Article 11 of the



## Management Regulations.

If the Qtron Stock Booster Equity fund or sub-funds purchase units in other UCITS and/or other UCIs which are managed directly or indirectly by the same Management Company or another company with which the Management Company is affiliated via shared management or control or by a considerable direct or indirect investment, then the Management Company or other company may not charge any fees for the subscription or repurchase of units in other UCITS and/or other UCIs by the Qtron Stock Booster Equity fund in the form of sales charges or redemption fees. If a sub-fund purchases units in another sub-fund of this Fund as target fund, the Management Company is not entitled to charge fees for subscription or repurchase of units in the target sub-fund by the sub-fund nor may it charge a management fee at the level of the acquiring sub-fund or of the target sub-fund.

The Fund was established on 1 July 2019 in accordance with Part I of the Luxembourg Law of 17 December 2010 on undertakings for collective investment and consists of the sub-funds Qtron Global Equity, Qtron Emerging Markets Equity and Qtron Europe Small Cap Equity.

The costs incurred for the management of the sub-funds during the reporting period are charged to the sub-funds (excluding transaction costs) and disclosed in the annual report, being stated as a ratio of the average fund volume ("total expense ratio", TER).

In addition, the portfolio turnover ratio (TOR) is calculated each year using the following formula and is published in the Fund's annual report:  $TOR = [(Total1 - Total2) / M] \times 100$ , where:

Total1 = total transactions during the reference period = x + y

x = value of purchased assets during the reference period

y = value of sold assets during the reference period

Total2 = total transactions in units during the reference period = s + t

s = value of subscriptions during the reference period

t = value of repurchases during the reference period

M = average net fund assets during the reference period.

The current version of the Management Regulations have been filed with the commercial register of the District Court of Luxembourg and came into effect on 01.01.2022. A notice of its deposit was published on 31.01.2022 in *RESA, Recueil électronique des sociétés et associations*, (hereinafter: "RESA").

## The Management Company

The Fund is managed by Universal-Investment-Luxembourg S.A., a management company pursuant to Chapter 15 of the 2010 Law and as alternative investment fund manager pursuant to Chapter 2 of the Luxembourg law of 12 July 2013 on alternative investment fund managers as amended.

Universal-Investment-Luxembourg S.A., a public limited company subject to the laws of the Grand Duchy of Luxembourg was established on 17 March 2000 in Luxembourg for an unlimited period of time. It has its registered office at 15, rue de Flaxweiler, L-6776 Grevenmacher.

The Articles of Incorporation of the Management Company were published in the *Mémorial C, Recueil des Sociétés et Associations* ("Mémorial") (replaced by the electronic collection of companies and associations (*Recueil électronique des sociétés et associations* - hereinafter "RESA")) on June 3, 2000 and filed with the Luxembourg Commercial and Companies Register

(R.C.S. Luxembourg). The Articles of Association of the Management Company were last amended by resolution of the General Meeting of Universal-Investment-Luxembourg S.A. on 5 December 2019. The amendment to the Articles of Association has been published on 29 January 2020 by RESA and deposited with the Luxembourg Commercial and Company Register.

The Management Company has three Supervisory Board members who make up the Supervisory Board. The Management Company also has a Management Board consisting of four members appointed by the Supervisory Board who are entrusted with the day-to-day management of the Company in accordance with the provisions of the law of 2013 and within the limits of the powers granted by the Articles of Association and who represent the Management Company vis-à-vis third parties (the "Management Board"). The Management Board ensures that the Management Company and the respective service providers perform their duties in accordance with the relevant laws and regulations and this Prospectus. The Management Board will report to the Supervisory Board on a regular basis or as necessary on an ad hoc basis. The Supervisory Board exercises permanent control over the management of the Management Company by the Management Board without being authorised to manage the day-to-day business on its own and does not represent the Management Company in dealings with third parties.

The object of the Management Company is the formation and management of investment funds subject to Luxembourg law and the performance of all activities associated with the launch and management of these funds.

The tasks assigned to the Management Company include portfolio management, risk management, administrative tasks and sales and marketing. These tasks may be partially or wholly delegated to third parties.

The Company can perform any other transactions and take any other measures that promote its interests or promote or are in any other way useful for its object, and are in accordance with Chapter 15 of the 2010 Law.

The names and sales documentation for all of the funds managed by the Management Company are available at the Company's registered office.

Furthermore, the Management Company can obtain advice from one or more investment advisers and/or may appoint one or more portfolio managers.

Universal-Investment-Luxembourg S.A. is subject to the applicable regulatory provisions governing the establishment of remuneration systems in accordance with Chapter 15 of the Law of 2010. Universal-Investment has set out the detailed arrangements in its remuneration policy. 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 UCITS that the Universal-Investment-Luxembourg S.A. manages. The remuneration policy is in line with the business strategy, objectives, values and interests of Universal-Investment-Luxembourg S.A. and the UCITS that it manages and of the investors in such UCITS, and includes measures to avoid conflicts of interest.

At least once a year, a remuneration committee of the Universal-Investment Group checks the remuneration system of Universal-Investment for its adequacy and compliance with all legal provisions. It covers fixed and variable remuneration aspects.

The payment of performance-based remuneration is set in a multi-year framework in order to ensure that the payment of such remuneration is based on the long-term performance of the UCITS and its investment risks. Establishing ranges for the entire remuneration ensures that there is no significant dependence on the receipt of variable remuneration and that the relationship

between the fixed and variable remuneration is appropriate. In addition to the aforementioned remuneration elements, employees of the Management Company can obtain voluntary employer benefits-in-kind as well as material and retirement benefits.

Further details on the Management Company's current remuneration policy have been published online at [www.universal-investment.com/en/Remuneration-system-Luxemburg](http://www.universal-investment.com/en/Remuneration-system-Luxemburg). They include a description of the valuation methods for remunerations and payments to certain employee groups, as well as details of the persons responsible for allocation, including the composition of the remuneration committee. On request, the Management Company will provide information in hard copy free of charge.

## The Depositary

CACEIS Bank, Luxembourg Branch, has been appointed as the depositary of the Fund in accordance with the Law of 2010 as amended from time to time, CSSF Circular 16/644 and any derived or connected European Union or national act, statute, regulation, circular or binding guidelines and in accordance with the depositary agreement.

The relationship between the Management Company and the Depositary is subject to the Depositary Agreement dated 1 July 2019 as amended from time to time (the "Depositary Agreement").

CACEIS Bank, Luxembourg Branch is acting as a branch of CACEIS Bank, a public limited liability company (*société anonyme*) incorporated under the laws of France, having its registered office located at 1-3, place Valhubert, 75013 Paris, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Paris.

CACEIS Bank is an authorised credit institution supervised by the European Central Bank ("ECB") and the *Autorité de contrôle prudentiel et de résolution* ("ACPR"). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg.

The Depositary has been entrusted with the custody and/or, as the case may be, recordkeeping and ownership verification of the Sub-Fund's assets, and it shall fulfil the obligations and duties provided for by Part I of the Law of 2010. In particular, the Depositary shall ensure an effective and proper monitoring of the units' cash flows.

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

- (i) ensure that the sale, issue, re-purchase, redemption and cancellation of units of the Fund are carried out in accordance with the the Law of 2010 and the management regulations;
- (ii) ensure that the value of the Units is calculated in accordance with the with the Law of 2010 and the management regulation;
- (iii) carry out the instructions of the Management Company, unless they conflict with the with the Law of 2010 and the management regulation;

- (iv) ensure that in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits; and
- (v) ensure that the Fund's income is applied in accordance with the with the Law of 2010 and the management regulation

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

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

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

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

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

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

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

## **The Transfer Agent and Registrar**

CACEIS Bank, Luxembourg Branch has also been appointed by the Company as Registrar and Transfer Agent.

## **Special information**

### **a) Investment policy and investment limits**

The investment policy and investment limits of the respective Fund are set out in the following Management Regulations in conjunction with the annex entitled "Overview of the sub-funds". The objectives of investment policy are pursued while abiding by the principle of risk diversification. Particular note must be taken of Article 4 "General guidelines for investment policy and investment limits" of the Management Regulations, in which the other legally permissible assets and investment forms entailing increased risks are described. The latter comprise in particular transactions involving options and financial futures. In general, it should be pointed out that the performance of the fund units is largely determined by the changes in stock prices each market day for the assets held in the Fund and the earnings. To achieve the investment objectives it is also intended to use derivative financial instruments ("derivatives"). When using derivatives, the Fund shall not deviate from the investment objectives stated in the Prospectus and Management Regulations. In general, it should be pointed out that the performance of the fund units is largely determined by the changes in stock prices on each market day for the assets held in the Fund and the earnings.

**The Management Company is authorised, while paying due attention to the principle of risk diversification, to invest up to 100% of the Fund's assets in securities from different issues which are issued or guaranteed by a member state of the EU or its non-central public sector entities, by a member state of the OECD which is outside the EU or by international organisations under public law to which one or more member states of the EU belong. These securities must have been issued as part of at least six different issues, with securities from one and the same issue not making up more than 30% of the net fund assets.**

### **b) Notes on techniques for efficient portfolio management**

Pursuant to the amended CSSF Circular 08/356, the CSSF Circular 13/559, supplemented by the

CSSF Circular 14/592 and the ESMA Guidelines ESMA/2014/937 (the "ESMA Guidelines"), the techniques for efficient portfolio management may be used for the Fund. Among these techniques, the Fund currently uses only derivative transactions, which may be entered into in any form. Securities financing transactions are currently not used.

All income resulting from techniques for efficient portfolio management, less direct and indirect operational costs, is paid to the UCITS (Fund) and forms part of the UCITS' net asset value.

The Fund's annual report will contain information on income from efficient portfolio management techniques for the Fund's entire reporting period, together with details of the Fund's direct (e.g. transaction fees for securities, etc.) and indirect (e.g. general costs incurred for legal advice) operational costs and fees, insofar as they are associated with the management of the corresponding Fund or unit classes as applicable.

The Fund's annual report will provide details on the identity of companies associated with Universal-Investment-Luxembourg S.A. or the depositary of the Fund, provided they receive direct and indirect operational costs and fees.

All income arising from the use of techniques and instruments for efficient portfolio management, less direct and indirect operational costs, accrue to the Fund in order to be reinvested in line with the Fund's investment policy. The counterparties to the agreements on the use of techniques and instruments for efficient portfolio management will be selected according to the Management Company's principles for executing orders for financial instruments (the "best execution policy"). These counterparties will essentially comprise recipients of the direct and indirect costs and fees incurred in this connection. The costs and fees to be paid to the respective counterparty or other third party will be negotiated on market terms.

In principle, the counterparties are not affiliated companies of the Management Company.

The use of derivatives must not, under any circumstances, cause the Fund to deviate from its investment policy as described in this Sales Prospectus, or expose the Fund to additional significant risks that are not outlined herein.

The 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.

### **c) Notes concerning risk**

The special risks of the Fund based on their investment policies can be found in the annex entitled "Overview of the sub-funds".

#### **(c)(1) Risks entailed by fund units**

The investment in fund units is a form of investment that is characterised by the principle of risk spreading. However, risks entailed from investing in fund units cannot be excluded, particularly as a result of the Fund's investment policy, the assets held in the Fund and the transactions in the units. With regard to their risks and rewards, fund units are comparable to securities, and possibly in combination with the instruments and techniques employed.

In the case of units denominated in a foreign currency, the exchange rates entail risks and

rewards. It must also be considered that such units are exposed to what is referred to as "transfer risk". The purchaser of the units only makes a profit on selling his units if the increase in value exceeds the front-end load paid at the time of purchase, taking into account the redemption fee. In the case of just a brief duration of the particular investment the front-end load may reduce the performance for the investor or even result in losses.

There is a risk of loss in the case of assets held abroad in particular which can result from insolvency, failures in the duty of care or abusive conduct by the Depositary or a sub-depositary (**depository risks**).

The Fund may become a victim of fraud or other criminal acts. It may suffer losses as a result of misunderstandings or errors on the part of employees of the Management Company or external parties or due to external events such as natural disasters (**operational risks**).

### **(c)(2) Risks entailed by the Fund's investments**

#### **General risks inherent in securities**

When choosing investments, the expected performance of the assets takes priority. It should be noted that, in addition to the opportunities for price gains and income, securities are exposed to the risk that their price will fall below the original price paid at the time of purchase.

#### **Risks entailed by equities**

Experience tells us that the prices of share and equity-like securities (e.g. index certificates) are subject to high fluctuations. They therefore offer opportunities for considerable gains in price although there are also corresponding risks to be considered. The factors influencing the price of units are in particular the profit development of individual enterprises and sectors as well as general economic developments and political perspectives which determine expectations on the stock markets and ultimately the pricing.

#### **Risk in the case of fixed-rate and variable-rate securities and zero-coupon bonds**

Factors which influence changes in the prices of interest-bearing securities are above all the development of interest rates on the capital markets which are in turn affected by general economic factors. With rising capital market interest rates, interest-bearing securities may suffer falls in price, whilst they may rise when interest rates on the capital markets fall. The changes in price also depend on the term or remaining term of the interest-bearing securities. As a rule, interest-bearing securities with shorter terms are exposed to lower price risks than interest-bearing securities with longer terms. However, this generally means that lower yields have to be tolerated as well as higher reinvestment costs because of the more frequent (shorter) maturities of the securities held.

Variable-rate securities are subject to interest rate risks to a lesser extent than fixed-rate securities.

Duration management is a possible means of controlling interest rate risk. The duration is the weighted lock-in period for the capital employed. The longer the duration of a security, the more strongly the security will react to changes in interest rates.

Because of their comparatively longer term to maturity and the lack of regular interest payments, securities without regular interest payments and zero-coupon bonds react to a higher degree than fixed-rate securities to changes in the interest rates. During periods of rising capital market interest rates the marketability of such debt securities may be restricted.

#### **Legal and tax risk**

Changes to tax regulations and tax assessment of circumstances in the various countries in which the respective sub-fund holds assets, the unitholders' country of domicile, and to the respective sub-fund's country of domicile may have adverse effects on the tax situation of the respective sub-fund or its unitholders.

The treatment of funds for legal and tax purposes can change in unpredictable ways that cannot be influenced.

From 1 January 2018, certain income generated in Germany (in particular income from dividends, rent and gains from the sale of property) will have to be taxed at fund level. Exemptions to this fund-level taxation are only possible if the fund units are held by certain tax-privileged investors or held under old-age provision or basic pension agreements (Riester/Rürup pension plans). In addition, from 2018 withholding taxes levied on income earned by the fund will no longer be able to be deducted at investor level.

In particular, from 2018, investors will not be exempt from paying tax on gains from the sale of shares, and withholding taxes levied on income earned by the fund will not be deducted at investor level.

To compensate for prior tax encumbrances, investors may, subject to certain conditions, be entitled to receive a tax-free lump sum of part of the income earned by the fund (referred to as "partial relief"). However, since the partial relief is provided as a flat-rate, this mechanism cannot be relied upon to fully compensate for said charges in all cases.

If the applicable partial exemption regime changes, or the requirements relating thereto cease to apply, then the investment unit shall be regarded as sold.

Furthermore, a different assessment of the partial exemption requirements by the financial authorities may also lead to a partial exemption being denied in principle.

## ATAD

The European Union has adopted Directive 2016/1164 to combat tax avoidance practices ("ATAD 1"). The directive implements recommendations for action of the BEPS project of the OECD. These include rules on the taxation of hybrid mismatches, restrictions on interest deduction, rules on add-on taxation and a general tax abuse rule. Luxembourg has transposed ATAD 1 into national law and has applied these rules since January 1, 2019. ATAD 1 was supplemented by the amending directive of 29 May 2017 ("ATAD 2") with regard to hybrid schemes with third countries (which has been implemented into Luxembourg law by the Law of 20 December 2019). While ATAD 1 provided rules for certain hybrid incongruities between Member States, ATAD 2 extends the scope of the Directive to various other incongruities between Member States and to incongruities between Member States and third countries. The provisions of ATAD 2 were also transposed into national law in Luxembourg and have been applied since 1 January 2020. An exception to this are the regulations on so-called reverse hybrid incongruities, which the member states only have to apply in national law from January 1, 2022. The effects of the BEPS Action Plan, ATAD 1 and ATAD 2 may lead to additional tax burdens at the level of the fund, the target funds, alternative investment vehicles, holding companies or portfolio companies, which may reduce the value of the fund investment without the Management Company being able to exert any legal influence. The Management Company may decide, within the scope of its discretion, that an investor who has caused the additional or higher tax amount due to its tax status must bear such additional or higher tax amount.

## DAC6



## Reportable cross-border arrangements

In 2017 the European Commission proposed new transparency rules for intermediaries – such as tax advisers, accountants, banks and lawyers — who design and promote tax planning schemes for their clients. On 13 March 2018 a political agreement was reached by the EU Member States on new transparency rules for such intermediaries. As a result, the EU Directive on Administrative Cooperation (2011/16/EU) has been amended by the EU Directive 2018/822 to require taxpayers and intermediaries to report details of "reportable cross-border arrangements" to their home tax authority pursuant to a new mandatory disclosure regime ("DAC 6"). Accordingly, relevant intermediaries who provide their clients with complex cross border financial schemes that could help avoid tax will be obliged to report these structures to their tax authorities. This information will be automatically exchanged among the tax authorities of the EU Member States. The rules require relevant intermediaries or subsidiarily the relevant tax payers to report the details of all relevant arrangements entered into after 25 June 2018.

It is possible that the new transparency rules may have an impact on transparency, disclosure and/or reporting in relation to the Company and its investments as well as the investors' interest in the Company.

### **Risks in the case of participation certificates**

Under their terms of issue participation certificates mainly have the character of bonds or of equities. The risks entailed by them are similar to those posed by bonds or equities.

### **Issuer risk**

Even with a cautious selection of securities to be acquired, credit risk, i.e. the risk of loss when issuers become insolvent (issuer risk) cannot be excluded.

### **Credit risk**

The Fund may invest part of its assets in government or corporate bonds. The issuers of such bonds may become insolvent, meaning that some or all of the value of the bonds could be lost.

### **Commodity risk**

Commodities are defined as physical goods that are or can be traded on a secondary market, e.g. industrial metals and oil.

In the case of commodities, the price risk is often more complex and volatile than with currencies and interest rates. The markets for commodities can also be less liquid so that changes in supply and demand may impact on prices and volatility. These features of the market can impede price transparency and the effective hedging of commodity risk. No instruments are used in the funds which lead to the physical delivery of the commodities.

### **Sector risk**

Sector risk is the dependence on the development of corporate profits in a single sector or in related sectors. It includes risk factors from the corporate environment on which a company has minimal or no influence.

### **Concentration risk**

Risks may arise if the investment is concentrated on certain assets or markets. The Fund is then particularly dependent on the development of these assets or markets. If the Fund focuses its investment activities on particular countries or regions, its level of risk diversification will be also reduced. As a consequence, the Fund is particularly dependent on the development of individual countries/regions or countries/regions with close ties and the companies domiciled and/or operating in them. Economic or political instability in countries where the Fund invests may lead to the non-payment or partial payment of funds it is owed despite the issuer of the respective

security or other asset being solvent. Reasons for this may include currency or transfer restrictions or other legislative changes.

### **Country risk**

If the Fund focuses its investment activities on particular countries, its level of risk diversification will be reduced. As a consequence, the Fund is particularly dependent on the development of individual or related countries and the companies domiciled or operating in them. Investments in emerging markets offer the chance of above-average earnings because of the fast economic growth of such upwardly aspiring markets. However, because of the higher volatility of the market and exchange rates and other default risks, this may entail greater risks.

### **Liquidity risk**

The liquidity of a financial market product is viewed as the ease and speed with which it can be resold at a fair price. For example, it is more difficult to sell a security with low market depth and a low issue volume than the share of a DAX-listed company.

### **Risks in the case of certificates**

Certificates grant the issuer a claim to be paid a redemption amount which is calculated according to a formula set in the particular terms of the certificate and depends on the price of the security underlying the certificate.

Leverage provides above-proportionate risk-reward ratios for different types of certificate. Leverage (also: leverage effect) has the impact of a multiplier; it is brought about when only a fraction of the capital investment is paid in for financial instruments, although the investor has full participation in any price changes of the underlying security. By this means a particular price movement is simplified in relation to the capital employed and may lead to disproportionate profits or losses.

### **Currency risks**

When investing in foreign currencies or entering into transactions in such currencies there are risks and opportunities for changes in the exchange rates. It must also be considered that such investments in foreign currencies are exposed to what is referred to as "transfer risk".

### **Note concerning borrowing by the Fund**

The interest incurred by borrowing will reduce the Fund's performance. However, such charges may enable the Fund's income to be increased by taking up credit.

### **Inflation risk**

Inflation risk means the danger of financial losses as a result of the devaluation of currency. Inflation can lead to the reduction of the Fund's earnings and the value of its investments with regard to purchasing power. Individual currencies are subject to varying degrees of inflation risk.

### **Derivatives**

In addition to the disproportionately high profit opportunities, a potentially significant loss of the invested capital cannot be ruled out when trading derivatives. Financial instruments aimed at changing or replacing the investment result of certain securities, currencies, markets, etc. are also mainly associated with a counterparty risk. In addition to stock exchanges, the markets on which derivatives can be traded include the over-the-counter market and the interdealer market. In contrast to participants on the "exchange-based" markets, the participants on each of these markets are generally not subject to a credit check or regulatory inspections. The Fund/Sub-Fund is therefore subject to the risk that a counterparty cannot conclude a transaction in accordance with the stipulated provisions and conditions due to credit or liquidity difficulties. Delays in the conclusion of these transactions may also occur as a result of disputes relating to contractual

conditions (even those they are brought about maliciously) as these markets do not stipulate any fixed rules and procedures for settling disputes quickly as is the case for the market participants of "exchange-based" markets. These factors may lead to the Fund/Sub-Fund suffering losses in relation to conducting replacement transactions or other losses due to a negative market trend. The counterparty risk, for example, occurs with all swaps and even increases for agreements with longer terms to the extent that incidents may occur at any time which hinder the completion of transactions, especially if the transactions were focused on a single counterparty or a small group of counterparties.

Futures contracts are generally concluded with the broker as a principal and not with an agent. The Fund/Sub-Fund may therefore be exposed to the insolvency risk of the broker.

Margin funds which are deposited with a broker may be pooled with other margin funds with this broker and are therefore subject to an insolvency risk of said broker. Customer accounts may also be subject to what is known as averaging in the event of the broker becoming insolvent resulting in not all money paid being refunded.

### **Options and futures contracts**

Options and futures contracts which are often used to hedge investments are associated with high investment risks. These risks mainly occur as a result of the volatility of investments. The rights which the Fund/Sub-Fund acquires from these futures contracts may lapse or decrease in value because these transactions only ever provide limited rights. The shorter the duration, the greater the risk may be. The risk of loss cannot be determined for liabilities from futures contracts and may also exceed the margins to be paid. The minimal requirements for margin payments result in a significant leveraging effect which is clearly reflected in a profit as well as a loss. Transactions through which it is intended to restrict or even exclude the risks arising through financial futures transactions (closing transactions) may possibly not be conducted or only conducted at a loss-making price.

### **Off-market futures transactions (forward trading)**

Unlike futures contracts, forward contracts are not traded on stock exchanges and are not standardised (these are referred to as OTC (= over the counter) transactions). Instead, banks and traders trade on these markets as principals with each transaction being negotiated separately. Futures and spot transactions are essentially not regulated; there are neither restrictions on the daily price fluctuation nor for speculative positions. The principals conducting futures transactions are not obligated to continue receiving buy and sell orders in relation to currencies or goods which they trade with and there may temporarily only be minimal liquidity on these markets with these periods potentially lasting a long time. It has already been the case that the participants in these markets have not been able to submit any price quotations for certain currencies or goods or price quotations with an unusually large margin between the price at which they were ready to buy and the price at which they were ready to sell. There may be disruptions to all markets in which the Fund/Sub-Fund has invested as a result of an unusually large trading volume, political interventions or other factors. The Fund/Sub-Fund may therefore suffer significant losses due to market liquidity or disruptions.

### **Swaps**

If the contracting partner of a swap does not meet its contractual obligations at all, only in part or with a delay, the Fund/Sub-Fund will experience losses. The Fund/Sub-Fund may also suffer losses through changes to the asset underlying the swap if the expectations of the market development are not met. There are exchange rate risks with swaps which convert into foreign currencies. The required conclusion of an offsetting transaction (closing) is associated with costs.

Swaps are transactions which are not approved for trading on a stock exchange or in an organised market. The sale of swaps to third parties and the closing transaction may therefore be difficult or associated with significant costs.

### **Counterparty risk including credit and receivable risk**

The following risks may have a negative impact on the performance of the Fund/Sub-Fund and may therefore also have a detrimental effect on the unit value. Counterparty risk is the risk of loss for an investment fund which results from the fact that the counterparty of a transaction may not be able to meet its obligations when settling payment obligations. If the investor sells units in an investment fund at a time when a counterparty or a CCP has defaulted and there has been a negative impact on the value of the Fund/Sub-Fund, the investor will not or not completely be able to get back the money it has invested in the Fund/Sub-Fund. The investor may therefore lose part [or even all] of the capital it has invested in the Fund/Sub-Fund.

### **Counterparty default risk / Counterparty risks (except CCP)**

In general, there is less regulation and supervision of transactions in the OTC markets (in which forward and option contracts, credit default swaps, total return swaps and certain options on currencies and other financial derivative instruments are generally traded) than of transactions entered into on organized stock exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, may not be available in connection with OTC transactions. Therefore, a Sub-Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Sub-Fund will sustain losses. The Sub-Fund will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. In addition, as the OTC market may be illiquid, it might not be possible to execute a transaction or liquidate a position at the price it may be valued in the Sub-Fund.

The Company may suffer losses through an issuer or counterparty defaulting. The issuer risk describes the effect of specific developments of the issuer which aside from the general trends of the capital markets also have an impact on the price of a security. Even if securities are chosen carefully, losses through the financial collapse of issuers cannot be ruled out. The party of an agreement concluded for the account of the Fund/Sub-Fund may default in whole or in part (counterparty risk). This applies to all agreements including securities financing transactions which are concluded for the account of an Fund/Sub-Fund.

The Company will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

### **CCP risks**

A CCP enters into certain transactions for an Fund/Sub-Fund as an intermediary institution, especially into transactions with derivative financial instruments. In this case, it acts as the buyer in relation to the seller and as the seller in relation to the buyer. A CCP hedges its counterparty default risks through a series of protective mechanisms which enables it to offset losses from the transactions entered into at any time, for example through margin payments (e.g. collateralisation). Despite these protective mechanisms, the possibility of a CCP defaulting cannot be ruled out and this may also result in the claims of the Company for the Fund/Sub-Fund being affected. This may lead to losses for the Fund/Sub-Fund which are not hedged.

### **Credit Default Swaps**

Credit Default Swaps (CDS) normally serve to protect from creditworthiness risks, which arise for an investor or a fund from the purchase of bonds and from lending. These are agreements between two parties, whereby the secured party makes premium payments to the security

provider over the term of the cover so that he will be compensated for losses in the future (credit default payment), if the creditworthiness of the issuer should deteriorate or the issuer fails (credit event). The counterparties are first class financial institutions, which are specialised in such transactions.

### **Risks in investing in Emerging and Frontier Markets**

The political and economic situation in countries with emerging and frontier markets can be subject to significant and rapid changes. Such countries may be less stable politically and economically in comparison to more developed countries and be subject to a considerable risk of price fluctuations. This instability is caused among other things by authoritarian governments, military involvement in political and economic decision making, hostile relations with neighbouring states, ethnic and religious problems and racial conflicts, etc. These, as well as unexpected political and social developments, can have an effect on the value of the investments of the Fund/Sub-Fund in these countries and also affect the availability of the investments. Moreover the payment of earnings from the redemption of Shares of the Fund/Sub-Fund investing in the emerging and frontier market can be delayed in some circumstances. Due to the fact that the security markets are very inexperienced in some of these countries and that the number of the tradable volumes can possibly be limited, there may be increased illiquidity of the Fund/Sub-Fund as well as an increased amount of administration that must be carried out before the acquisition of an investment.

Investments issued by companies domiciled in countries with emerging and frontier markets can be affected by the fiscal policy. At the same time it must be noted that no provision is made to safeguard existing standards. This means that fiscal provisions especially can be changed at any time and without prior notice, and in particular retroactively. Such revisions can have negative effects for the investors in certain circumstances.

Furthermore, the regulation of stock exchanges, financial institutions and issuers as well as government prudential supervision may be less reliable than in industrial nations. Under certain conditions, the processing and settlement conditions in emerging markets may not be very well organised. Due to this, there is a risk that transactions could be delayed and the sub-funds liquid funds or securities jeopardised. The sub-fund and its shareholders bear these and similar risks associated with these markets.

#### Emerging Markets – Custody risk

The Sub-Funds may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the relevant Sub-Fund which are traded in such markets and which have been entrusted to correspondents, in circumstances where the use of such correspondents is necessary, may be exposed to risk in circumstances whereby the Depositary will have no liability.

#### Emerging Markets – Liquidity risk

The Sub-Fund(s) may invest in financial assets on markets which are less liquid and more volatile than the world's leading stock markets and this may result in greater fluctuations in the price of Shares of the Sub-Fund. There can be no assurance that there will be any market for an asset acquired in an emerging market and such lack of liquidity may adversely effect the value or ease of disposal of such Investments.

### **Risks associated with Real Estate Investment Trusts (REITs)**

Investments in REITs, REIT-like securities or listed real estate shares may be associated with very high fluctuations in value.

Real Estate Investment Trusts (REITs), companies that qualify as REITs and other listed real estate companies are publicly traded investment vehicles organized, in particular, under foreign law in the legal form of a trust, as a corporation or in a comparable manner on the basis of the investment policy described in this Sales Prospectus, in which investment funds are pooled and invested primarily in commercial real estate.

These entities may invest in a broad range of real estate or specialize in a particular type of real estate, such as office, commercial, shopping centers, hotels, apartments, public buildings, etc. When acquiring REITs, REIT-like companies and shares in real estate companies, risks arising from the corporate form, risks in connection with the possible default of shareholders and risks of changes in the tax and corporate law framework must be taken into account. This applies in particular if the issuers of the securities in which investments are made are domiciled abroad. Furthermore, it must be taken into account that in the case of the acquisition of shares in real estate companies, these may be encumbered with obligations and risks that are difficult to identify.

Finally, in the event of the intended sale of the securities, there may be a lack of sufficient liquidity on the respective stock exchange despite the stock exchange listing. The value of real estate may fluctuate as a result of, for example, general or local economic conditions, excessive construction activity and increased competition, rising property taxes and operating costs, changes in building codes, losses due to property damage or expropriation, governmental rent control, changes in the value of a residential area, changes in the perception of the attractiveness of real estate from the tenants' perspective and rising interest rates. In addition to changes in the value of the underlying real estate, the value of REITs and other companies may also be adversely affected by the failure of borrowers or tenants to meet their payment obligations.

### **Compliance with data protection and privacy laws**

The General Data Protection Regulation (GDPR) came into effect on May 25, 2018, replacing data protection laws in the European Union previously in effect. The GDPR seeks to harmonize national data protection laws across the European Union while, at the same time, modernizing the law to address new technological developments. The GDPR is automatically binding on entities processing personal data (data controllers or processors) in all member states of the European Union, without the need for national implementation. The GDPR notably has a greater extra-territorial reach and will have a significant impact on controllers and processors having an establishment in the European Union, which offer goods or services to data subjects in the European Union, or which monitor data subjects' behaviour within the European Union. The new regime imposes more stringent operational requirements on both data controllers and processors, and introduces significant penalties for non-compliance with fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach.

Further legislative evolution in the field of privacy is expected. The current ePrivacy Directive will also be repealed by the European Commission's Regulation on Privacy and Electronic Communications (the "ePrivacy Regulation"), which aims to reinforce trust and security in the digital single market by updating the legal framework. The ePrivacy Regulation is in the process of being negotiated and is due to come into force in the near future.

Compliance with current and future privacy, data protection and information security laws could significantly impact ongoing and planned privacy and information security related practices. This includes the collection, use, sharing, retention and safeguarding of personal data and some of the current and planned business activities of the Fund. A failure to comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect the operating results and overall business, as well as have an impact on reputation.

### **Inclusion of sustainability risks in the investment process**

As part of the investment process, the relevant financial risks are included in the investment decision and assessed on an ongoing basis. In doing so, relevant sustainability risks within the meaning of Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019, on sustainability-related disclosure requirements in the financial services

sector ("Disclosure Regulation"), which may have a material negative impact on the return on an investment, are also taken into account.

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 investment. Sustainability risks can therefore lead to a significant decline in the financial profile, liquidity, profitability or reputation of the underlying investment. If sustainability risks are not already taken into account in the valuation process of the investments, they can have a material negative impact on the expected / estimated market price and / or the liquidity of the investment and thus on the return of the (Sub-)Fund. Sustainability risks can have a significant impact on all known risk types and can contribute as a factor to the materiality of these risk types.

As part of the selection of assets for the investment (Sub-)Fund, the influence of the risk indicators, including sustainability risks, are assessed in addition to the investment objectives and strategies.

The assessment of risk quantification includes aspects of sustainability risks and relates them to other factors (in particular price and expected return) in the investment decision.

In general, risks (including sustainability risks) are already taken into account in the investment evaluation process (price indication) based on the potential material impact of risks on the return of the investment assets. Nevertheless, depending on the asset and due to external factors, negative effects on the return of the investment (Sub-)Fund may be realized.

This (Sub-)Fund is not classified as a product promoting environmental or social characteristics within the meaning of the Disclosure Regulation (Article 8), nor as a product with sustainable investment as its objective (Article 9).

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Explanations of any adverse sustainability impacts pursuant to Article 7(1) of the Disclosure Regulation will be included in this Prospectus and in the (Sub-)Fund's annual reports from 30 December 2022.

### **Risks in investing in Small Cap Companies**

The stock prices of small cap companies have the potential to be more volatile than larger, better known companies. Reasons therefore are a lower degree of liquidity, a greater sensitivity to changes in economic conditions and interest rates, as well as uncertainty over future growth aspects. In addition, small cap companies may be unable to generate new funds for growth and development or may be developing products in new and uncertain markets.

### **d) Potential conflicts of interest**

The Management Company shall maintain adequate and effective organisational and administrative arrangements to take all reasonable steps to identify, prevent, settle and monitor conflicts of interest so as to prevent them from adversely affecting the interests of the Company / the Fund and its shareholders / their Unitholders.

The Management Company, its employees, agents and/or affiliates may act as directors, investment advisors, fund managers, central administration, registrar and transfer agent or otherwise as service providers for the fund or sub-fund. The function of depositary or sub-custodian entrusted with custody functions may also be performed by an affiliated company of the Management Company. The management company is aware that conflicts of interest may arise

due to the various activities it carries out itself in relation to the management of the fund or subfund. In accordance with the Law of 17 December 2010 and the applicable management regulations of the CSSF, the Management Company has sufficient and appropriate structures and control mechanisms, in particular it acts in the best interests of the funds or sub-funds and ensures that conflicts of interest are avoided. Any conflicts of interest arising from the delegation of tasks are described in the "Policy on the management of conflicts of interest" published on the Management Company's website [www.universal-investment.com](http://www.universal-investment.com). Insofar as the interests of investors are affected by the occurrence of a conflict of interest, the Management Company will disclose the nature or sources of the existing conflict of interest on its website. If tasks are outsourced to third parties, the Management Company shall ensure that the third parties have taken the necessary measures to comply with all requirements for the organisation and avoidance of conflicts of interest as laid down in the applicable Luxembourg laws and regulations and shall monitor compliance with these requirements.

### **e) Risk management procedure**

The Management Company has issued a risk management procedure describing all of the framework conditions, processes, measures, activities and structures that are relevant to the efficient and effective implementation and improvement of the risk management and risk reporting system. Pursuant to the 2010 Law and applicable regulatory circulars issued by the CSSF, the Management Company regularly sends a report to the CSSF about the risk management procedure that is applied. The regulatory circulars issued by the CSSF describe the code of conduct that undertakings for collective investment in transferable securities have to comply with as regards the application of a risk management procedure and the use of derivative financial instruments. In the regulatory circular of the CSSF, funds which are subject to Part 1 of the 2010 Law are referred to supplementary information on the use of a risk management procedure as defined in Article 42 (1) of the 2010 Law and on the use of derivative financial instruments as defined in Article 41 (1) g of that law.

The risk management policies mentioned in the regulatory circular must enable, among other things, the measurement of the market risk (including the overall risk), which could be significant for the fund in view of its investment objectives and strategies, the management style and methods used for the management of the fund and the valuation processes and which could therefore have a direct impact on the interests of the unitholders of the fund being managed.

To this end, the Management Company employs the following methods provided for in accordance with the legal requirements:

#### *Commitment approach:*

In the "Commitment Approach", the positions from derivative financial instruments are converted into their equivalent positions in the underlying assets using the delta approach (in the case of options). Netting and hedging effects between derivative financial instruments and their underlying assets are taken into account in the process. The total of these equivalent positions in the underlying assets may not exceed the total net value of the fund's portfolio.

#### *VaR Approach:*

The Value-at-Risk (VaR) ratio is a mathematical and statistical concept, which is used as a standard measure of risk in the financial sector. The VaR indicates which loss level will not be exceeded within a given time period (called the holding period) and at a given probability level (called the confidence level).

#### *Relative VaR Approach:*

In the relative VaR approach, the VaR (confidence level 99%, 1 day holding period, 1 year observation period) of the fund may not exceed the VaR of a reference portfolio by more than a



given ratio (called VaR limit level) in relation to the market risk potential of derivative-free reference assets. With this approach, the reference portfolio is strictly a representation of the fund's investment policy.

**Absolute VaR Approach:**

In the absolute VaR approach, the VaR (99% confidence level, 1 day holding period, 1 year observation period) of the fund may not exceed a given ratio of the fund's assets.

**Leverage:**

The use of derivatives can have a positive or negative major impact on the value of the fund's assets which could be higher compared to the direct investment into the asset. Due to these circumstances the investment into derivatives is connected to special risks.

Please note the leverage effect can turn out to be higher as the legal market risk limit from the VaR determination, since its calculation is based on the total nominal values of the derivatives (Sum of Notional) held by the fund. Any possible reinvestment effects arising from securities are also taken into account. The actual leverage, on the other hand, is subject to fluctuations on the security markets over the course of time and can therefore also turn out to be higher as expected as a result of exceptional market conditions.

As a result of the sum of notional calculation rules this, the leverage can be significant (in certain cases) and may not necessarily represent the exact leverage risk that the investor sees himself as facing. The expected leverage is therefore not a target value, but an expected value that may, as an average estimate, consist of lower and higher leverages. Consequently, the leverage is not an investment restriction and no compensation can be claimed in events of disregard.

Specific Information and the description of the Risk Management Procedure for each Sub-Fund will be described in the description of the Appendix relating to the relevant Sub-Fund.

**f) Repayment of collected management fees to certain investors and commission sharing agreements**

At its sole discretion, the Management Company may agree with individual investors to repay to these investors part of the management fee which it has collected from them. This applies especially if institutional investors invest large amounts directly and on a long-term basis.

The Management Company generally passes on portions of its management fee to intermediaries. This is done as remuneration for sales services on the basis of brokered stocks. This may also involve significant portions. The Management Company does not receive any refunds from the remuneration and reimbursement of expenses that is to be paid from the Fund's assets to the Depositary and third parties. Non-cash benefits which are offered by brokers and dealers and used by the Management Company in the interests of investors remain unaffected. The Management Company may enter into agreements with selected brokers pertaining to the provision of research or analysis services for the Management Company, under which the respective broker transfers to third parties, either immediately or subsequently, portions of the payments it receives pursuant to the relevant agreement from the Management Company for the purchase or sale of assets to brokers. The Management Company will use these broker services for the purposes of managing the investment fund ("commission sharing agreement").

## **g) Issue, redemption and exchange of units**

Any natural person or legal entity may acquire units through purchase and payment of the subscription price subject to Article 7 of the Management Regulations.

Units are purchased, sold and exchanged on the basis of this Prospectus and the Management Regulations, each in the latest applicable version, as well as the Key Investor Information document and should be possible on each valuation day which are shown in the annex entitled "Overview of the sub-funds".

The Management Company is empowered to issue new fund units on a continuous basis. It does, however, reserve the right to stop issuing fund units, either on a temporary or permanent basis. Payments that have already been made shall be refunded immediately in such event. If the Management Company resumes issuing units, the Management Company shall notify unitholders by means of publication on their website [www.universal-investment.com](http://www.universal-investment.com).

The Management Company may at any time and at its own discretion issue free of charge further units to the unitholder by the Depositary at the purpose of an units split. The units split will take place for all units with the same rate.

Applications for the purchase or the redemption of registered units may be submitted to Transfer Agent and Registrar in units or amount.

Applications which are received by 4 p.m. (CET) on a valuation day shall be settled on the basis of the issue and redemption price for this valuation day. Orders received after 4 p.m. (CET) shall be settled on the basis of the issue and redemption price for the next following valuation day.

The subscription price is the net asset value per unit calculated in accordance with Article 5 of the Management Regulations on the corresponding valuation day plus, where applicable, a sales commission and/or a front-end load in accordance with the annex "Overview of the sub-funds". The subscription price is due, in accordance with the annex "Overview of the sub-funds" or the Sales Prospectus, within the stated number of bank working days following the corresponding valuation day. The issue price is settled in the Fund currency or, in the case of multiple unit classes, in the unit class currency. If the laws in a given country prescribe lower sales commission, the bank involved in that country shall sell units at a lower sales commission, which must not fall below the maximum sales commission permissible. The subscription price increases to include payments or other charges incurred in various countries in which units are sold. If distributions pursuant to Article 12 of the Management Regulations are immediately reinvested in units, a reinvestment discount set by the Management Company may be granted.

The units are issued by the Transfer Agent and Registrar on behalf of the Management Company immediately after receipt of the issue price by the Transfer Agent and Registrar. The Management Company may issue fractions of up to 0.001 of a unit. Unitholders are informed that units held by Clearstream or Euroclear are registered in the name of the respective Depositary (Clearstream or Euroclear). Please note that Clearstream offers the option of issuing fractions of units, whereas Euroclear does not.

There will be no right to the delivery of physical certificates.

The redemption price is the net asset value per unit calculated in accordance with Article 5 of the Management Regulations less, where applicable, a redemption fee charged in favour of the Fund in accordance with the annex "Overview of the sub-funds". The redemption fee is applied

uniformly to all unit redemptions. Payment of the redemption price is made in accordance with the "Overview of the sub-funds" Annex or the Sales Prospectus within the number of banking days following the corresponding valuation day. The redemption price is settled in the Fund currency or, in the case of multiple unit classes, in the relevant unit class currency. In the case of returning registered units, payment is made to the reference account specified by the unitholder.

In compliance with Circular 04/146 of CSSF, the Management Company prohibits all practices associated with market timing/late trading. The Management Company is entitled to reject applications for subscription and/or exchange from an investor if it suspects that the investor is applying such practices. In this case, the Management Company reserves the right to take all necessary measures in order to protect the remaining unitholders.

Information on the issue and the redemption prices is available from the registered offices of the Management Company, Depositary and Paying Agents of the Fund, and is published in accordance with the legal provisions of each country in which the units are authorised for public distribution, as well as on the Management Company's website ([www.universal-investment.com](http://www.universal-investment.com)).

Furthermore, the Management Company or any delegate is responsible to register the ultimate beneficial owners of the Company with the Luxembourg beneficial owner register in accordance with the provisions of the Luxembourg law of 13 January 2019 on the register of beneficial owners (registre des bénéficiaires effectifs) ("RBE Register Law"). As a consequence certain beneficial owners fulfilling the conditions of such RBE Register Law will appear in such register, which is also available to the public. The Management Company or its delegate respectively will contact concerned beneficial owners before their registration is carried out.

## **h) Annual and semi-annual reports**

After the close of each accounting year, the Management Company shall prepare an audited annual report for the Fund. This annual report shall provide information on the Fund's assets, its management and financial results. After the close of the first half of the accounting year, the Management Company shall prepare a semi-annual report for the Fund, which shall provide information on the fund assets and its administration during the corresponding half year. These reports are available free of charge to unitholders from the registered office of the Management Company, Depositary and any Paying Agent.

## **i) Use of income**

The net income of the Fund resulting from dividends, interest and capital gains, as well as proceeds from the sale of subscription rights and other non-recurring income can be capitalised and reinvested in the Fund or distributed to the unitholders. The Management Company will make a decision on this. Information about the use of income of the unit classes decided on by the Management Company can be found in the tabular overview entitled "Overview of the sub-funds".

It is also at the Management Company's discretion whether to distribute capital gains, as well as proceeds from the sale of subscription rights and other income for the Fund in whole or in part. The associated income equalisation is taken into account.

An income distribution may not exceed the minimum volume of a Fund as prescribed pursuant to the Law of 2010.

## **j) Taxation of fund assets and income**

No tax shall be payable by the Fund with the exception of the subscription tax (taxe d'abonnement) referred to in Articles 174 to 176 of the 2010 Law. Though the Fund is exempt from income tax and from trade tax in Luxembourg, income and gains received by the Fund may be subject to a non-recoverable withholding tax or other tax in the respective state of source. Neither the Management Company nor the Depositary will obtain individual or collective receipts for such taxes.

According to article 174 of the 2010 Law, the Fund is subject to a subscription tax i) at a standard rate of 0.05% or ii) at a reduced rate of 0.01% in case of sub-funds or unit classes which are exclusively reserved for "institutional investors". The subscription tax is payable pro rata quarterly; its taxable basis in general shall be the aggregate net assets of the Company valued on the last day of each quarter.

The amounts distributed by the Fund shall not be subject to a Luxembourg withholding tax. They are not taxable in Luxembourg if received by non-residents.

Purchasers of fund units are recommended to obtain advice on the laws and regulations (e.g. those concerning the tax system and foreign exchange controls) applicable to the subscription for, purchase, possession and sale of units as well as the receipt of income in their place of origin, permanent or temporary residence.

## **k) Data protection**

Data protection

Certain personal data of investors (especially the name, address and investment amount of each investor) can be collected and/or processed and used by the Fund.

The Fund is committed to maintaining the privacy and integrity of all personal data processed in relation to the Fund. The Fund shall process personal data in compliance with the applicable data protection laws, including, but not limited to, Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "GDPR").

The unitholder/shareholder acknowledges having read and understood the Privacy Notice available at <https://www.universal-investment.com/en/privacy-notice-investors-ubos>. This Privacy Notice may be amended from time to time and shall be maintained at all times via the aforementioned link.

## **l) Anti-money laundering**

In accordance with the Luxembourg Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended, the Luxembourg Law of 13 February 2018 for the (partial) implementation of the European Directive 2015/849 of 20 May 2015 on the prevention of money laundering, the Grand-Ducal Regulation of 1 February 2010, CSSF Regulation 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing, and the relevant CSSF circulars and regulations, professionals of the financial sector, as defined under Art. 2 of the Law of 2004, are subject to certain anti-money laundering and counter-terrorist financing obligations in order to prevent the use of undertakings for collective investment for money laundering purposes. This includes, inter alia, the obligation to identify and legitimise investors and investment funds. **The depository institutions of the investors are obliged to identify and legitimize themselves.**

The Management Company or the Registrar and Transfer Agent of the Fund implements these identification proceedings and, if necessary, carries out a detailed verification in accordance with these requirements.

Investors must attach their identification documents as required by law to the subscription documents. These documents vary depending on the type or corporate form of the investor. **The depository institutions of the investors are obliged to identify and legitimize themselves.**

The Fund and the Registrar and Transfer Agent reserve the right to request (additional) relevant information which is required to verify the identity of an applicant. If there is a delay or if the applicant fails to deliver the information required for verification purposes, the Management Company or the Registrar and Transfer Agent may refuse the application and will not be liable for any interest, costs or compensation.

The Management Company reserves the right to refuse an application in full or in part for any reason. The monies paid as part of an application or corresponding balances are in this case immediately returned to the applicant either into the account he/she has specified or by post at the applicant's own risk, provided that the identity of the applicant can be reliably established in accordance with the Luxembourg money laundering requirements. The Fund or the Management Company is in this case not liable for any interest, costs or compensation.

The collection of data pursuant to the subscription process shall be for the sole purpose of complying with the requirements on the prevention of money laundering. All documents retained for this purpose will be held for five years after termination of the business relationship.

In the course of the Fund's investment and divestment activities, in accordance with and as required by applicable law, the Management Company, will exercise due diligence with respect to the assets of the Fund. Similarly, the Management Company will apply enhanced due diligence obligations in accordance with Article 3 of CSSF Regulation 12.02 where units are subscribed through an intermediary acting for the account of its clients. This is done for the purpose of fulfilling all KYC obligations and duties to combat money laundering and terrorist financing in accordance with the applicable provisions of the AML/CTF Act, in order to comply with the laws and regulations applicable to the Management Company and to the Fund.

## **m) Governing law**

The Fund is subject to the laws of the Grand Duchy of Luxembourg. The same applies to the legal relationship between the unitholders and the Management Company.

## **n) Investor information**

Investors may submit complaints free of charge. Complaints may be sent by post or e-mail to the Management Company. Investors may find information on the processing of complaints on the website of the Management Company free of charge: [www.universal-investment.com](http://www.universal-investment.com).

Information on contributions that the Management Company receives from third parties or pays to third parties, as well as the method for calculating these contributions, may be found free of charge on [www.universal-investment.com](http://www.universal-investment.com). Upon request of the investor, further details on contributions may be given.

Investors may find a brief description of the strategies regarding the use of voting rights by the Management Company free of charge on the website [www.universal-investment.com](http://www.universal-investment.com). In addition, the Best Execution Principles may also be found on the website [www.universal-investment.com](http://www.universal-investment.com).

In cases where disputed claims are asserted for the Fund in or out of court, the Management Company may charge a fee of up to 5% of the amounts collected for the Fund, after deducting and offsetting the expenses incurred by the Fund as a result of these proceedings.

The Management Company shall inform investors of the fact that an investor may only assert investor rights in their entirety directly against the UCITS if the investor has been entered into the register of unitholders of the UCITS in its own name. In cases where an investor invested in the a UCI(TS) via an intermediary agent, which makes the investment in its own name but under assignment from the investor, all investor rights cannot necessarily be asserted by the investor directly against the UCI(TS). Investors are advised to be aware of their rights.

## Annex – Overview of the sub-funds

### Qtron Global Equity

<b>Sub-fund name</b>	Qtron Global Equity
<b>Currency of the fund</b>	EUR
<b>Investment objectives</b>	<p>The sub-fund seeks long-term capital appreciation by investing primarily in a diversified portfolio of shares or similar instruments relating to companies anywhere in the world, including emerging markets.</p> <p><b>No assurance can be given that the objectives of the investment policy will be achieved.</b></p>
<b>Investment strategy</b>	<p>The sub-fund primarily invests in global equities utilizing a systematic investment process<sup>1</sup> that encompasses fundamentally-derived quantitative alpha signals. The investment team employs a multi-factor model based on proprietary Fundamental Boosting approach that seeks to forecast security returns. The quantitative investment process is an automated process with a portfolio manager's oversight.</p> <p>Investments in equity and equity related securities may include common stock, preferred stock, depositary receipts, warrants and other rights to acquire stock, UCITS eligible ETFs that invest primarily in equity securities and other similar securities. The sub-fund may also invest in non-equity related securities and other funds for the purpose of cash management. The sub-fund may also use financial derivative instruments as part of its investment policy or for hedging purposes. These may include, but are not limited to, foreign currency forward contracts, futures and option contracts (on equity securities and markets).</p> <p>The tracking error relative to the Benchmark <i>MSCI World Index (Total Return Net) in EUR</i> can be low due to macroeconomic factors or when correlations among stocks, industries and countries are high.</p> <p>The sub-fund is actively managed.</p>
<b>Investment principles</b>	<p>The sub-fund invests at least 80% of its total assets in a broad range of equities and securities with equity character issued by companies of any size in developed market and emerging market countries.</p> <p>The sub-fund may not invest more than 10% of its net assets in shares or units of other UCITS or UCI as mentioned in Article 41 (1) e) of the UCI law.</p> <p>At most 10% of the value of the UCITS could be invested into closed-ended Real Estate Investment Trusts (REIT) provided they qualify as eligible security.</p> <p>Financial Derivative Instruments (FDI) could be used for investment and hedging purposes.</p> <p>Note: Among possible techniques for efficient portfolio management, the sub-fund currently only uses derivative transactions, which can be entered into in any form. Securities financing transactions and total return swaps in accordance with Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and re-use and amending Regulation (EU) No 648/2012 are not currently used for the sub-fund. If the Management Company intends to use other techniques for efficient portfolio management or securities financing transactions for the sub-fund, this Prospectus shall be amended accordingly. No direct and indirect investments are made in asset backed securities (ABS) and mortgage backed securities (MBS).</p> <p>Additionally for tax purposes:</p>

<sup>1</sup> Qtron Investments LLC's systematic investment process seeks to maximize portfolio alpha at a given level of risk in order to accomplish Qtron's aim to deliver consistent risk-adjusted excess returns. Trades are based on proprietary alpha forecasts and risk forecasts including liquidity estimations which are calculated daily and systematically generated by Qtron's proprietary models and optimizer.

	<p>The sub-fund continuously invests more than 50% of its “total assets” (Aktivvermögen) directly or indirectly via other investment funds within the meaning of section 1(2) of the German Investment Tax Act (GITA) in equity participations (Equity fund – equity participation ratio). Equity participations (Kapitalbeteiligungen) in this meaning are:</p> <ul style="list-style-type: none"> <li>- Units in corporations which are admitted to official trading on a stock exchange or admitted to or included in another organised market and which are not shares in investment funds. For these purposes, an organised market is a market which is recognised, open to the public and operating regularly and which therefore meets the requirements of Article 50 of the UCITS Directive (Directive 2009/65/EC).;</li> <li>- Units in other investment funds which according to their investment conditions provide for a continuous minimum investment of 25% or a higher percentage in equity participations within the meaning of section 2(8) of the InvStG, in the amount of the percentage specified for this minimum investment.</li> </ul> <p>The “total assets” (Aktivvermögen) as defined in section 2(9a) GITA is determined by the value of the assets of the investment fund within the meaning of section 1(2) GITA without taking into account its liabilities. In the case of indirect investment in equity participations via other investment funds, the sub-fund shall base its compliance with its equity fund – equity participation quota on the actual equity participation quotas published by these investment funds on each valuation date. An indirect investment in equity participations via other investment funds requires that these investment funds carry out a valuation at least once a week.</p>
<b>Benchmark</b>	While reference is made to an index, the Fund does not use a benchmark within the meaning of the Benchmark Regulation (Regulation (EU) 2016/1011).
<b>Investor profile</b>	The sub-fund is designed for investors who are able to assess the risks and the value of the investment. The investor must be prepared and able to deal with significant value fluctuations to the units and if necessary a considerable capital loss. This Fund is potentially not suitable for investors who want to withdraw their money from the Fund again within a period of less than 5 years.
<b>Issue of the units</b>	The units are only issued as registered units
<b>Management Company</b>	Universal-Investment-Luxembourg S.A., Luxembourg
<b>Depository</b>	CACEIS Bank, Luxembourg Branch
<b>Transfer and Registrar</b>	CACEIS Bank, Luxembourg Branch
<b>Paying Agent in Luxembourg</b>	CACEIS Bank, Luxembourg Branch
<b>Portfolio manager</b>	Qtron Investments LLC
<b>Valuation day pursuant to Article 5 of the Management Regulations</b>	Whole banking days which are trading days in Luxembourg, Frankfurt am Main and New York with the exception of 24 and 31 December of every year.
<b>Cut-off time for subscriptions, redemptions and exchange of units</b>	4 p.m. CET
<b>Payment of the issue and redemption price</b>	Two banking days after the relevant valuation day.
<b>Accounting year</b>	1 January to 31 December



<b>First accounting year</b>	Launch date to 31 December 2019
<b>Fund term</b>	Indefinite
<b>Publication in RESA and deposit with the Register of Trade and Companies</b>	Notice of the deposit of the Management Regulations initially published on 31.01.2022.
<b>WKN</b>	A2JPB8
<b>ISIN code</b>	LU1845234696
<b>Initial issue price (excluding front-end load)</b>	EUR 100
<b>Minimum initial investment</b>	EUR 1,000,000
<b>Minimum subsequent investment</b>	none
<b>Share Classe Hedging</b>	N/A
<b>Savings Plan</b>	none
<b>Current front-end load applicable</b>	none
<b>Current redemption fee</b>	none
<b>Launch date/activation date and place of launch</b>	19 July 2019 in the Grand Duchy of Luxembourg
<b>Use of earnings</b>	accumulating
<b>Management fee</b>	Up to 0.74% p.a.
<b>Portfolio manager fee</b>	Is included in the Management Fee.
<b>Custody, Depositary and Unitholder Services fees</b>	Up to 0.01% p.a. of the net asset value of the Fund plus safekeeping fee and transaction fee. In addition, the Depositary will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties. Fees paid to the Depositary may vary depending on the nature of the investments of each Sub-Fund and the countries and/or markets in which the investments are made. Currently subject to Luxembourg VAT.
<b>Registrar and Transfer Agent fees</b>	Up to 2,000 EUR per fund p.a. plus transaction, maintenance and reporting fees. The Transfer Agency will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties. Fees paid to the Transfer Agency may vary depending on the nature of the investor and the countries which the investors are located.
<b>Taxe d'abonnement</b>	0.01% p.a.
<b>Currency risks on redemption or exchange of units</b>	Units are denominated in EUR. There is a currency risk for investors who invest in a different currency.

<b>Risk management procedure</b>	Relative VaR Approach
<b>Derivative free Reference Portfolio</b>	100% MSCI World (EUR) (FactSet: 990100)
<b>Expected Leverage</b>	The average leverage of the Sub-Fund, under normal market conditions, calculated as the "Sum of the Notionals" of the financial derivative instruments used, is expected to be 25% although lower and higher levels are possible.
<b>Countries in which units are offered for sale</b>	Luxembourg, Germany
<b>FATCA classification</b>	<p>According to the current national Luxembourg FATCA legislation, the Fund qualifies as a "Restricted Fund" in accordance with Annex II, Section IV (E) (5) of the IGA Luxembourg-USA. As per definition of the Annex II, Section IV (E) (5) of the IGA Luxembourg-USA, a Restricted Fund is a Non-Reporting Luxembourg Financial Institution and shall be treated as a deemed-compliant Foreign Financial Institution for purposes of section 1471 of the US Internal Revenue Code. Therefore, units of the Fund must not be offered, sold, transferred or delivered to:</p> <ul style="list-style-type: none"> <li>- Specified U.S. Persons within the meaning of Article 1, Section 1 (ff) of the IGA Luxembourg-USA,</li> <li>- Nonparticipating Financial Institutions within the meaning of Article 1, Section 1 (r) of the IGA Luxembourg-USA, and</li> <li>- Passive Non-Financial Foreign Entities (passive NFFEs) with one or more substantial US Owners as defined in the relevant US Treasury Regulations.</li> </ul>
<b>CRS classification</b>	Luxembourg Financial Institution (Investment Entity).
<b>Classification of the Fund under the SFDR</b>	The Fund is classified as article 6 SFDR.

## Qtron Emerging Markets Equity

<b>Sub-fund name</b>	Qtron Emerging Markets Equity
<b>Currency of the fund</b>	EUR
<b>Investment objectives</b>	<p>The sub-fund seeks long-term capital appreciation by investing primarily in a diversified portfolio of shares or similar instruments relating to companies in the emerging markets.</p> <p>The Portfolio may also invest in companies which do not meet this requirement.</p> <p><b>No assurance can be given that the objectives of the investment policy will be achieved.</b></p>
<b>Investment strategy</b>	<p>The sub-fund primarily invests in emerging markets equities utilizing a systematic investment process<sup>2</sup> that encompasses fundamentally-derived quantitative alpha signals. The investment team employs a multi-factor model based on proprietary Fundamental Boosting approach that seeks to forecast security returns. The quantitative investment process is an automated process with a portfolio manager's oversight.</p> <p>Investments in equity and equity related securities may include common stock, preferred stock, depositary receipts, warrants and other rights to acquire stock, UCITS eligible ETFs that invest primarily in equity securities, and other similar securities. The sub-fund may also invest in non-equity related securities and other funds for the purpose of cash management. The sub-fund may also use financial derivative instruments as part of its investment policy or for hedging purposes. These may include, but are not limited to, foreign currency forward contracts, futures and option contracts (on equity securities and markets) and swaps (including equity indices, equity swaps, and total return swaps.).</p> <p>The tracking error relative to the Benchmark <i>MSCI Emerging Markets Index (Total Return Net) in EUR</i> can be low due to macroeconomic factors or when correlations among stocks, industries and countries are high.</p> <p>The sub-fund is actively managed.</p>
<b>Investment principles</b>	<p>The sub-fund invests at least 80% of its total assets in a broad range of equity securities or instruments with equity character issued by companies of any size primarily in emerging market countries, but also may invest in developed market countries as well as in investment funds, which are mainly investing in equities. At least 51% of the NAV in the sub fund will be invested in equities and equity ETF from emerging market countries.</p> <p>The sub-fund may not invest more than 49% of its net assets in shares or units of other UCITS or UCI as mentioned in Article 41 (1) e) of the UCI law.</p> <p>At most 10% of the value of the UCITS could be invested into closed-ended Real Estate Investment Trusts (REIT) provided they qualify as eligible security.</p> <p>Financial Derivative Instruments (FDI) could be used for investment and hedging purposes.</p> <p>The sub-fund will gain exposure to total return swaps up to a maximum of 50%, measured in relation to the sub-fund assets under management.</p> <p>Note: Among possible techniques for efficient portfolio management, the sub-fund currently only uses derivative transactions, which can be entered into in any form. Securities financing transactions in accordance with Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and re-use and amending Regulation (EU) No 648/2012 are not currently used for the sub-fund. If the Management Company intends to use other techniques for efficient portfolio management or securities financing transactions for the sub-fund, this Prospectus shall be amended accordingly.No direct and indirect investments are made in asset backed</p>

<sup>2</sup> Qtron Investments LLC's systematic investment process seeks to maximize portfolio alpha at a given level of risk in order to accomplish Qtron's aim to deliver consistent risk-adjusted excess returns. Trades are based on proprietary alpha forecasts and risk forecasts including liquidity estimations which are calculated daily and systematically generated by Qtron's proprietary models and optimizer.

	<p>securities (ABS) and mortgage backed securities (MBS).</p> <p>Additionally for tax purposes:</p> <p>The sub-fund continuously invests more than 50% of its “total assets” (Aktivvermögen) directly or indirectly via other investment funds within the meaning of section 1(2) of the German Investment Tax Act (GITA) in equity participations (Equity fund – equity participation ratio). Equity participations (Kapitalbeteiligungen) in this meaning are:</p> <ul style="list-style-type: none"> <li>- Units in corporations which are admitted to official trading on a stock exchange or admitted to or included in another organised market and which are not shares in investment funds. For these purposes, an organised market is a market which is recognised, open to the public and operating regularly and which therefore meets the requirements of Article 50 of the UCITS Directive (Directive 2009/65/EC).;</li> <li>- Units in other investment funds which according to their investment conditions provide for a continuous minimum investment of 25% or a higher percentage in equity participations within the meaning of section 2(8) of the InvStG, in the amount of the percentage specified for this minimum investment.</li> </ul> <p>The “total assets” (Aktivvermögen) as defined in section 2(9a) GITA is determined by the value of the assets of the investment fund within the meaning of section 1(2) GITA without taking into account its liabilities. In the case of indirect investment in equity participations via other investment funds, the sub-fund shall base its compliance with its equity fund – equity participation quota on the actual equity participation quotas published by these investment funds on each valuation date. An indirect investment in equity participations via other investment funds requires that these investment funds carry out a valuation at least once a week.</p>
<b>Benchmark</b>	While reference is made to an index, the Fund does not use a benchmark within the meaning of the Benchmark Regulation (Regulation (EU) 2016/1011).
<b>Investor profile</b>	The sub-fund is designed for investors who are able to assess the risks and the value of the investment. The investor must be prepared and able to deal with significant value fluctuations to the units and if necessary a considerable capital loss. This sub-fund is potentially not suitable for investors who want to withdraw their money from the sub-fund again within a period of less than 5 years.
<b>Issue of the units</b>	The units are only issued as registered units
<b>Management Company</b>	Universal-Investment-Luxembourg S.A., Luxembourg
<b>Depositary</b>	CACEIS Bank, Luxembourg Branch
<b>Transfer and Registrar</b>	CACEIS Bank, Luxembourg Branch
<b>Paying Agent in Luxembourg</b>	CACEIS Bank, Luxembourg Branch
<b>Portfolio manager</b>	Qtron Investments LLC
<b>Collateral Manager</b>	Universal-Investment-Gesellschaft mbH
<b>Valuation day pursuant to Article 5 of the Management Regulations</b>	Whole banking days which are trading days in Luxembourg, Frankfurt am Main and New York with the exception of 24 and 31 December of every year.
<b>Cut-off time for subscriptions, redemptions and exchange of units</b>	4 p.m. CET

<b>Payment of the issue and redemption price</b>	Two banking days after the relevant valuation day.
<b>Accounting year</b>	1 January to 31 December
<b>First accounting year</b>	Launch date to 31 December 2019
<b>Fund term</b>	Indefinite
<b>Publication in RESA and deposit with the Register of Trade and Companies</b>	Notice of the deposit of the Management Regulations initially published on 31.01.2022.
<b>WKN</b>	A2JPB9
<b>ISIN code</b>	LU1845234779
<b>Initial issue price (excluding front-end load)</b>	EUR 100
<b>Minimum initial investment</b>	EUR 500,000
<b>Minimum subsequent investment</b>	None
<b>Share Class Hedging</b>	N/A
<b>Savings Plan</b>	none
<b>Current front-end load applicable</b>	none
<b>Current redemption fee</b>	none
<b>Launch date/activation date and place of launch</b>	TBD
<b>Use of earnings</b>	accumulating
<b>Management fee</b>	Up to 1.09% p.a.
<b>Portfolio manager fee</b>	Is included in the Management Fee.
<b>Collateral Management Fee</b>	2,000 EUR p.a. per contractual agreement negotiated and maintained per counterparty plus 1,750 EUR p.a. per active agreement for the operational tasks and implementation of the contractual obligations. Substitution of delivered collaterals where required: EUR 3,000 p.a. fixed per sub-fund to be collateralised + EUR 35 Ticket fee (per VM movement)
<b>Depositary and Unitholder Services fees</b>	Up to 0.01% p.a. of the net asset value of the Fund plus safekeeping fee and transaction fee. In addition, the Depositary will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties. Fees paid to the Depositary may vary depending on the nature of the investments of each Sub-Fund and the countries and/or markets in which the investments are made. Currently subject to Luxembourg VAT.
<b>Registrar and Transfer Agent fees</b>	Up to 2,000 EUR per fund p.a. plus transaction, maintenance and reporting fees. The Transfer Agency will also be entitled to reimbursement of reasonable out-of-pocket

	expenses properly incurred in carrying out its duties. Fees paid to the Transfer Agency may vary depending on the nature of the investor and the countries which the investors are located.
<b>Taxe d'abonnement</b>	0.01% p.a.
<b>Currency risks on redemption or exchange of units</b>	Units are denominated in EUR. There is a currency risk for investors who invest in a different currency.
<b>Risk management procedure</b>	Relative VaR Approach
<b>Derivative free Reference Portfolio</b>	100% MSCI Emerging Markets (EUR) (FactSet: 891800)
<b>Expected Leverage</b>	The average leverage of the Sub-Fund, under normal market conditions, calculated as the "Sum of the Notionals" of the financial derivative instruments used, is expected to be 25% although lower and higher levels are possible.
<b>Countries in which units are offered for sale</b>	Luxembourg, Germany
<b>FATCA classification</b>	<p>According to the current national Luxembourg FATCA legislation, the Fund qualifies as a "Restricted Fund" in accordance with Annex II, Section IV (E) (5) of the IGA Luxembourg-USA. As per definition of the Annex II, Section IV (E) (5) of the IGA Luxembourg-USA, a Restricted Fund is a Non-Reporting Luxembourg Financial Institution and shall be treated as a deemed-compliant Foreign Financial Institution for purposes of section 1471 of the US Internal Revenue Code. Therefore, units of the Fund must not be offered, sold, transferred or delivered to:</p> <ul style="list-style-type: none"> <li>- Specified U.S. Persons within the meaning of Article 1, Section 1 (ff) of the IGA Luxembourg-USA,</li> <li>- Nonparticipating Financial Institutions within the meaning of Article 1, Section 1 (r) of the IGA Luxembourg-USA, and</li> <li>- Passive Non-Financial Foreign Entities (passive NFFEs) with one or more substantial US Owners as defined in the relevant US Treasury Regulations.</li> </ul>
<b>CRS classification</b>	Luxembourg Financial Institution (Investment Entity).
<b>Classification of the Fund under the SFDR</b>	The Fund is classified as article 6 SFDR.

#### Special Features of Total Return Swap Transactions:

- a) The investment policy of the sub-fund will allow the use of total return swaps, the rationale for their use is a more efficient access to emerging equity markets due to operational reasons.
- b) The underlying asset types of the total return swaps could be equities and equity indices in emerging markets countries.
- c) The sub-fund will gain exposure to total return swaps up to a maximum of 50%, measured in relation to the sub-fund assets under management.
- d) The sub-fund will gain exposure to total return swaps in average of 20%, measured in relation to the sub-fund assets under management.

It should be noted, that the percentage figure mentioned d) cannot be considered as investment restriction and no compensation can be claimed in event of disregard. In case of sustainable changes in that the investment strategy with regards to the use and extant of total return swaps as outlined above, the management company will adjust the provided information above as soon as possible.

## **COLLATERAL MANAGER**

The collateral management for transactions with derivatives of the Sub-Fund is outsourced to Universal-Investment-Gesellschaft mbH, Theodor-Heuss-Allee 70, 60486 Frankfurt am Main (the „Collateral Manager“). The Collateral Manager will initiate the exchange of collateral in order to mitigate the risks of transactions with OTC derivatives (“Collateral Management”). Collateral may be provided in for of cash or securities to be exchanged between the acting counterparties.

## Qtron Europe Small Cap Equity

<b>Sub-fund name</b>	Qtron Europe Small Cap Equity
<b>Currency of the fund</b>	EUR
<b>Investment objectives</b>	<p>The sub-fund seeks long-term capital appreciation by investing primarily in a diversified portfolio of shares or similar instruments relating to small cap companies anywhere in the world, including emerging markets.</p> <p>The benchmark index used for the sub-fund is MSCI Europe Small Cap Index (Total Return Net). The benchmark index is determined for the sub-fund by the Management Company and may be changed if necessary. The sub-fund is not an index-tracking fund. The Portfolio Manager may, at its discretion, invest in securities or sectors not included in the benchmark index in order to take advantage of specific investment opportunities.</p> <p><b>No assurance can be given that the objectives of the investment policy will be achieved.</b></p>
<b>Investment strategy</b>	<p>The sub-fund primarily invests in European equities utilizing a systematic investment process<sup>3</sup> that encompasses fundamentally-derived quantitative alpha signals. The investment team employs a multi-factor model based on proprietary Fundamental Boosting approach that seeks to forecast security returns. The quantitative investment process is an automated process with a portfolio manager's oversight.</p> <p>Investments in equity and equity related securities may include common stock, preferred stock, depositary receipts, warrants and other rights to acquire stock, UCITS eligible ETFs that invest primarily in equity securities, and other similar securities. The sub-fund may also invest in non-equity related securities and other funds for the purpose of cash management. The sub-fund may also use financial derivative instruments as part of its investment policy or for hedging purposes including. These may include, but are not limited to, foreign currency forward contracts, futures and option contracts (on equity securities and markets).</p> <p>The tracking error relative to the Benchmark <i>MSCI Europe Small Cap Index (Total Return Net) in EUR</i> can be low due to macroeconomic factors or when correlations among stocks, industries and countries are high.</p> <p>The sub-fund is actively managed.</p>
<b>Investment principles</b>	<p>The sub-fund invests at least 80% of its total assets in a broad range of equity securities or similar instruments issued by small cap companies primarily in developed market countries, but also may invest in emerging market countries. At least 51% of the NAV in the sub fund will be invested in equities issued by small cap companies and equity ETF from Europe. An individual company's market capitalization typically will not exceed 1.3x the market capitalization of the largest security in the applicable benchmark at time of purchase and for subsequent purchases. The sub-fund may not invest more than 10% of its net assets in shares or units of other UCITS or UCI as mentioned in Article 41 (1) e) of the UCI law.</p> <p>At most 20% of the value of the UCITS could be invested into closed-ended Real Estate Investment Trusts (REIT) provided they qualify as eligible security.</p> <p>Financial Derivative Instruments (FDI) could be used for investment and hedging purposes.</p> <p>Note: Among possible techniques for efficient portfolio management, the sub-fund currently only uses derivative transactions, which can be entered into in any form. Securities financing transactions and total return swaps in accordance with Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and re-use and amending Regulation (EU)</p>

<sup>3</sup> Qtron Investments LLC's systematic investment process seeks to maximize portfolio alpha at a given level of risk in order to accomplish Qtron's aim to deliver consistent risk-adjusted excess returns. Trades are based on proprietary alpha forecasts and risk forecasts including liquidity estimations which are calculated daily and systematically generated by Qtron's proprietary models and optimizer.



	<p>No 648/2012 are not currently used for the sub-fund. If the Management Company intends to use other techniques for efficient portfolio management or securities financing transactions for the sub-fund, this Prospectus shall be amended accordingly. No direct and indirect investments are made in asset backed securities (ABS) and mortgage backed securities (MBS).</p> <p>Additionally for tax purposes:</p> <p>The sub-fund continuously invests more than 50% of its “total assets” (Aktivvermögen) directly or indirectly via other investment funds within the meaning of section 1(2) of the German Investment Tax Act (GITA) in equity participations (Equity fund – equity participation ratio). Equity participations (Kapitalbeteiligungen) in this meaning are:</p> <ul style="list-style-type: none"> <li>- Units in corporations which are admitted to official trading on a stock exchange or admitted to or included in another organised market and which are not shares in investment funds. For these purposes, an organised market is a market which is recognised, open to the public and operating regularly and which therefore meets the requirements of Article 50 of the UCITS Directive (Directive 2009/65/EC).;</li> <li>- Units in other investment funds which according to their investment conditions provide for a continuous minimum investment of 25% or a higher percentage in equity participations within the meaning of section 2(8) of the InvStG, in the amount of the percentage specified for this minimum investment.</li> </ul> <p>The “total assets” (Aktivvermögen) as defined in section 2(9a) GITA is determined by the value of the assets of the investment fund within the meaning of section 1(2) GITA without taking into account its liabilities. In the case of indirect investment in equity participations via other investment funds, the sub-fund shall base its compliance with its equity fund – equity participation quota on the actual equity participation quotas published by these investment funds on each valuation date. An indirect investment in equity participations via other investment funds requires that these investment funds carry out a valuation at least once a week.</p>
<b>Benchmark</b>	<p>The Fund tracks its performance by reference to a benchmark and therefore falls within the scope of the Benchmark Regulation (Regulation (EU) 2016/1011). The benchmark, MSCI Europe Small Cap Index (Total Return Net), is administered by MSCI Limited, (“the Administrator”).</p> <p>The Administrator is registered with the European Securities and Markets Authority (ESMA) in a public register of administrators and benchmarks.</p> <p>The Company has established robust written plans setting out the actions it would take in the event that the benchmark materially changes or ceases to be provided. A copy of the contingency plan is available free of charge at the registered office of Universal-Investment-Luxembourg S.A.</p>
<b>Investor profile</b>	<p>The Fund is designed for investors who are able to assess the risks and the value of the investment. The investor must be prepared and able to deal with significant value fluctuations to the units and if necessary a considerable capital loss. This Fund is potentially not suitable for investors who want to withdraw their money from the Fund again within a period of less than 5 years.</p>
<b>Issue of the units</b>	The units are only issued as registered units
<b>Management Company</b>	Universal-Investment-Luxembourg S.A., Luxembourg
<b>Depository</b>	CACEIS Bank, Luxembourg Branch
<b>Transfer and Registrar</b>	CACEIS Bank, Luxembourg Branch
<b>Paying Agent in Luxembourg</b>	CACEIS Bank, Luxembourg Branch
<b>Portfolio manager</b>	Qtron Investments LLC

<b>Valuation day pursuant to Article 5 of the Management Regulations</b>	Whole banking days which are trading days in Luxembourg, Frankfurt am Main and New York with the exception of 24 and 31 December of every year.
<b>Cut-off time for subscriptions, redemptions and exchange of units</b>	4 p.m. CET
<b>Payment of the issue and redemption price</b>	Two banking days after the relevant valuation day.
<b>Accounting year</b>	1 January to 31 December
<b>First accounting year</b>	Launch date 2019 to 31 December 2019
<b>Fund term</b>	Indefinite
<b>Publication in RESA and deposit with the Register of Trade and Companies</b>	Notice of the deposit of the Management Regulations initially published on 31.01.2022.
<b>WKN</b>	A2JPCA
<b>ISIN code</b>	LU1845234936
<b>Initial issue price (excluding front-end load)</b>	EUR 100
<b>Minimum initial investment</b>	EUR 500,000
<b>Minimum subsequent investment</b>	none
<b>Share Class Hedging</b>	N/A
<b>Savings Plan</b>	none
<b>Current front-end load applicable</b>	none
<b>Current redemption fee</b>	none
<b>Launch date/activation date and place of launch</b>	TBD
<b>Use of earnings</b>	accumulating
<b>Management fee</b>	Up to 0.94% p.a.
<b>Portfolio manager fee</b>	Is included in the Management Fee.
<b>Custody, Depository and Unitholder Services fees</b>	Up to 0.01% p.a. of the net asset value of the Fund plus safekeeping fee and transaction fee. In addition, the Depository will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties. Fees paid to the Depository may vary depending on the nature of the investments of each Sub-Fund and the countries

	and/or markets in which the investments are made. Currently subject to Luxembourg VAT.
<b>Registrar and Transfer Agent fees</b>	Up to 2,000 EUR per fund p.a. plus transaction, maintenance and reporting fees. The Transfer Agency will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties. Fees paid to the Transfer Agency may vary depending on the nature of the investor and the countries which the investors are located.
<b>Taxe d'abonnement</b>	0.01% p.a.
<b>Currency risks on redemption or exchange of units</b>	Units are denominated in EUR. There is a currency risk for investors who invest in a different currency.
<b>Risk management procedure</b>	Relative VaR Approach
<b>Derivative free Reference Portfolio</b>	100% MSCI World (EUR) Small Cap Index (FactSet: 106230)
<b>Expected Leverage</b>	The average leverage of the Sub-Fund, under normal market conditions, calculated as the "Sum of the Notionals" of the financial derivative instruments used, is expected to be 25% although lower and higher levels are possible.
<b>Countries in which units are offered for sale</b>	Luxembourg, Germany
<b>FATCA classification</b>	<p>According to the current national Luxembourg FATCA legislation, the Fund qualifies as a "Restricted Fund" in accordance with Annex II, Section IV (E) (5) of the IGA Luxembourg-USA. As per definition of the Annex II, Section IV (E) (5) of the IGA Luxembourg-USA, a Restricted Fund is a Non-Reporting Luxembourg Financial Institution and shall be treated as a deemed-compliant Foreign Financial Institution for purposes of section 1471 of the US Internal Revenue Code. Therefore, units of the Fund must not be offered, sold, transferred or delivered to:</p> <ul style="list-style-type: none"> <li>- Specified U.S. Persons within the meaning of Article 1, Section 1 (ff) of the IGA Luxembourg-USA,</li> <li>- Nonparticipating Financial Institutions within the meaning of Article 1, Section 1 (r) of the IGA Luxembourg-USA, and</li> <li>- Passive Non-Financial Foreign Entities (passive NFFEs) with one or more substantial US Owners as defined in the relevant US Treasury Regulations.</li> </ul>
<b>CRS classification</b>	Luxembourg Financial Institution (Investment Entity).
<b>Classification of the Fund under the SFDR</b>	The Fund is classified as article 6 SFDR.

## **Management Regulations**

### **Article 1 - The Fund**

The Fund Qtron Stock Booster Equity is an undertaking for collective investment in securities ("UCITS") in the form of an investment fund (fonds commun de placement) in accordance with part I of the Luxembourg Law of 17 December 2010 on the undertakings for collective investment in line with the European Directives (Law of 2010) and in relation to Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

The Fund offers investors one or more sub-funds within one and the same investment fund (umbrella structure).

Each sub-fund is deemed to be an independent investment fund as regards the relationship among the unitholders. The rights and obligations of the unitholders of a sub-fund are separate from those of the unitholders of the other sub-funds. The assets of each sub-fund are solely liable for the sub-fund's own liabilities.

The Fund is made up of all the sub-funds. Each investor holds a stake in the Fund through investing in a sub-fund.

The calculation of unit value is made in accordance with the rules set in Article 5 of the Management Regulations.

The investment restrictions set out in the Management Regulations are applicable to each sub-fund separately.

Certificates are not generally issued for fund units and the holding is evidenced by written confirmation of the units at the time they are issued, once the issue price has been remitted to the Depositary. In this case, the units are allocated down to a thousandth of a unit and are entered in a registration account/unit register ("registered units") held by the Transfer Agent and Registrar. There is no right to receive physical certificates. The units can also be securitised by way of global notes.

The Management Regulations provide for different unit classes for the fund. The unit classes may differ in particular in terms of costs and expenses or the use of income or type of investor or level of applicable tax d'abonnement (pursuant to Chapter 23 of the Law of 2010) as well as regarding any other criteria as determined by the Management Company. All units bear equal entitlement to participate in yields, price gains and liquidation proceeds pertaining to their unit class from the date they are issued.

The Management Company may at any time combine two or more unit classes and close one or more unit classes, although a unit class destined for investment by retail customers may not be merged with a unit class intended for institutional customers.

The assets of the Fund held in safekeeping by a depositary are to be held separately from the assets of the Management Company.

The contractual rights and obligations of the unitholders, the Management Company and the Depositary are set out in these Management Regulations, whose current version and any amendments are published in RESA, Recueil électronique des sociétés et associations, the official gazette of the Grand Duchy of Luxembourg (hereinafter referred to as "RESA") and are deposited with the commercial register of Luxembourg from which they may be obtained.

By purchasing a unit, the unitholder acknowledges the Sales Prospectus, including the Management Regulations and all approved and published amendments thereto.

## **Article 2 - The Management Company**

Subject to the investment restrictions in Article 4 of the Management Regulations, the assets of the Fund are managed by the Management Company in its own name, but exclusively in the interests and for the collective account of the Fund's unitholders. The authority of the Management Company extends in particular, but not exclusively, to the purchase, sale, subscription, exchange and acceptance of securities and other legally permissible assets and to the exercise of any and all rights associated directly or indirectly with the assets of the Fund. The Management Company sets the investment policy of sub/funds taking account of the legal and contractual investment restrictions in Article 4 of the Management Regulations and in the annex section entitled "Overview of the sub-funds".

The Board of Directors of the Management Company may entrust one or more of its members and/or employees with the day-to-day management. In addition, the Management Company may bring in one or more investment advisors and one or more Portfoliomanagers at the cost of the Fund or fund and on its own responsibility.

The Management Company is entitled to use the remuneration charged to the fund assets as determined in the Management Regulations and in the annex section entitled "Overview of the sub-funds" and Prospectus.

## **Article 3 - The Depositary**

CACEIS Bank, Luxembourg Branch, has been appointed as the depositary of the Fund in accordance with the Law of 2010 as amended from time to time, CSSF Circular 16/644 and any derived or connected European Union or national act, statute, regulation, circular or binding guidelines and in accordance with the depositary agreement.

The relationship between the Management Company and the Depositary is subject to the Depositary Agreement dated 1 July 2019 as amended from time to time (the "Depositary Agreement").

CACEIS Bank, Luxembourg Branch is acting as a branch of CACEIS Bank, a public limited liability company (*société anonyme*) incorporated under the laws of France, having its registered office located at 1-3, place Valhubert, 75013 Paris, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Paris.

CACEIS Bank is an authorised credit institution supervised by the European Central Bank (“**ECB**”) and the *Autorité de contrôle prudentiel et de résolution* (“**ACPR**”). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg.

The Depositary has been entrusted with the custody and/or, as the case may be, recordkeeping and ownership verification of the Sub-Fund's assets, and it shall fulfil the obligations and duties provided for by Part I of the Law of 2010 . In particular, the Depositary shall ensure an effective and proper monitoring of the uctis' cash flows.

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

- (vi) ensure that the sale, issue, re-purchase, redemption and cancellation of units of the Fund are carried out in accordance with the the Law of 2010 and the management regulations;
- (vii) ensure that the value of the Units is calculated in accordance with the with the Law of 2010 and the management regulation;
- (viii) carry out the instructions of the Management Company, unless they conflict with the with the Law of 2010 and the management regulation;
- (ix) ensure that in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits; and
- (x) ensure that the Fund's income is applied in accordance with the with the Law of 2010 and the management regulation

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

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

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

policy and procedures designed to prevent situations of conflicts of interest and monitor them when they arise have been set in place within the Depositary, aiming namely at:

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

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

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

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

#### **Article 4 - General guidelines on investment policy and investment limits**

**(A)** The Management Company may make certain types of investment in accordance with the investment policy set out in the annex entitled "Overview of the sub-funds".

These investments of the fund assets may consist solely of:

1. Securities and money market instruments:
  - which are traded on a regulated market (as defined in Directive 2004/39/EU of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments);
  - which are traded on another regulated market of a Member State of the EU which operates regularly and is recognised and open to the public;
  - which are officially listed on a stock exchange of a non-EU country or on another regulated market of a non-EU country which operates regularly, and is recognised and open to the public (non-EU countries are countries in North or South America, Australia including Oceania, Africa, Asia and/or Europe that are not EU member states);

- new issues if the terms of issue include the obligation that admission to official listing on a stock exchange or another regulated market which operates regularly and is recognised and open to the public is applied for and the listing is obtained at the latest by one year after issue.
2. Sight deposits or other callable deposits with a maturity period of 12 months at most at qualifying credit institutions, provided the credit institution in question has its registered office in a Member State of the European Union or, if the registered office is in an OECD and GAFI Member State, that it is subject to supervisory provisions which are, in the opinion of the CSSF, equivalent to those under EU law.
  3. Derivative financial instruments ("derivatives") including equivalent instruments settled in cash which are traded on a regulated market referred to in the first, second and third indent of A(1), and/or derivatives which are not traded on a stock exchange ("OTC derivatives"), provided:
    - the underlying securities are instruments as defined in section A or are financial indices, interest rates, exchange rates or currencies in which the sub-fund is permitted to invest according to its investment objectives;
    - the counterparties in transactions with OTC derivatives are first-rate institutions of the categories permitted by the CSSF and subject to supervisory oversight; and
    - the OTC derivatives are subject to a reliable and verifiable assessment on a daily basis and can, at any time, be sold, liquidated or closed out through a counter transaction at a reasonable current value.
  4. Money market instruments which are not traded on a regulated market and which do not fall under the definition of Article 1 of the Law of 17 December 2010, if the issue or the issuer of those instruments is already subject to provisions concerning the protection of deposits and investors, and provided that they are:
    - issued or guaranteed by a central, regional or local corporation or the central bank of a Member State, the European Union or the European Investment Bank, an OECD Member State or, in the case of a Federal state, a constituent state of the Federation, or by an international body under public law to which at least one Member State belongs;
    - issued by an undertaking whose securities are traded on the regulated markets referred to in A(1);
    - issued or guaranteed by an institution which is, in accordance with the criteria set out in EU law, subordinated to a supervisory authority, or an institute which is subject to supervisory provisions which are at least as rigorous, according to the CSSF, as those of EU law, and which complies with them;
    - issued by other issuers which belong to a category that has been admitted by the CSSF, insofar as investments in those instruments are subject to regulations for investor protection which are equivalent to those of the first, second or third indents and, insofar as this involves an issuer which is either a company with equity of at least ten million euros (EUR 10 million), which provides and publishes its annual financial statements in keeping with Directive 78/660/EEC, or a legal entity which is responsible, within a group encompassing one or more companies quoted on the stock exchange, for financing that group, or else a legal entity whose task is to finance the securitisation of liabilities by making use of a credit line granted by a bank.
  5. Units in target funds complying with the following definition ("target funds"): UCITS pursuant to EU Directive 2009/65 or UCIs as defined in Article 1(2)(a) and 1(2)(b) of EU Directive 2009/65, whose registered office is located in a Member State or a non-EC state, provided:
    - these UCIs were admitted in accordance with legal provisions which subordinate them to a supervisory authority which in the view of the CSSF is equivalent and there is sufficient guarantee of collaboration between the authorities; the degree of protection for the investors in the UCIs is equivalent to that of the investors in a UCITS, and particularly the provisions



concerning the separate custody of fund assets, borrowing, granting credit and short sales of securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;

- the business activities of the other UCIs are the subject of semi-annual and annual reports which allow an assessment to be made of the assets and liabilities, income and transactions in the reporting period; and
- the UCITS or UCI whose units are to be acquired may, in accordance with its terms of contract or articles of association, invest a maximum of 10% of its net assets in units of other UCITS or UCIs.

6. However, the sub-funds may invest a maximum of 10% of their net assets in other securities and money market instruments than those mentioned in A(1) to A(4).

7. The sub-funds may also hold cash and time deposits.

Following the principle of risk diversification, the assets of the Fund shall be invested in accordance with the investment policy described below and comply with the investment restrictions pursuant to this Article of the Management Regulations.

**B)** The following investment restrictions are applied to the respective sub-fund assets:

1. The sub-funds are permitted to invest up to 10% of their net assets in securities or money market instruments from a single issuer. This limit does not affect the holding of liquid assets. The sub-fund may invest up to 20% of their net assets in deposits with one and the same institution. The default risk in the case of transactions of the sub-funds in OTC derivatives is not permitted to exceed the following rates:
  - if the counterparty is a qualifying credit institution in accordance with the definition in A 2, 10%;
  - and otherwise 5% of net sub-fund assets.
2. The total value of the securities and money market instruments of issuers with which the sub-funds invest more than 5% of their net assets must not exceed 40% of the value of the net sub-fund assets. This restriction shall not apply to deposits and transactions in OTC derivatives with financial institutions which are subject to official oversight.
3. Irrespective of the single upper limits under B(1), the sub-funds are not permitted to invest more than 20% of their net assets in a combination consisting of:
  - transferable securities or money market instruments issued by that body and/or
  - deposits made with that body and/or
  - OTC derivatives acquired by this institution.
4. The upper limit set out in the first sentence of B(1) shall be raised to 35% if the securities or money market instruments are issued or guaranteed by a Member State or one of its non-central public sector entities, by an OECD Member State or by international bodies under public law to which at least one Member State belongs.
5. The upper limit in the first sentence of B 1 is raised to 25% if the debt instruments are issued by a credit institution in a Member State which is subject to particular public supervision based on legal provisions for the protection of the investors in these debt instruments. In particular, the income from the issue of these bonds must be invested in compliance with the legal provisions in assets that provide adequate cover for the resulting liabilities over the entire term of the bonds and are intended predominantly for the repayment of capital and interest should the issuer default. If the sub-fund in question invests over 5% of its net assets in bonds within the meaning of B(5) above, which are issued by a single issuer, then the total value of these

investments cannot exceed 80% of the value of the net assets of the sub-fund.

6. The securities and money market instruments mentioned in B 4 and 5 shall not be taken into consideration in the application of the investment limit of 40% provided for in B 2. The limits stated in B(1) to B(5) are not cumulative and therefore investments as per B(1) to B(5) in securities or money market instruments from a single issuer or in deposits with said issuer or in derivatives of the same are not permitted ever to exceed 35% of the net assets of the sub-fund. Companies belonging to the same company group for the purposes of drawing up the consolidated accounts as defined in Directive 83/349/EEC or according to recognised international principles of accounting shall be regarded as a single issuer in the calculation of the investment limits provided for in B(1) to B(6). Investments of the sub-fund in securities and money market instruments of a single group of companies together are not permitted to comprise 20% of its net assets.

**Without prejudice to the provisions under B1–6, the Fund may, in accordance with the principle of risk distribution, invest up to 100% of its assets of the relevant sub-fund in different transferable securities and money market instruments issued or guaranteed by an OECD country or by public international bodies to which one or more Member States belong, provided that (i) such transferable securities belong to at least six different issues and (ii) no more than 30% of the Fund's net assets are invested in transferable securities of a single issue.**

8. The Fund is permitted to acquire units in target funds provided it invests no more than 20% of its net assets in units of a single target fund. In the event that an umbrella fund is established to ensure a separation of the liability for the assets of a sub-fund from third parties, the 20% applies to such sub-funds.
9. Investments in units of target funds which are not UCITS are not permitted to exceed 30% of the net fund assets. The investments of the Fund in target funds are not taken into account with regard to the upper limits set out in B(1) to B(7).
10. (a) The Management Company is not permitted to acquire any units which carry voting rights for any of the investment funds qualifying as UCITS which it manages and which would permit it to exercise significant influence on the management of an issuer.
- (b) Furthermore, the fund is permitted to acquire in total up to:
- 10% of the non-voting units of a single issuer;
  - 10% of the bonds of a single issuer;
  - 25% of the units of a single target fund;
  - 10% of the money market instruments of a single issuer.

The investment limits given in the second, third and fourth item in the list need not be applied when making a purchase if the gross amount of the bonds or money market instruments or the net amount of the issued units cannot be calculated at the time of purchase.

Paragraphs (a) and (b) are not applied:

- to securities and money market instruments issued or guaranteed by a Member State or its local authorities;
- to the securities and money market instruments issued or guaranteed by an OECD Member State;
- to securities and money market instruments issued by an international organisation under public law to which one or more Member States belong;

- to equities held by the Fund in the capital of a company in a non-EC country which invests its assets chiefly in securities of issuers domiciled in this country if such participation for the Fund constitutes the only possibility on grounds of the legal provisions of this country to make investments in securities of issuers of this country. However, this exempting provision only applies on condition that in its investment policy the company in the non-EC state does not exceed the limits prescribed in B(1) to B(6) and B(8) to B(10)(a) and B(10)(b). In the event that the limits envisaged in B(1) to B(6) and B(8) to B(9) are exceeded, B(12) shall be applied in analogy.
11. (a) While observing the investment limits stated in B(10)(a) and (b), the upper limits stated in B(1) to (6) for investments in equities or bonds of a single issuer are permitted to be raised to a maximum of 20% if according to the documentation of the UCITS the objective of investment policy is to replicate an equity or bond index which is recognised by the Luxembourg supervisory authority. The index must meet the following requirements:
- the composition of the index must be sufficiently diversified;
  - the index must provide an adequate benchmark for the market to which it refers;
  - the index must be published by appropriate means.
- (b) The limit set under B(11)(a) amounts to a maximum of 35%, if so justified on the basis of extraordinary market conditions, namely particularly on regulated markets on which certain securities and money market instruments are highly dominant. Investment up to this upper limit is only possible with a single issuer.
12. (a) The sub-funds are not required to adhere to the investment limits outlined here when exercising subscription rights linked to securities or money market instruments which form part of their net assets. Irrespective of the obligation to adhere to the principle of risk diversification, the sub-fund may deviate from points B(1) to (9) and (11) during a period of six months after it is officially listed and after it is incorporated into another UCITS.
- (b) If the limits set out in B(12)(a) are exceeded by the sub-funds either inadvertently or due to the exercise of subscription rights, then the main goal of the sub-funds in their subsequent sales is to achieve the normalisation of the situation in accordance with the best interests of the unitholders.
- (c) If the issuer is a legal entity with several sub-funds in which the assets of a sub-fund are exclusively liable for the claims of investors in this sub-fund and to creditors whose claims arose due to the establishment, term or liquidation of the sub-fund, each sub-fund shall be treated as an independent issuer for the purposes of applying the provisions concerning risk diversification, point B(1) to (6), (8) to (9) and (11).
13. (a) Neither the Management Company, the Fund or sub-funds nor the Depositary are permitted to take up loans for the account of the sub-funds. However, the Fund or the sub-funds may acquire foreign currency by means of a back-to-back loan.
- (b) In derogation of paragraph a), the sub-funds may take up loans of up to 10% of their net assets, provided these are temporary loans.
14. The Management Company or Depositary is not permitted to grant loans or stand surety for third parties for the account of the fund, regardless of the application of section A. This does not impede the purchase by the Fund of not yet fully paid up securities, money market instruments or not yet fully paid up financial instruments mentioned in A(3) to A(5).
15. The Management Company or Depositary is not permitted to enter into short sales of

securities or money market instruments for the account of the sub-funds.

16. The sub-funds are permitted to hold liquid assets in the form of cash and regularly traded money market instruments up to a maximum of 49% of their net assets or to invest them as time deposits. These must on principle be of an ancillary nature.

17. Further investment restrictions can be found under the overview of the relevant sub-fund.

### **C) Further investment guidelines, techniques and instruments:**

1. The sub-funds shall not invest in securities which feature unlimited liability.
2. The sub-fund assets must not be invested in real estate, precious metals, certificates or merchandise.
3. Subject to agreement from the Depository, the Management Company may apply further investment restrictions in order to comply with the conditions in countries in which units are to be offered for sale.
4. Securities lending transactions, repurchase agreements and securities transactions with repurchase rights are not permitted.
5. Any portfolio commission (commission on target fund portfolios held in the portfolio by the sub-funds) from target funds accrues to the respective sub-fund assets.

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

In accordance with CSSF Circular 14/592, techniques may be used for the Fund in order to efficiently manage the portfolio. Among these techniques, the Fund currently uses only derivative transactions, which may be entered into in any form. Securities financing transactions are currently not used.

Derivatives and other techniques and instruments carry considerable opportunities but also high risks. Due to the leverage effect of these products, the sub-fund may incur substantial losses using relatively little capital. The following is a non-exhaustive list of specific derivatives, that can be used for the sub-fund:

#### **a) Swaps**

The Investment Manager may enter into swap transactions on behalf of the respective subfund in accordance with its investment principles.

A swap is an agreement between two parties whose subject is the exchange of cash flows, assets, income or risks. Swap transactions which can be entered into include but are not limited to; interest rate, currency, equity and credit default swaps.

An interest rate swap is a transaction in which two parties swap cash flows which are based on fixed or variable interest payments. The transaction can be compared to the adding of funds at a fixed rate of interest and the simultaneous allocation of funds at a variable interest rate, with the nominal sums of the assets not being swapped.

A currency swap is a swap that involves the exchange of principal and interest in one currency for the same in another currency.

A total return swap is a derivative contract as defined in Article 2, point 7 of Regulation (EU) 648/2012, in which one counterparty transfers to another the total return of a benchmark liability including income from interest and fees, gains and losses from exchange rate fluctuations, and credit losses. Total return swaps may take on various forms, e.g. asset swaps or equity swaps:

Asset swaps, also known as “synthetic securities”, are transactions that convert the earnings from a particular asset to another rate of interest (fixed or variable) or to another currency, by combining the asset (e.g. bond, floating rate note, bank deposit, mortgage) with an interest rate swap or currency swap.

An equity swap is the exchange of payment flows, value adjustments and/or income from an asset in return for payment flows, value adjustments and/or income from another asset in which at least one of the exchanged payment flows or income from an asset represents a share or a share index.

The contracting parties should not be in a position to exert any influence on the composition or management of the sub-Fund's investment portfolio or the underlying assets of the derivatives.

Total return swaps may be used within the limits of the risk management process applied. The annex specific to the sub-fund describes which risk management process is applied.

The types of assets used in total return swaps may be the types of assets that are permissible in accordance with the investment policy of each sub-fund.

All returns generated in total return swaps accrue to the Fund's assets– net of all related costs including any transaction costs.

If total return swaps are used, the proportion of assets under management which is expected to be used in these transactions will be published for the respective (sub-)funds in the section entitled "Information for Shareholders" on the website of the Management Company.

## **b) Swaptions**

A swaption is the right, but not the obligation, to enter into a swap based on specified conditions, at a given time or within a given period. In other respects, the principles for swaptions are the same as those for options set out above.

### **1. Management of collateral for transactions with OTC derivatives**

The Company may contain collateral for transactions with OTC derivatives in order to reduce counterparty risk.

In order to secure obligations, the Company may accept all collateral which corresponds to the rules of CSSF circulars 08/356, 11/512 and 14/592.

In principle, the collateral for transactions with OTC derivatives, excluding currency futures transactions, must be provided in one of the following forms:

- liquid assets such as cash, short-term bank deposits, money market instruments pursuant to the definition in Directive 2007/16/EC of 19 March 2007, letters of credit and guarantees payable on first demand, which are issued by first-class credit institutions not connected to the counterparty, e.g. bonds issued by an OECD Member State or its regional bodies or by supranational institutions and authorities at community, regional or international level, or
- bonds which are issued or guaranteed by first-class issuers and are reasonably liquid.

Collateral which is not in the form of cash must be issued by a legal entity which is not connected to the counterparty.

If collateral is provided in the form of cash and, as a result, a credit risk arises for the respective Sub-Fund in connection with the administrator of said collateral, this is subject to the 20% restriction as stipulated in Article 43(1) of the 2010 Law. In addition, such cash collateral may not be held in custody by the counterparty unless said collateral is protected from the consequences of a payment default by the counterparty.

Non-cash collateral may not be held in custody by the counterparty unless it is properly separated from the counterparty's own assets.

If collateral meets a series of criteria such as the standards for liquidity, valuation, the credit rating of the issuer, correlation and diversification, it may be offset against the gross commitment of the counterparty. If collateral is offset, its value may be reduced by a percentage rate as a result of the price volatility of the collateral (a "discount") which may trigger, amongst other things, short-term fluctuations in the value of the commitment and the collateral.

The criteria for reasonable diversification with respect to the issuer concentration shall be considered to be met if the Sub-Fund receives a collateral basket for the efficient management of the portfolio or for transactions with OTC derivatives of which the maximum total value of the open positions in relation to a specific issuer does not exceed 20% of the net asset value. If the Sub-Fund has various counterparties, the various collateral baskets should be aggregated in order to calculate the 20% limit for the total value of the open positions in relation to a single issuer.

The discounts applied to collateral are influenced either by:

- the credit rating of the counterparty;
- the liquidity of the collateral;
- the collateral's price volatility;
- the credit rating of the issuer; and/or
- the country or the market on which the collateral is traded.

In order to adequately take into account the risks associated with the respective collateral, the Management Company determines whether the value of the collateral to be requested should be increased, or whether this value should be depreciated by a suitable conservative discount (haircut). The more volatile the value of the collateral is, the higher the discount will be.

The Administrative Board of the Management Company determines an internal regulation that defines the details on the above-mentioned requirements and values, particularly regarding the types of collateral accepted, the amounts to be added to and subtracted from the respective collateral, as well as the investment policy for liquid funds that are deposited as collateral.

The discounts applied will be examined at regular intervals and at least once a year to ensure that they are reasonable and, if necessary, shall be adjusted accordingly. Currently, the Management Company has determined the following requirements as well as applicable discounts and mark-ups in relation to the respective collateral:

**(a) Permitted collateral**

- Cash, call money with daily availability in EUR, USD, GBP or in the respective Fund currency. The delegee-bank shall be rated A or higher;

- government bonds, supra national bonds, government guaranteed bonds and bonds of German Federal States (“Bundesländer”);
- corporate bonds;
- covered bonds pursuant to the regulations of Germany (German “Pfandbriefe”) Denmark, Finland, France, Italy, Luxembourg, Norway, Sweden;”);
- bonds in general: unlimited maturity, but higher haircuts (see below);
- ordinary Shares and preference Shares from a permitted index (s. Appendix A of the internal regulation)

Transferable securities shall have one of the following currencies: EUR, USD, DKK or GBP.

The counterparty and issuer of the collateral shall not belong to the same group.

**(b) Forbidden collateral**

- Structured products (e.g. embedded options, coupon or notional depending from a reference asset or trigger, stripped bonds, convertible bonds);
- securitizations (e.g. ABS, CDO);
- GDRs (Global Depositary Receipts) and ADRs (American Depositary Receipts);

**(c) Quality requirements**

The emission-rating (lowest of S&P, Moody’s or Fitch) of bonds respectively the issuer-rating in case of Shares has to be of investment grade. Often, stricter requirements apply, e.g. AA rating, exemptions for determined funds are possible:

With respect to Funds, for which no collateral with a minimum rating of AA is available, a downgrade of the minimum rating within the range of investment-grade (at least equivalent to BBB-) is authorized. In this case higher haircuts have to be applied.

Collateral shall be rateable and liquid. Indicators for liquidity are:

- bid-ask-spread;
- existence of broker quotes;
- trade volume;
- time stamps respectively actuality of quotes.

The abovementioned indicators shall be evident on Bloomberg-pages with free access.

The issuer shall be legally independent from the counterparty.

**(d) Quantity requirements**

(1) Concentration risk in relation to the collateral portfolio should be avoided respectively limited by the following measures/limits:

- the proportion of sector and country (outside the EURO zone) per fund with respect to a counterparty shall be of a maximum of 30 % of the overall collateral;

- the nominal of bonds per fund shall with respect to all counterparties shall be of a maximum of 10 % of the overall issue volume;
- the volume with respect to Shares shall not exceed 50 % of the average daily volume (on the basis of the last 30 days on the main stock exchange) and 1 % of the market capitalization.

AAA-rated government bonds are not subject to the abovementioned limits.

(2) haircut

With respect to the fact that CSSF Circular 11/512 requires the implementation of points 2 and 3 of Box 26 of the ESMA Guidelines 10-788 whereupon “for the valuation of the collateral presenting a significant risk of value fluctuation, UCITS should apply prudent discount rates”, the Management Company has determined discounts with respect to the different asset classes.

The current haircuts are as follows:

- in case of Shares 25 %;
- in case of cash in a foreign currency 4 %;
- in case of government bonds and covered bonds depending on the residual maturity:

<b>residual maturity</b>	<b>haircut</b>
0 – 2 years	1 %
2 - 5 years	2 %
5 - 10 years	3 %
> 10 years	5 %

The Management Company will examine the determined haircuts on a regular basis in order to identify if these values are still appropriate or if a revaluation is necessary given the current market conditions.

The Management Company (or its representatives) value(s) the collateral received on behalf of the Sub-Fund. If the value of the collateral already granted appears to be insufficient in relation to the amount to be covered, the counterparty must very quickly provide additional collateral. If the value is adequate, the exchange rate or market risks associated with the assets accepted as collateral will be taken into consideration by collateral margins.

The Company will ensure that its collateral rights can be enforced if an event requires the exercise thereof, i.e. the collateral must be available in such a form, either directly or via an intermediary of a first-class financial institution, or a wholly-owned subsidiary of said institution that allows the Company to acquire or value assets provided as collateral if the counterparty fails to meet its obligations to return the loaned securities.

Throughout the duration of the agreement, collateral may not be disposed of, provided as collateral in another form or pledged unless the respective Sub-Fund has other means of coverage.



If a Sub-Fund accepts collateral for at least 30% of its assets, it will check the associated risk including by way of regular stress tests, the effects of changes in the market value and the liquidity of the collateral under normal and exceptional conditions.

The description of each Sub-Fund in the relevant Appendix may contain additional parameters in this respect. In order to achieve the investment objective, the relevant Portfolio Manager may use (without limitation) the derivative instruments if and as provided in the relevant Sub-Fund Appendix.

The Company's annual report will contain information on income from efficient portfolio-management techniques for the Sub-Funds' entire reporting period, together with details of the Sub-Funds' direct (e.g. transaction fees for securities, etc.) and indirect (e.g. general costs incurred for legal advice) operational costs and fees, insofar as they are associated with the management of the corresponding Fund/Sub-Fund.

Universal-Investment-Luxembourg S.A., as Management Company of the Company, does not act as securities lending agent. If Universal-Investment-Luxembourg S.A. takes over this function and activity, the Prospectus will be updated accordingly.

The Company's annual report will provide details on the identity of Companies associated with Universal-Investment-Luxembourg S.A. or the Depositary of the Company, provided they receive direct and indirect operational costs and fees.

In principle, the counterparties are not affiliated companies of the Management Company.

The Management Company ensures that the collateral provided by a contracting partner is appropriately risk diversified in relation to issuers, among other things. It aggregates the collateral of the same issuers even if it is provided by numerous contracting partners. The collateral is valued according to the same methods as those used for assets held in the Fund.

Collateral in the form of cash may not be invested anew.

#### **D) Risk management procedure:**

A risk management procedure is used to allow the Management Company to monitor and measure the risk which is associated with the investment positions of the Fund and the sub-funds as well as their respective units in the overall risk profile of the net fund assets or net fund assets or net sub-fund assets in accordance with the CSSF Circular 11/512 (or a circular to replace this or add to it). With regard to derivatives, a procedure shall be applied here enabling a precise and independent valuation of the risk associated with derivatives.

The Management Company shall ensure, for all sub-funds, that the overall risk associated with derivatives does not exceed the total net value of the sub-fund in question. The calculation of this risk shall take into account the market value of the underlying assets, the risk of default on the part of the counterparty, future market fluctuations and the liquidation period of the positions.

A sub-fund may invest in derivatives as part of its investment strategy within the limits set out above in B(6) of this Article to the extent that the overall risk for the underlying assets does not exceed the investment limits as per B(1) to B(6) of this Article. If a sub-fund invests in index-based derivatives, these investments shall not be considered in the investment limits as per B(1) to B(6) of this Article above. A derivative embedded in a security or money market instrument must be taken into account with regard to compliance with the provisions of this section D.

## Article 5 - Calculation of net asset value per unit

The value of a unit is denominated in the currency defined in the annex section entitled "Overview of the sub-funds" (hereinafter the "fund currency"). It is calculated by the Management Company each valuation day under the supervision of the Depositary. The valuation days are defined differently for each sub-fund and can be seen in the annex "Overview of the sub-funds". The calculation is done by dividing the net fund assets of the fund by the number of units of the fund circulating on the valuation day. To counteract the practices of late trading and market timing, the calculation is made after the end of this time limit for the acceptance of subscription and/or exchange applications, as defined in the annex entitled "Overview of the sub-funds" or in the Sales Prospectus. The net fund assets (hereinafter also referred to as "net asset value") are calculated based on the following principles:

- (a) Securities and money market instruments listed on a stock exchange shall be valued at the latest prices paid at the time of calculating the net asset value.
- (b) Securities and money market instruments not listed on an exchange but traded on another regulated market which operates regularly and is recognised and open to the public shall be valued at a price that cannot be less than the bid price or more than the offer price at the time of valuation and which the Management Company deems to be the best possible price at which the securities and/or money market instruments can be sold.
- (c) Securities and money market instruments which are neither listed on the stock market nor traded on another regulated market shall be valued at the market value at the time of calculating the net asset value fixed by the Management Company in good faith abiding by generally recognised valuation rules that are verifiable by auditors.
- (d) Units in UCITS and/or UCIs shall be valued at their net asset value last determined and available at the time of the calculation of the net asset value, applying a redemption fee, if necessary.
- (e) The liquid funds shall be valued at their nominal value (plus interest) at the time of calculating the net asset value. Fixed-term deposits with an original maturity of more than 30 days may be valued at the relevant yield value.
- (f) All assets not denominated in the currency of the fund shall be converted to the currency of the fund at the most recent rate of exchange available at the time of the valuation.
- (g) Derivatives (e.g. options) shall be, in principle, valued at their most recent market or brokerage prices available at the time of valuation. If a valuation day coincides with the settlement day for a position, the valuation of the corresponding position shall be made at its settlement price. Options on indices without an average calculation shall be valued using the Black & Scholes model, and options with an average calculation (Asian style options) shall be valued with the Levy approximation. The valuation of swaps including credit default swaps shall take place in a regular and reproducible form. It should be noted that swap contracts are entered into under normal market conditions exclusively in the interests of the Fund.
- (h) The pro rata interest applicable to securities and/or money market instruments shall be included, if not expressed in the market value.

If different unit classes are established for the sub-fund in accordance with Article 1(4) of the Management Regulations, the following special features apply to the calculation of unit value: The unit value is calculated separately for each unit class according to the criteria stated in this Article.

The inflow of funds based on the issue of units increases the percentage share of the respective unit class in the total value of the net assets of the sub-fund. The outflow of funds based on the redemption of units reduces the percentage share of the respective unit class in the total value of the net assets of the sub-fund.

In the event of a distribution, the unit value of units in a corresponding unit class that carry entitlement to a dividend reduces by the amount of the distribution. At the same time the percentage share made up of the unit class carrying entitlement to a distribution in the total net assets of the sub-fund is reduced, whilst the percentage share of the unit class which does not carry entitlement to a distribution in the total net assets of the sub-fund is increased.

An income equalisation procedure is calculated on the Fund's income. This means that the income accruing during the financial year which the purchaser of units has to pay as part of the issue price and which the seller of unit certificates will receive as part of the redemption price is continuously netted. The expenses incurred are taken into account correspondingly. When calculating the income equalisation, the method is used which corresponds to the applicable rules given in the German Investment Act or Investment Tax Act.

If unusual circumstances arise which render a valuation in accordance with the above criteria impossible or inappropriate, the Management Company has the right to apply other valuation rules, in good faith, which are generally recognised and may be verified by auditors in order to obtain a proper valuation of the fund assets.

The Management Company is not obliged to redeem more than 10% of the units currently in circulation at this point on a valuation day. If the company receives redemption requests on a valuation day for more than the stated number of units the Management Company is entitled to postpone the redemption of units exceeding more than 10% of the units in issue at this point until the fourth valuation day afterwards. These redemption requests should be given preferential treatment over applications received later. Redemption requests submitted on the same valuation day are treated equally.

## **Article 6 - Issue of units**

All the units may be issued on each valuation day settled at the issue prices in accordance with the annex "Overview of the sub-funds" or in the Prospectus.

In principle, all units in the sub-funds have the same rights, unless the Management Company decides to issue different unit classes pursuant to this Article.

The Management Company may decide, from time to time, to establish two or more unit classes within the sub-funds. The unit classes may differ from one another on account of their characteristics and rights, the investors that may acquire and hold units, their transferability, their use of income, fee structures or other specific characteristics and rights. From the day they are issued, all units have the same entitlement to the income, price gains and liquidation proceeds of their particular unit class. If unit classes are established for the sub-funds, this shall be mentioned in the corresponding table entitled "Overview of the sub-funds", stating the specific characteristics or rights.

The units are issued by the Transfer Agent and Registrar on behalf of the Management Company immediately after receipt of the issue price by the Depositary.

Applications for the purchase of registered units may be submitted to Transfer Agent and Registrar, the Management Company and possible distributors.

Applications which are received by 4 p.m. (CET) on a valuation day shall be settled on the basis of the issue price for this valuation day. Orders received after 4 p.m. (CET) shall be settled on the basis of the issue price for the next following valuation day.

The subscription price is the net asset value per unit calculated in accordance with Article 5 of the Management Regulations on the corresponding valuation day plus, where applicable, a sales commission and/or a front-end load in accordance with the annex "Overview of the sub-funds". The subscription price is due, in accordance with the annex "Overview of the sub-funds" or the Sales Prospectus, within the stated number of bank working days following the corresponding valuation day. The issue price is settled in the sub-fund currency or, in the case of multiple unit classes, in the unit class currency. If the laws in a given country prescribe lower sales commission, the bank involved in that country shall sell units at a lower sales commission, which must not fall below the maximum sales commission permissible. If savings plans are offered, sales commission shall be charged only on payments actually made. The subscription price increases to include payments or other charges incurred in various countries in which units are sold. If distributions pursuant to Article 12 of the Management Regulations are immediately reinvested in units, a reinvestment discount set by the Management Company may be granted.

The units are issued by the Transfer Agent and Registrar on behalf of the Management Company immediately after receipt of the issue price by the Depository. The Management Company may issue fractions of up to 0.001 of a unit. Unitholders are informed that units held by Clearstream or Euroclear are registered in the name of the respective Depository (Clearstream or Euroclear). Please note that Clearstream offers the option of issuing fractions of units, whereas Euroclear does not.

There will be no right to the delivery of physical certificates.

The Management Company is empowered to issue new sub-fund units on a continuous basis. It does, however, reserve the right to stop issuing sub-fund units, either on a temporary or permanent basis. Payments that have already been made shall be refunded immediately in such event. If the Management Company resumes issuing units, the Management Company shall notify unitholders by means of publication on their website [www.universal-investment.com](http://www.universal-investment.com).

In compliance with Circular 04/146 of CSSF, the Management Company prohibits all practices associated with market timing/late trading. The Management Company is entitled to reject applications for subscription and/or exchange from an investor if it suspects that the investor is applying such practices. In this case the Management Company reserves the right to take all necessary measures in order to protect the remaining investors.

Information on the issue and the redemption prices is available from the registered offices of the Management Company, Depository and Paying Agents of the Fund, and is published in accordance with the legal provisions of each country in which the units are authorised for public distribution, as well as on the Management Company's website ([www.universal-investment.com](http://www.universal-investment.com)).

## **Article 7 - Restrictions on issue of units**

The Management Company must observe the laws and regulations of all countries in which units

are offered for sale when issuing units.

The Management Company may reject a purchase order at any time at its choosing or may temporarily restrict, suspend or completely cease the issue of units if such a measure appears necessary in order to protect the interests of the unitholders or the sub-fund.

Moreover, at any time, and in exchange for payment of the redemption price, the Management Company may repurchase units held by unitholders excluded from purchasing or possessing units.

Incoming payments for purchase requests that were not been carried out shall be refunded immediately by the Depositary or Paying Agent without including interest.

## **Article 8 - Redemption of units**

Unitholders are entitled to request the redemption of their units at any time. Redemption shall only take place on a valuation day pursuant to the annex "Overview of the sub-funds" in return for the units.

Applications for the redemption of registered units may be submitted to the Management Company and possible distributors. The receiving entity will forward the applications to the Transfer Agent and Registrar.

Applications for the redemption which are received by 4 p.m. (CET) on a valuation day shall be settled on the basis of the redemption price for this valuation day. Orders received after 4 p.m. (CET) shall be settled on the basis of the redemption price for the next following valuation day.

The redemption price is the net asset value per unit calculated in accordance with Article 5 of the Management Regulations on the corresponding valuation day less, where applicable, a redemption fee in accordance with the annex "Overview of the sub-funds". The redemption fee should be applied uniformly for all redemptions. The redemption price is settled in the sub-fund currency or, in the case of multiple unit classes, in the unit class currency.

Payment of the redemption price is made in accordance with the "Overview of the sub-funds" annex or the Sales Prospectus within the number of banking days following the corresponding valuation day.

Subject to prior approval from the Depositary, the Management Company is entitled to effect considerable redemptions only after corresponding assets in the sub-fund have been sold without delay. In this case, redemption takes place in accordance with the provisions of Article 5, last section of the Management Regulations, at the net asset value per unit then applicable.

The Management Company ensures that the assets of a sub-fund include sufficient cash to allow unit redemptions requested by unitholders to take place immediately in normal circumstances.

Investors who have requested the redemption of their units shall be notified immediately of a cessation of the calculation of net asset value pursuant to Article 9 of the Management Regulations and shall be notified immediately calculation of the net asset value resumes.

The Depositary is obligated to make a payment only insofar as no legal impediments, e.g. exchange control restrictions, or other circumstances beyond the control of the Depositary,

prevent or restrict the transfer of the redemption price to the country of the applicant.

In compliance with Circular 04/146 of CSSF, the Management Company prohibits all practices associated with market timing/late trading. The Management Company is entitled to reject applications for subscription and/or exchange from an investor if it suspects that the investor is applying such practices. In this case the Management Company reserves the right to take all necessary measures in order to protect the remaining investors.

## **Article 9 - Cessation of the issue and redemption of units and the calculation of net asset value**

The Management Company is empowered to temporarily cease calculating the net asset value and issuing and redeeming units if and as long as there are circumstances which necessity this and if the cessation is justifiable on account of the interests of the unitholders, particularly

- (a) during the period in which the calculation of the unit value is suspended in the case of target funds in which a major proportion of the assets of the fund concerned is invested, or during which a stock exchange or other regulated market is closed on which a substantial proportion of the fund's securities is traded (apart from normal weekends or public holidays) or trading at such a stock exchange is halted or restricted and/or the calculation of the unit value of target funds is suspended;
- (b) in emergency situations in which the Management Company cannot access the assets or in which it is impossible to transfer the counter value for investment purchases or sales freely, or in which the calculation of net asset value cannot be properly conducted.

Investors who have offered their units for redemption shall be notified immediately of the cessation of the calculation of unit value.

## **Article 10 - Costs and expenses of the Fund**

The sub-funds bear the following expenses incurred in connection with the management and distribution of the Fund:

- a) the payment for the Management Company plus statutory value added tax if applicable, which is to be charged on the daily calculated net asset value and is payable at the end of each month, in accordance with the annex section entitled "Overview of the sub-funds";
- b) the payment for the Depositary and the Registrar and Transfer Agent fee plus statutory value added tax if applicable, which is to be charged on the daily calculated net asset value and is payable at the end of each month, as well as its handling charges and the normal bank charges in accordance with the annex section entitled "Overview of the sub-funds";
- c) the payment for the portfoliomanager plus statutory value added tax if applicable, which is to be charged on the daily calculated net asset value and is payable at the end of each month, in accordance with the annex section entitled "Overview of the sub-funds";
- d) a normal market fee for the Transfer Agent and Registrar plus statutory value added tax if applicable;
- e) a normal market fee for distributors and paying and information agents;
- f) taxes and duties levied on the assets of the Fund, its earnings and expenses and charged to the Fund;

- g) taxes in connection with the management;
- h) costs and expenses in connection with the management and distribution of sub-funds;
- i) a normal market payment for the provision of services which generate additional income for the investment fund (e.g. securities lending),
- j) costs incurred for legal advice by the Management Company or the Custodian Bank when acting in the interests of the unitholders of a sub-fund;
- k) auditor fees;
- l) expenses of an investment committee, where applicable;
- m) The Management Company may make use of the services of third parties for and in the management of derivative transactions and collateral for derivative transactions. The Company has the right to charge the sub-fund assets [or one or more unit classes] a fee. These fees shall not be covered by the management fee and shall, as such, be charged to the sub-fund by the Management Company additionally.
- n) all other costs associated with implementing new regulatory requirements.

As the assets of a sub-fund can be invested in target funds, there may be a double cost incurred against the performance, particularly as both the target fund and the sub-fund assets are encumbered with costs and expenses. When a sub-fund acquires units in a target fund which is managed directly or indirectly by the same management company or by a company affiliated to the management company via shared management or control or by a considerable direct or indirect participation, then the Management Company or other company may not charge any fees for subscription or repurchase of units in this target fund by the sub-fund. If a sub-fund purchases units in another sub-fund of this fund as target fund, the Management Company is not entitled to charge fees for subscription or repurchase of units in the target fund by the sub-fund nor may it charge a management fee at the level of the acquiring sub-fund or of the target fund. In the case of the management fee this can be achieved by the Management Company if it reduces its management fee for the portion representing the units in such affiliated target funds – up to their full amount – by the amount of the management fee charged by the acquired target fund. These restrictions also apply to units in investment companies which are affiliated to the Management Company or the Fund in the aforementioned way.

However, if a sub-fund invests in target funds which are launched and/or managed by other companies, the respective front-end load or possible redemption fees must be taken into account, where applicable. However, the object of the Portfoliomanager is to acquire target funds where possible without a front-end load and redemption fees. Costs incurred by the sub-funds from participating in subscriptions to target funds may be charged to the sub-funds. The maximum management fee of the target funds may be viewed in the investment policy of the particular sub-fund in the annex entitled "Overview of the sub-funds".

The Fund may purchase assets which have not been admitted to the official market at a stock exchange or are not incorporated into an organised market. The Fund may avail of the services of third parties in the administration of derivative transactions handled over the counter (OTC derivatives) and collateral for derivative transactions. Fees incurred for the use of third-party services and internal costs of the Management Company, both being in line with market standards, are charged to the Fund. The Management Company may charge the Fund or one or several unit classes a lower fee at its own discretion, or indeed may exempt the latter from being paying such costs. The fees for third-party services shall not be covered by the management fee and shall, as such, be charged to the Fund additionally. These costs and any losses from OTC derivative transactions reduce the earnings of the Fund. In the annual and semi-annual reports, the Management Company indicates the charges levied for these third parties for all unit classes.

The amounts paid as costs and payments are recorded in the annual reports.

All costs and payments are first added to the current income, then to the capital gains and finally to the assets of the Fund.

The costs and handling charges associated with the purchase or sale of assets are included in the cost price and/or subtracted from the sales proceeds.

### **Article 11 - Audit**

The fund assets are controlled by an independent firm of auditors nominated by the Management Company.

### **Article 12 - Use of income**

The ordinary net income of the sub-funds accrued during the financial year is generally reinvested in the sub-funds. The Management Company reserves the right to make distributions and interim distributions. It is also at the Management Company's discretion whether to distribute capital gains, as well as proceeds from the sale of subscription rights and other income in whole or in part.

A distribution is made to the units which are in circulation on the distribution date. An income equalisation shall be created and operated.

The associated income equalisation is taken into account.

An income distribution may not exceed the minimum volume of the Fund as prescribed pursuant to the Law of 2010.

### **Article 13 - Changes to the Management Regulations**

The Management Company may amend these Management Regulations partially or entirely at any time subject to prior approval by the Depositary.

Changes to the Management Regulations shall be deposited with the Luxembourg Register of Trade and Companies and a notice of this deposit published in RESA. The changes shall enter into force on the date of signing unless determined otherwise. The Management Company may instigate further publications in analogy to Article 14 of the Management Regulations.

### **Article 14 - Publications**

Information on the issue and redemption prices of each sub-fund and/or each unit class is available at the registered office of the Management Company, Depositary and Paying Agents of the Fund abroad and is published in accordance with the legal provisions of any country in which units are authorised for sale to the public as well as on the website of the Management Company ([www.universal-investment.com](http://www.universal-investment.com)). The net asset value of each sub-fund or each unit class may be requested from the registered office of the Management Company and is also published on the



website of the Management Company ([www.universal-investment.com](http://www.universal-investment.com)).

By at the latest four months after the close of each accounting year the Management Company shall prepare an audited annual report which provides information on the Fund's assets, its management and the result. By two months at the latest after the end of the first half of each accounting year the Management Company shall prepare a semi-annual report which provides information on the Fund's assets and its management during the corresponding half year.

The Prospectus together with the Management Regulations, the Key Investor Information document, the latest annual report and, should this report be older than eight months, the latest semi-annual report of the Fund are available to unitholders free of charge from the registered office of the Management Company, Depositary and each Paying Agent and is also published on the website of the Management Company ([www.universal-investment.com](http://www.universal-investment.com)).

Information, particularly notices to investors, is also published on the Management Company's website ([www.universal-investment.com](http://www.universal-investment.com)). In addition, notices will be published in Luxembourg in the RESA and in a Luxembourg daily newspaper, where required by law, and also, if required, in another daily newspaper that has sufficient circulation.

## **Article 15 - Term of Fund and unit classes, merger, liquidation or winding up and closure**

Notwithstanding any other provision in the annex section entitled "Overview of the sub-funds", the Fund was established for an indefinite period of time.

A) The Fund / sub-fund or relevant unit class may be liquidated, wound up and/or closed at any time by resolution of the Management Company, particularly if the net assets of a Fund / sub-fund or a unit class falls below an amount for which efficient and rational management no longer seems possible. This is particularly the case in situations of changed economic and/or political framework conditions affecting the Fund / sub-fund or unit class, if the products offered are rationalised or in all other cases to protect the interests of the unitholders.

Liquidation or winding up is mandatory in the following cases:

- if the appointment of the Depositary is terminated without a new appointment being made within the statutory or contractual time limits;
- if the Management Company files for bankruptcy or is wound up for any reason;
- in other cases envisaged in the Law of 2010 on undertakings for collective investment.

The liquidation or winding up of the Fund / sub-fund and/or the closure of the Fund / sub-fund or individual unit classes shall be published by the Management Company according to the statutory provisions in the Grand Duchy of Luxembourg in a Luxembourg daily newspaper and in accordance with the legal provisions of each country in which the units are authorised for public sale. In the event of the liquidation, winding up and/or closure of the Fund / sub-fund, the completion of the liquidation or closure shall also be published in RESA.

If circumstances arise leading to the liquidation or winding up of the Fund / sub-fund and/or the closure of the Fund / sub-fund or a unit class, the issue and redemption of units shall be suspended on the date of resolution. If equal treatment of unitholders can be ensured, units may be redeemed up to liquidation or winding up/closure. The Depositary shall distribute the liquidation proceeds less the liquidation costs and fees among the investors in proportion to their respective holdings at the instruction of the Management Company or, where applicable, the liquidators

appointed by the Management Company or Depositary in agreement with the supervisory authorities. Liquidation proceeds which have not been claimed by unitholders by the conclusion of the liquidation proceedings shall be converted into EUR, insofar as this is required by law, and deposited by the Depositary with the *Caisse de Consignation* in Luxembourg for the account of the entitled unitholders. These amounts shall be forfeited if not claimed within the statutory time limit.

B) Neither unitholders nor their heirs or legal successors may apply for the winding up or splitting of the Fund or sub-funds, or the merging of the Fund or sub-funds with another UCITS or the inclusion of another UCITS.

The Management Company may merge the Fund or sub-funds at any time with another domestic or foreign UCITS or absorb another domestic or foreign UCITS on resolution by the Management Company in accordance with the provisions of Chapter 8 of the Law of 2010.

If the Management Company reaches a resolution to merge the Fund or sub-funds with another UCITS or to absorb another UCITS in accordance with the above paragraph, this must be announced in RESA subject to notice of 35 days before it comes into effect, and in accordance with the statutory provisions of the countries in which the Fund is approved for public sale.

Unitholders of the merging fund and of the absorbing fund have the right to return their units free of charge after publication of the notice to the unitholders about the merger until five (5) banking days before the date of the merger.

## **Article 16 - Statute of limitations and period allowed for presentation**

Claims by unitholders against the Management Company or Depositary may no longer be asserted under the law once five years have expired since the claim arose; the arrangements contained in Article 15 of the Management Regulations are exempted from this.

The presentation period for dividend coupons is five years from the publication of the distribution announcement. Income which is not claimed within the presentation period shall be returned to the fund after this time limit has expired. However, the Management Company has the option to choose whether to redeem distribution coupons at the expense of the sub-fund after the presentation period has elapsed.

## **Article 17 - Governing law and jurisdiction**

These Management Regulations are subject to the laws of the Grand Duchy of Luxembourg. The same applies to the legal relationship between the unitholders and the Management Company. The Management Regulations are deposited with the district court of Luxembourg.

Any legal dispute between unitholders, the Management Company and the Depositary shall be subject to the jurisdiction of the competent court in the judicial district of Luxembourg in the Grand Duchy of Luxembourg. The Management Company and the Depositary shall be entitled to subject themselves and the Fund to the jurisdiction and law of any country in which units in the Fund are publicly sold, provided the claims are from investors domiciled in that country and pertain to the subscription and redemption of units.

## **Article 18 - Entry into force**

Entry into force of the Management Regulations: 31 December 2021.

## **Annex – Additional information for investors in the Federal Republic of Germany**

### **INFORMATION AGENT**

in the Federal Republic of Germany

Universal-Investment-Gesellschaft mbH  
Theodor-Heuss-Allee 70  
60486 Frankfurt am Main

**Since there are no units issued as printed individual certificates, a Paying Agent has not been appointed in the Federal Republic of Germany.**

Redemption and conversion applications by unitholders in the Federal Republic of Germany may be submitted through their respective main bank, which will transmit the application via the usual settlement and clearing process to the Depository / Registrar and Transfer Agent of the Fund in the Grand Duchy of Luxembourg. All payments to unitholders in the Federal Republic in Germany (redemption proceeds as well as possible dividends and other payments) will also be cleared through the usual settlement process with their respective main bank, so that German unitholders will receive payments from it.

The current Sales Prospectus including Management Regulations, Key Investor Information Document (KIID) and Annual and Semi-Annual Reports are available to unitholders free of charge in English language from the Management Company, Depository, Registrar and Transfer Agent and the Information Agent in the Federal Republic of Germany.

The agreements indicated under "Publications" above and the Management Company's Articles of Association are also available for inspection at the offices indicated above.

The offering and redemption prices and any notices for unitholders are published in the Federal Republic of Germany on the website [www.universal-investment.com](http://www.universal-investment.com). In those cases where such publication is required by German law (i.e. German Kapitalanlagegesetzbuch ("KAGB")), an additional publication of notices for shareholders is published in the electronic version of the German Federal Gazette ("Bundesanzeiger").

### **Right of revocation pursuant to § 305 KAGB**

If investment units are purchased as a result of verbal negotiations outside the permanent business offices of the person selling the units or acting as an intermediary for the sale, the buyer can cancel his declaration to purchase by sending in text form a notice of cancellation to the foreign management company within a period of two weeks (right of cancellation); this also applies if the person selling the units or acting as an intermediary for the sale has no permanent business offices. In the case of a distance sale within the meaning of § 312b of the German Civil Code (Bürgerliches Gesetzbuch - BGB), cancellation is not permitted if financial services are purchased whose price is subject to fluctuations on the financial market (§ 312g paragraph 2 sentence 1 number 8 BGB).

Sending the notice of cancellation within the allotted time period is deemed sufficient for compliance with the deadline. The notice of cancellation must be sent to Universal-Investment-Luxembourg S.A., 15, rue de Flaxweiler, L-6776 Grevenmacher, Grand Duchy of Luxembourg, indicating the person making the cancellation and his or her signature. No reasons need to be provided for cancellation.

The cancellation period does not begin until a copy of the application to enter into a contract has been provided to the buyer or a bought note has been sent to him containing information advising the buyer of his right of cancellation as above.

If the beginning of the period is disputed, the burden of proof is on the seller.

The buyer has no right of cancellation if the seller proves that the buyer bought the units as part of his business operations, or that he called on the buyer for the negotiations leading to the sale of the units based upon a previously arranged appointment in accordance with § 55 paragraph 1 of the German Trade, Commerce and Industry Regulation Act (Gewerbeordnung - GewO).

If a cancellation has been made and the buyer has already made payments, the foreign management company is obligated to pay the buyer, concurrently with the retransfer of the purchased units, if necessary, any expenses paid plus an amount equal to the value of the purchased units on the day following receipt of the notice of cancellation.

The right of cancellation cannot be waived.

## **Investor rights**

Universal-Investment-Luxembourg S.A. has established a complaints office. Complaints can be addressed to Universal-Investment-Luxembourg S.A. both electronically and in writing.

Electronic complaints should be sent to the email address: [Beschwerdemanagement-ui-lux@universal-investment.com](mailto:Beschwerdemanagement-ui-lux@universal-investment.com). Written complaints should be sent to:

Universal-Investment-Luxembourg S.A.  
Complaints Department  
15, rue de Flaxweiler  
L-6776 Grevenmacher

Complaints may be written in German or English. The processing of complaints is free of charge for investors. The reply letter will be sent within one month after receipt of the complaint.

If the matter has not been resolved within one month of sending the complaint to Universal-Investment-Luxembourg S.A. or if no interim reply has been sent, it is possible to use the procedure for the out-of-court settlement of complaints with the Luxembourg financial supervisory authority Commission de Surveillance du Secteur Financier ("CSSF"). The legal basis for this is CSSF Regulation 16-07. Contact should be made by post to:

Commission de Surveillance du Secteur Financier  
Department Juridique CC  
283, route d'Arlon  
L-2991 Luxembourg,  
by fax (+35226251601), or by email ([reclamation@cssf.lu](mailto:reclamation@cssf.lu)).

A request for out-of-court settlement of a complaint with the CSSF is no longer admissible if more

than one year has elapsed between the date of filing of the complaint with the CSSF and the original filing with Universal-Investment-Luxembourg S.A.

In order to enforce investors' rights, legal action may also be taken before the ordinary courts. The possibility of an individual action is open.

### **Special risks arising from new tax-related obligations in Germany**

The Management Company must provide proof of the accuracy of the tax basis notified. Should errors from the past be identified, there shall be no retrospective correction; instead, it shall be taken into account as part of the notification for the current financial year.

## **Information concerning the taxation of income from foreign investment funds for investors from the Federal Republic of Germany**

Investment fund under Luxembourg law

**The following information on taxation is not intended to provide or substitute legally binding tax advice and does not assert the claim to cover all relevant tax-related aspects which may be of importance in connection with the purchase, possession or sale of units in the Fund. The items listed are neither exhaustive nor do they take into account any individual circumstances of particular investors or investor groups.**

### General remarks

The statements concerning tax regulations rules apply only to investors who have unlimited tax liability within Germany. We recommend that foreign investors contact their own tax advisers prior to purchasing units in the Investment Fund described in this Sales Prospectus and obtain individual clarification regarding the possible tax-related consequences in their home country arising from the purchase of units.

The Investment Fund itself is only partially subject in Germany to corporation tax of 15% plus solidarity surcharge for specific domestic income. This income taxable in Germany includes domestic revenue from investments and other domestic income in line with the limited obligation to pay tax with the exception of gains from the sale of units in capital companies. Corporation tax is, however, discharged insofar as the income is subject in Germany to tax deduction; in this case, the 15% tax deduction already includes the solidarity surcharge. The Investment Fund is not, in principle, subject to trade tax in Germany.

The taxable income of the Investment Fund (investment income), i.e. Fund distributions, advance lump-sum amounts and gains from the disposal of units are subject to income tax for private investors as revenue from capital assets where this, combined with the investors' other capital gains, exceeds their flat-rate allowance. Income from capital assets is generally subject to a 25% withholding tax (plus solidarity surcharge and, where applicable, church tax).

The tax for the private investor has, in principle, the effect of a tax at source (known as "flat-rate withholding tax"), so that the income from capital assets usually does not have to be included on the income tax return. In principle, when deducting the tax, the custodian will have already offset losses and foreign withholding taxes from direct investments. The withholding tax does not have the effect of a final payment, however, if the investor's personal tax rate is lower than the final withholding tax of 25%. In this case, the income from capital assets can be included on the income tax return. The tax authority then applies the lower personal tax rate and offsets the tax deduction against the tax liability (known as the "reduced-rate test").

Where income from capital assets has not been subject to taxation in Germany (for example, in the case of a foreign custody account), this must be included on the tax return. Within the tax assessment, any income from capital assets is then also subject to the final withholding tax of 25%, or else to the lower personal tax rate.

Despite taxation and the higher personal tax rate, information about the income from capital assets may be required if extraordinary expenses or itemised deductions (e.g. charitable donations) are claimed as part of the income tax return.

If the units are held in the operating assets, the investment income is treated as business revenue for tax purposes. In this case, the tax will not have the effect of a final payment; there is no offsetting of losses through the domestic custodian. The tax legislation requires a sophisticated review of the income components in order to determine the income which is taxable and/or liable for capital gains tax.

### **Units held as personal assets (residents for tax purposes)**

#### **Distributions**

Fund distributions are in principle taxable. However, distributions can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions.

Taxable distributions are generally subject to a tax deduction of 25% (plus the solidarity surcharge and church tax, if relevant).

If an investor keeps units in a domestic custody account, the custodian (as the paying agent) will not deduct tax if, before the date set for distribution, it receives an exemption order for a sufficient amount that has been issued in accordance with the official template or a non-assessment certificate issued by the tax authorities for a maximum period of three years. In this case, the full distribution is credited to the investor.

#### **Advance lump-sum amounts**

The advance lump-sum amount is the amount by which Fund distributions in a calendar year fall below the basic income for that calendar year. Basic income is calculated by multiplying the redemption price of the unit at the beginning of a calendar year by 70% of the basic interest rate derived from the long-term returns achievable from public bonds. Basic income is limited to the surplus arising between the first and last redemption price determined plus distributions during the calendar year. In the year the units are acquired, the advance lump-sum amount is reduced by a twelfth for each full month preceding the month of acquisition. The advance lump-sum amount is deemed accrued on the first working day of the following calendar year.

As a rule, advance lump-sum amounts are taxable. However, advance lump-sum amounts can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions.



Taxable advance lump-sum amounts are generally subject to a tax deduction of 25% (plus the solidarity surcharge and church tax, if relevant).

If an investor keeps units in a domestic custody account, the custodian (as the paying agent) will not deduct tax if, before the date of accrual, it receives an exemption order for a sufficient amount that has been issued in accordance with the official template or a non-assessment certificate issued by the tax authorities for a maximum period of three years. In this case, no tax will be paid. Otherwise, investors must make the amount of the tax to be paid available to the domestic institution maintaining their custody account. To this end, the custodian may withdraw the amount of the tax to be paid from an account held with it in the name of the investor without the investor's consent. Unless otherwise stipulated by the investor before the advance lump-sum amount accrues, the custodian may withdraw the amount of the tax to be paid from one of the accounts in the name of the investor, insofar as an overdraft agreed with the investor for this account has not been utilised. If the investor has not complied with his obligation to make the amount of the tax to be paid available to the domestic custodian, the institution must report them to the competent tax authorities. In this case, the investor must include the advance lump-sum amount in his income tax return.

### **Capital gains at investor level**

If units are sold to the Fund, the capital gains are in principle taxable and are generally subject to a tax deduction of 25% (plus solidarity surcharge and church tax where applicable). When determining the capital gains, the gains shall be reduced by the advance lump-sum amount set during the holding period.

However, capital gains can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions. Conversely, in the event of loss on disposal, the loss is not deductible from the amount of the partial exemption to be applied at investor level.

If the units are held in a domestic custody account, the custodian will apply the tax deduction, taking account of any partial exemptions. The withholding tax of 25% (plus the solidarity surcharge and, where applicable, church tax) may be waived following presentation of a sufficient exemption request or non-assessment certificate. If such units are sold by a private investor at a loss, the loss may be offset against other positive income from capital assets. If the units are held in a domestic custody account and positive income was generated from capital assets with the same custodian in the same calendar year, said institution will offset the losses.

### **Change to applicable partial exemption**

If the applicable partial exemption changes or the requirements for partial exemption no longer apply, the investment unit is regarded as sold and repurchased on the following day. Gains from the notional sale are regarded as accrued on the date on which the investment unit is actually sold.

## **Units held as operating assets (residents for tax purposes)**

### **Distributions**

Fund distributions are in principle subject to income tax, corporation tax and trade tax. However, distributions can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions. For the purposes of trade tax, the tax-free amounts are halved.

Distributions are generally subject to a tax deduction of 25% (plus the solidarity surcharge and church tax).

### **Advance lump-sum amounts**

The advance lump-sum amount is the amount by which Fund distributions in a calendar year fall below the basic income for that calendar year. Basic income is calculated by multiplying the redemption price of the unit at the beginning of a calendar year by 70% of the basic interest rate derived from the long-term returns achievable from public bonds. Basic income is limited to the surplus arising between the first and last redemption price determined plus distributions during the calendar year. In the year the units are acquired, the advance lump-sum amount is reduced by a twelfth for each full month preceding the month of acquisition. The advance lump-sum amount is deemed accrued on the first working day of the following calendar year.

Advance lump-sum amounts are in principle subject to income tax, corporation tax and trade tax. However, advance lump-sum amounts can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions. For the purposes of trade tax, the tax-free amounts are halved.

Advance lump-sum amounts are generally subject to a tax deduction of 25% (plus the solidarity surcharge and church tax).

### **Capital gains at investor level**

Gains from the disposal of units are in principle subject to income tax, corporation tax and trade tax. When determining the capital gains, the gains shall be reduced by the advance lump-sum amount set during the holding period. However, capital gains can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions. For the purposes of trade tax, the tax-free amounts are halved.

Gains from the disposal of units are not generally subject to the deduction of capital gains tax.

In the event of loss on disposal, the loss is not deductible from the amount of the partial exemption to be applied at investor level.

### **Change to applicable partial exemption**

If the applicable partial exemption changes or the requirements for partial exemption no longer apply, the investment unit is regarded as sold and repurchased on the following day. Gains from the notional sale are regarded as accrued on the date on which the investment unit is actually sold.

### **Reimbursement of corporation tax levied by capital gains tax deduction for the Fund**

Capital gains tax (corporation tax) accruing at Fund level may be reimbursed to an investor if the investor is a domestic corporation, association of individuals or corporate fund which, according to its articles of association, act of formation or other by-laws and according to its effective management exclusively and directly serves charitable, non-profitable or religious purposes or is a foundation under public law that exclusively and directly serves charitable, non-profitable or religious purposes or is a legal entity under public law that exclusively and directly serves religious purposes; this does not apply if the units are held in a commercial business. The same applies to comparable foreign investors with registered offices and central management in a foreign state providing mutual assistance for the recovery of taxes.

The prerequisite for this is that such an investor makes a corresponding application and that the capital gains tax accruing is attributable pro rata to his holding period. In addition, the investor must be the owner under civil and commercial law for at least three months before the taxable income of the Fund accrues and there is no obligation to transfer the units to another person. Furthermore, reimbursement in respect of capital gains tax on German dividends and income from German near-equity participation rights accruing at Fund level essentially presupposes that German equities and German near-equity participation rights are held by the Fund as the beneficial owner for an uninterrupted period of 45 days before and after the maturity date of the capital gains and that over these 45 days the risks of a change in the minimum value remains at a constant 70%.

Evidence of tax exemption and a statement on the investment units held issued by the custodian must be enclosed with the application. The statement on the investment units held is an official certificate drawn up on the extent of the units held continuously by the investor over the calendar year and the date and extent of unit acquisition and disposal over the calendar year.

Capital gains tax accruing at Fund level may be reimbursed by the Fund to an investor provided the units in the Fund are held on the basis of retirement or basic pension plans certified under the Pension Provision Agreements Certification Act. This presupposes that the provider of the retirement or pension plan advises the Fund within one month after its financial year-end of the dates and extent to which units were acquired or sold.

The Fund or company is not obliged to reimburse the relevant capital gains tax to the investor.

Due to the high level of complexity of the regulations, it may be advisable to consult a tax adviser.

### **Liquidation tax**

While the Fund is being liquidated, distributions only qualify as income to the extent that they include capital growth for a calendar year.

### **Solidarity surcharge**

A 5.5% solidarity surcharge is levied on the tax withheld upon distribution, advance lump-sum amounts and gains from the sale of units. The solidarity surcharge may be offset against the income and corporation tax.

### **Church tax**

If income tax is already levied by a domestic custodian (entity deducting the tax), the applicable church tax – in accordance with the rate of the church tax for that religious community to which the individual liable for church tax belongs – is levied as a surcharge to the tax deduction. The deductibility of the church tax as an itemised deduction is already treated as reducing the tax payment.

### **Foreign withholding tax**

Withholding tax on the Fund's foreign income is, in some cases, levied in the country of origin. This withholding tax cannot be used by investors to reduce the tax amount.

### **Consequences of merging investment funds**

The merger of a domestic investment fund with another domestic investment fund in accordance with one of the provisions of the German Investment Tax Act does not result in the disclosure of hidden reserves, either at investor level or at the level of the investment funds involved; in other words, this process is tax-neutral. The investment funds must be subject to the same law of a foreign state providing mutual assistance for the recovery of taxes. If the investors in the absorbed investment fund receive a cash payment, this shall be treated in the same manner as a distribution.

### **Automatic exchange of information on tax matters**

The significance of the automatic exchange of information to combat cross-border tax fraud and cross-border tax evasion has increased considerably in recent years. On behalf of the G20, the

OECD published a global standard in 2014 on the automatic exchange of information on financial accounts in tax matters (Common Reporting Standard, hereinafter referred to as "CRS"). More than 90 states have signed up to the CRS (participating states) by means of a multilateral convention. Furthermore, in late 2014, it was incorporated into Directive 2011/16/EU by Council Directive 2014/107/EU of 9 December 2014 as regards mandatory automatic exchange of information in the field of taxation. Participating states (all EU Member States and a number of third states) have in principle applied the CRS from 2016 with reporting obligations from 2017. Luxembourg incorporated the CRS into Luxembourg law through the Act of 18 December 2015 and has applied it since 2016.

The CRS requires reporting financial institutions (mainly credit institutions) to obtain specific information regarding their customers. Where the customers (natural persons or legal entities) are subject to reporting requirements and are resident in other participating states, their accounts and securities accounts are classified as reportable accounts. The reporting financial institutions transmit specific information for each reportable account to their domestic tax authorities. These in turn transmit the information to the customer's domestic tax authorities.

The information transmitted chiefly relates to personal data of reportable customers (name; address; tax identification number; date and place of birth (for natural persons); state of residence) and information on the customers and securities accounts (e.g. account number; account balance or account value; total gross income such as interest, dividends or distributions from investment funds; total gross proceeds from the disposal or redemption of financial assets (including fund units)).

In concrete terms, those affected are reportable investors with an account and/or securities account at a credit institution established in a participating state. Therefore, Luxembourg credit institutions report information concerning investors resident in other participating states to the local tax authorities (Administration des Contributions Directes), which in turn forward the information to the relevant tax authorities of the investors' states of residence. Conversely, credit institutions in other participating states forward information concerning investors resident in Luxembourg to their respective domestic tax authorities.

**Note:**

The tax information is based on the legal position at present. It is intended for persons in Germany who are fully liable for income tax or corporation tax. However, no guarantee can be given that the tax assessment will not alter as a result of legislation, court decisions or orders issued by the tax authorities.