

Prospectus

**VTWM Special Funds S.A. SICAV-FIS**  
**Investment company with variable capital**  
**(Société d'Investissement à Capital Variable, SICAV-FIS)**  
**Luxembourg R.C.S. B 204283**

The following subfunds are currently offered:

*VTWM Special Funds – US Leaders Equity Fund*

*VTWM Special Funds – Global High Yield Bond Fund*

**VTWM Special Funds S.A. SICAV-FIS** (the “**Fund**”) is a specialised investment fund established as a mutual fund with variable capital (société d’investissement à capital variable, SICAV-FIS) in the legal form of a joint stock company (société anonyme, S.A.) pursuant to the Luxembourg Law of 13 February 2007 on specialised investment funds.

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**December 2019**

# Contents

- GENERAL PART ..... 3
  - 1. GENERAL NOTICES..... 3
  - 2. General information and regulations..... 5
    - 2.1. Management and administration ..... 5
    - 2.2. The Investment Company ..... 6
    - 2.3. The Management Company/AIFM..... 7
      - 2.3.1 Risk and liquidity management, leverage pursuant to the AIFMD ..... 8
    - 2.4. Depository and paying agent as well as the Registrar and Transfer Agent..... 8
    - 2.5. Central Administrative Agent ..... 10
    - 2.6. The Fund Manager ..... 10
    - 2.7. The Investment Adviser..... 10
    - 2.8. Notices to shareholders ..... 11
  - 3. General investment principles and restrictions ..... 11
  - 4. Notices on techniques and instruments ..... 11
    - 4.1. Options ..... 11
    - 4.2. Financial futures contracts ..... 12
    - 4.3. Currency futures..... 12
    - 4.4. Techniques for management of credit risk ..... 12
    - 4.5. Remarks..... 12
  - 5. Important notices about risk factors..... 12
  - 6. Special notices of risk ..... 13
  - 7. Taxation ..... 16
  - 8. Calculation of the net asset value per share..... 16
  - 9. Issue of shares ..... 17
  - 10. Redemption of shares ..... 18
  - 11. Costs ..... 19
  - 12. Supplemental notice to the Articles of Association ..... 19
- Special rules for subfund VTWM Special Funds – US Leaders Equity Fund ..... 21
- Special rules for subfund VTWM Special Funds – Global High Yield Bond Fund ..... 24
- Articles of Association ..... 28

## GENERAL PART

### 1. GENERAL NOTICES

Shares in VTWM Special Funds S.A. SICAV-FIS (the "Company" or the "mutual fund") are offered only on the basis of the information contained in the Prospectus or in the documents referred to in the Prospectus. It qualifies as an AIF in accordance with Part II of the Law of 2007.

No one is authorised to provide information that is not included in the information and statements made in the Prospectus or to make statements with regard to the Company. Any purchase of shares on the basis of information or statements not included in the Prospectus or not in agreement with the information and statements made in the Prospectus is at the sole risk of the acquirer of the shares. The publication of this sales brochure as well as the offer of shares may be subject to restrictions in certain jurisdictions. The Prospectus constitutes neither an offer nor a solicitation to buy in territories in which any such offer or solicitation would be illegal or in which the person making the offer or the solicitation to buy is not legally authorised to do so or in which the person to whom the offer or the solicitation to buy is not legally authorised to accept such offer or solicitation. It is the responsibility of each shareholder and each interested party who would like to acquire shares to obtain information about the corresponding laws and other regulations in the territory in question and observe these laws and regulations. The company offers investors various subfunds.

The Prospectus consists of a General Part (Part I), which contains generally applicable information and regulations for the company as such and several Special Parts (Part II ff), in which the specific aspects of each subfund are described. Part I and subsequent parts must be viewed as a single unit. Without the respective other parts, they do not develop any legal effect whatsoever. The Company is subject to the stipulations of the Law of 13 February 2007 about specialized investment funds (the Law of 2007). It is registered in the list of Undertakings for Collective Investment in Transferable Securities, which is subject to the Law of 2007. This admission is not an evaluation by the Luxembourg authorities as to the content of the Prospectus or the quality of the assets held by the Company. Any representation to the contrary is not permissible and would be in violation of the law. Acquisition of shares in the Company is permitted exclusively to institutional, professional or other expert investors pursuant to Article 2, Paragraph 1 of the Law of 13 February 2007. According to Article 2 Paragraph 1 of the Law of 13 February 2007, expert investors must:

- submit their written affirmation of their status as an expert investor and invest at least €125,000 in the investment fund or
- present an assessment of a credit institution pursuant to Directive 2006/48/EC of a securities company pursuant to Directive 2004/39/EC or of a management company pursuant to Directive 2009/65/EC, which confirms that the investor possesses adequate technical competency, corresponding experience and the necessary knowledge in order to reasonably evaluate an investment in the investment fund.

VTWM Special Funds S.A. SICAV-FIS has appointed an external AIFM in accordance with Articles 2 and 4 Paragraph 1 a) of the Law of 12 July 2013 on the managers of alternative investment funds ("Law of 2013" and "AIFM Law").

An investment in the subfund is intended to be a long-term investment. The systematic purchasing and sale of shares for the purpose of exploiting time differences and/or conceivable weaknesses or incompleteness in the evaluation system of the net inventory value by an investor, i.e. "market timing", can damage the interests of other investors.

The company rejects this arbitrage method. Therefore, in order to avoid such practices, the Company retains the right to reject, retract or exclude an investor's subscription application or switching order when there is the suspicion that the investor is attempting market timing. In such a case, the Company will take appropriate measures in order to protect the other investors of the affected subfund.

The shares may not be held by "US persons".

US persons are:

- a) such naturalized persons, who
  - i) were born in the United States or one of its territories or sovereign regions,
  - ii) persons who have adopted US nationality (or holders of a Green Card),
  - iii) persons born to US parents in a territory outside the US,
  - iv) persons who are not nationals of the US, but whose primary residence is in the US, or
  - v) persons married to a US national
  - vi) live in the United States;
- b) legal US entities, in particular:
  - i) persons and corporate entities, pension funds or other companies or legal units that were established under the laws of one of the 50 US American states or the District of Columbia or by an Act of Congress or which are registered in a US commercial registry;
  - ii) any estate whose executor or manager is a US person;
  - iii) any trust, to the extent that
    - a court within the United States would be authorized, in accordance with applicable law, to issue orders or judgements on substantially all questions on the management of the trust, and
    - one or more US persons are authorized to monitor all major decisions of the trust or a bequest of a testator who is a citizen of the United States or has residency there. This bullet point must be interpreted in accordance with the tax code of the United States.
  - iv) a branch office or affiliate of a legal entity that is not a US person, which is located in the United States;
  - v) any discretionary or non-discretionary account or similar account (to the extent it is not an asset or a trust according to letters ii) and iii)), which is held by a dealer, administrator or trustee for the benefit of or at the expense of a US person;
  - vi) any discretionary account or similar account (to the extent it is not an asset or a trust according to letters b) and c)), which is held by a dealer, administrator or trustee, which was established or registered in the United States or is held by a US person;
  - vii) any legal entity that was established or registered under laws other than of the United States or its federal states by or for a US person and was established principally for the execution of one or more transactions that fall under the "offshore exemption" of the Volcker Rule,
  - viii) any passive NFFE ("Non-Financial Foreign Entity) with at least one controlling person (who holds more than 25% of the voting shares), who is a citizen of the United States or resides there,
  - ix) any "non-participating financial institution".

The definitions of a US person provided above shall be interpreted with respect to the FATCA agreement between the United States and the grand Duchy of Luxembourg of 28 March 2014. Non-participating financial institutions in terms of Paragraph 3 No. 2 i) of this article are treated as US persons.

The Management Company will reject any subscription applications from the types of US persons described above.

## **2. General information and regulations**

### **2.1. Management and administration**

#### **Registered office of the investment company**

VTWM Special Funds S.A. SICAV-FIS,  
9, Allee Scheffer, L-2520 Luxembourg

Board of Directors:

Sacha Fedier  
VT Wealth Management AG, Tödistr. 27, CH-8002 Zurich

Josef Koppers  
professionally domiciled at 2, rue Gabriel Lippmann, L-5365 Munsbach

Bernhard Schneider  
PMG Fonds Management AG, Sihlstrasse 95, CH-8001 Zurich

#### **Registered office of the Management Company/AIFM**

LRI Invest S.A.  
9A, rue Gabriel Lippmann, L-5365 Munsbach

#### **Supervisory Board:**

Mr Thomas Rosenfeld

Mr David Rhydderch

Mr. Thondikulam Easwaran Srikumar

#### **Member of Management Board:**

Frank de Boer  
Member of Management Board  
LRI Invest S.A.

Utz Schüller  
Member of Management Board  
LRI Invest S.A.

Thomas GRÜNEWALD  
Member of Management Board

LRI Invest S.A.

**Central administrator**

LRI Invest S.A., 9A, rue Gabriel Lippmann, L-5365 Munsbach

**Depository and paying agent in Luxembourg**

European Depository Bank SA, 3, rue Gabriel Lippmann, L-5365 Munsbach

**Fund manager**

PMG Fonds Management AG, Sihlstrasse 95, CH-8001 Zurich

**Investment adviser**

VT Wealth Management AG, Tödistrasse 27, CH-8002 Zurich

**Registrar and transfer agent**

European Depository Bank SA, 3, rue Gabriel Lippmann, L-5365 Munsbach

**Auditor**

PricewaterhouseCoopers S.à r.l., 2, rue Gerhard Mercator, L-2182 Luxembourg

**Swiss paying agent**

InCore Bank AG, Wiesenstrasse 17, CH-8952 Schlieren

**Swiss representative**

PMG Fonds Management AG, Sihlstrasse 95, CH-8001 Zurich

**2.2. The Investment Company**

The Investment Company is a joint stock corporation under the laws of the Duchy of Luxembourg with its registered office at 9, Allee Scheffer, L-2520 Luxembourg. It was established on 25 February 2016 under the name VTWM Special Funds for an indefinite period of time.

The Investment Company is registered in the commercial registry of the Luxembourg District Court under the registration number R.C.S. Luxembourg B 204283. The Investment Company's financial year ends on 31 December of each year.

The Articles of Association were published on 22 March 2016 in Mémorial.

The starting capital of the Investment Company is EUR 31,000 divided into 31 shares of EUR 1,000 each without par value. The share capital can be increased through the issuance of additional shares by the Investment Company or reduced by the repurchase of shares by the Investment Company. The share capital must amount to at least one million two hundred fifty thousand euros (EUR 1,250,000). This minimum company capital must be raised within 12 months following authorisation of the Investment Company as a specialised investment fund according to Luxembourgian law. After this time, the minimum capital may not fall below the said amount.

The exclusive purpose of the Investment Company is to invest the assets of the company in transferable securities and other assets permitted by law in accordance with the principle of risk diversification with the objective of distributing to shareholders the profits resulting from the management of the assets of the company. The Investment Company can take any measures and execute any transactions that it views as useful for fulfilling and executing the said purpose of the company, i.e. in the broadest sense according to the Law of 2007. The Board of Directors can resolve any time that the shares of the Investment Company belong to various assets to be established (known as subfunds), which in turn may be quoted in various currencies. Each of the subfunds is an independent fund with specific pools of assets and specific investment policies with regard to the

relationships of the shareholders among themselves. The rights and obligations of the shareholders of a subfund are separate from those of the other shareholders. In relation to third parties, the assets of a subfund are only liable for liabilities that can be allocated to that subfund.

The investment policies and investment limitations of the company and its subfunds are described below in another section of this Prospectus. When new subfunds are introduced, the prospectus will be adapted accordingly.

The Investment Company has transferred the risk management and portfolio management to the Management Company as the external AIFM.

### **2.3. The Management Company/AIFM**

The aim of the Management Company is to establish and manage Luxembourg and/or foreign undertakings for collective investment, including on a cross-border basis under the freedom to provide services and freedom of establishment within the European Economic Area. Among such undertakings for collective investment are:

- Undertakings for collective investment in transferable securities (“UCITS”) pursuant to Directive 2009/65/EC, implemented in Luxembourg in Part 1 of the Law of 17 December 2010 and
- All kinds of alternative investment funds (“AIF”) pursuant to Directive 2011/61/EU implemented in Luxembourg by the Law of 12 July 2013 on the managers of alternative investment funds (the “Law of 12 July 2013”) and
- Other undertakings for collective investment (“UCI”) which are not included in the mentioned Directives and/or Laws and for which the Company is subject to supervision, although its units may not be distributed in other Member States of the European Union pursuant to the mentioned laws.

The Company can take all steps which are necessary or useful for promoting the distribution of such shares and/or units in Luxembourg and/or abroad and for the launch and management of these UCITS, UCI or AIF. The management of Luxembourg and foreign UCITS, UCI and AIF includes particularly the asset management (portfolio management and/or risk management) and/or additional activities relating to the administration and/or the distribution and/or activities associated with the assets of UCITS, UCI and AIF.

The Investment Company has transferred the risk management and portfolio management activities to the Management Company as the external AIFM.

#### **Basic procedure in the case of conflicts of interest and fair treatment of investors**

The Management Company checks in principle for the existence of potential conflicts of interest and a guarantee of fair treatment for investors before it commences a new activity for a fund or allocates a duty to a service provider. Changes in fields of activity or in remuneration for activities may lead to conflicts of interest and are scrutinised appropriately.

When potential conflicts of interest or other risks opposing fair treatment of investors become apparent, these must be brought to the attention of the Compliance department of the Management Company. The Compliance department shall ensure the further treatment of the conflict of interest in the interests of the investors. For this purpose the Compliance department is kept independent of the hierarchy and according to the Compliance charter and Compliance policy of the companies is not permitted to be responsible for the day-to-day business of the company. The Compliance department can approach the Management Board and/or Supervisory Board directly with its observations regarding conflicts of interest and other issues which are of relevance to the investors, the Fund or the company concerned. Employees from other departments in principle also have this option in addition to the compulsory reporting to the Compliance department when conflicts of interest arise.

If the Compliance department, Management Board or Supervisory Board of the Management Company conclude that there is a conflict of interest which cannot be avoided by contractual or organisational means, it shall be disclosed to the investors concerned. Disclosure is to be effected by the Company immediately and without prompting either in the written form or through publication on the homepage of the Management Company at <https://lri-capital.lu/corporate-governance/grundsatz-zur-abstimmungspolitik-in-publikumsfonds-der-augeo-capital-management-sa>. The corresponding notification or publication shall contain sufficient detail in order to give investors a clear picture of the conflict. All conflicts of interest known at the time the Prospectus is produced shall be included in the current version, while new conflicts of interest will be included in the next update to the Prospectus.

Extracts from the guidelines on dealing with conflicts of interest can be found on the homepage of the Management Company at <https://lri-capital.lu/corporate-governance/grundsatz-zur-abstimmungspolitik-in-publikumsfonds-der-augeo-capital-management-sa>. The full guidelines may also be requested from the Management Company and will be provided electronically or in printed form at no charge.

### **2.3.1 Risk and liquidity management, leverage pursuant to the AIFMD**

#### **2.3.1.1 Risk management**

The AIFM ensures that appropriate, documented principles are established, implemented and maintained for the management of risk setting out the risks to which the Fund managed by it is exposed or could be exposed. The risk management principles include the procedures required so that the AIFM is able to evaluate for the fund managed by it the market, liquidity and counterparty risk and all other relevant risks, including operational risks, which could be material to the fund under its management. Furthermore the risk management procedure ensures the independent verification of the valuation policies and procedures pursuant to Article 70(3) of the AIFM Regulation.

The AIFM employs a comprehensive method of valuing the risks to the Fund which is based on qualitative and quantitative principles of risk assessment.

The risk management staff of the AIFM monitor compliance with these provisions in accordance with the requirements of the applicable circulars and published regulations of the CSSF or of any other European authority authorised to publish such regulations or technical instructions employed for the Fund.

#### **2.3.1.2 Liquidity risk management**

The AIFM ensures there is a suitable liquidity management system which enables the liquidity risks of the Fund to be monitored. The AIFM guarantees that the liquidity situation of the Fund is always adjusted in line with the investment policy, liquidity profile, distribution policy and redemption principles.

#### **2.3.1.3 Leverage pursuant to the AIFMD**

In compliance with the provisions of the Law of 2013, the AIFM provides the relevant supervisory authorities for the Fund information about the level of leverage of the AIF in gross figures based on the gross calculation methods as per Article 7 and on the financial commitment in accordance with the commitment method as per Article 8 of the AIFM Regulation.

The leverage limits applicable to the subfunds are specified in the annex in the relevant special provisions of the respective subfunds.

### **2.4. Depository and paying agent as well as the Registrar and Transfer Agent**

#### **Depository and Paying Agent**



European Depository Bank SA has been appointed as the Fund's Depository in line with the depository agreement concluded between the Company, the AIFM and the Depository.

European Depository Bank SA is filed under number B 10.700 in the Luxembourg Commercial and Companies Register (RCS). It holds a banking licence pursuant to the Luxembourg Law of 5 April 1993 on the financial sector and specialises in depository and associated services.

The Depository is responsible for holding the Fund's assets in safekeeping and is subject to the duties of Part II of the Law of 2007 and the Law of 2013.

The Depository ensures that the particular subfund's cash flows are monitored effectively and properly and that:

- the sale, issuing, redemption, payouts and suspension of shares and capital contributed to the Fund or the relevant subfund take place in accordance with the applicable provisions of Luxembourg law and of the Articles of Association;
- the calculation of the value of the shares in the Fund or particular subfund is performed according to the valid provisions of Luxembourg law and the Articles of Association and the procedure specified in Article 19 of the AIFM Law;
- the instructions of the AIFM are executed, unless they breach applicable provisions of Luxembourg law or of the Articles of Association;
- for transactions in assets of the Fund or particular subfund, the equivalent value is transferred to the Fund within the usual deadlines; and
- the earnings of the Fund and subfunds are used in accordance with the applicable provisions of Luxembourg law and of the Articles of Association.

In line with the provisions of the depository agreement, the AIFM Law and Part II of the Law of 2007, the Depository may, under certain conditions and in the context of an effective and due fulfilment of obligations, partly or entirely assign the safekeeping of financial instruments to others. When selecting and appointing a third party, the Depository guarantees that it has acted with the knowledge of the subject, care and conscientiousness required by the AIFM Law and only assigns the Fund's or subfund's assets to third parties which maintain the standards of security corresponding to the requirements of the AIFM Law. The liability of the Depository is not affected by this assignment and moreover is governed by the AIFM Law.

The Depository has also been named as Paying Agent for the Company, with the obligation to pay out any distributions, the redemption price for redeemed shares and other payments.

#### **Registrar and Transfer Agent**

European Depository Bank SA has been appointed the Registrar and Transfer Agent for the Fund.

The Registrar and Transfer Agent is responsible for handling subscription applications for shares and performing transfers or redemptions of shares, all in agreement with the Articles of Association. In this connection, it is responsible for keeping the register, performing approved orders (subscription forms/redemptions/transfers), remitting funds in connection with keeping the register, despatching certificates in connection with the register.

The Registrar and Transfer Agent will also verify the identity of the shareholders, in accordance with all conditions prescribed by the applicable laws, regulations and provisions with regard to preventing money laundering and the financing of terrorism, but in particular with the circular CSSF 13/556 of 16 January 2013, as amended, as well as with the other circulars of the Luxembourg supervisory authorities, as amended.

The Registrar and Transfer Agent support the Board of Directors during examination of whether a new investor meets the expertise requirements as described in the pertinent law and the issue document.

## **2.5. Central Administrative Agent**

The Central Administrative Agent was established on 23 January 1989 as a joint stock company under Luxembourgian law for an indefinite period of time under the name **LRI Invest S.A.** Its registered office is at 9A, rue Gabriel Lippmann, L-5365 Munsbach.

The Articles of Association of this company were published in Mémorial C, Recueil des Sociétés et Associations ("Mémorial") on 27 June 1988 and filed with the commercial registry of the District Court of Luxembourg. A new consolidated version of the Articles of Association was filed with the trade register of Luxembourg district court and a reference to it published in the Recueil électronique des sociétés et associations (RESA).

**LRI Invest S.A.** was named as the Central Administrative Agent for the Company. In this connection, it will, in particular, assume accounting responsibilities, including the calculation of net asset value and the preparation of the annual reports for the Company. When calculating the net asset value, the Central Administrative Agent will draw on information provided by third persons. To the extent there are no apparent errors, the Central Administrative Agent will not be liable for the accuracy of the information provided to it or for any other errors related to the calculation of the net asset value which is a result of the inaccuracy of the associated received information.

## **2.6. The Fund Manager**

**PMG Fonds Management AG** (PMG) will serve as the fund manager for all subfunds of the Investment Company. PMG Fonds Management AG is a fund manager pursuant to the Swiss Collective Investment Law (KAG) and, as such, is subject to the supervision of the Swiss Supervisory Authority (*FINMA*). PMG manages several funds under Swiss law and acts as the fund manager for several funds under Luxembourgian law.

The task of the fund manager is, in particular, daily implementation of the investment policy of the respective subfund's assets and management of routine asset management transactions. It must execute these tasks while obeying the principles of each subfund's investment policy and investment restrictions, as described in this detailed prospectus and in the Articles of Association, as well as observance the statutory investment restrictions.

The fund manager is authorised to select brokers and traders to carry out transactions using the assets of the investment fund. The fund manager is responsible for the investment decision and issuance of orders.

The fund manager has the right to obtain advice from third parties, particularly from various investment advisers.

The fund manager bears all expenses that it incurs in conjunction with the services that it performs for the Investment Company. Broker commissions, transaction fees and other business costs incurred in conjunction with the acquisition and divestiture of assets are borne by the respective subfund.

The fund manager is empowered, with the approval of the CSSF, to delegate its functions, authorities and tasks fully or partially to a sub-investment manager. In such cases, the Prospectus will be updated to reflect this situation.

## **2.7. The Investment Adviser**

The fund manager appoints **VT Wealth Management AG** as the Investment Adviser for all subfunds. VT Wealth Management AG is an independent adviser and asset manager in the financial industry. It was established in 2008 in accordance with Swiss law. The company has issued capital of CHF 800,000.

The Investment Adviser observes the financial markets, analyses the composition of the investments of the respective fund assets and gives the Fund Manager recommendations for the investment of the respective subfund's assets while observing the principles of the investment policy and investment limits existing for the respective subfund. The Fund Manager is not bound by the investment recommendations of the Investment Adviser and decides independently according to his own judgement.

The investment adviser is entitled to consult third parties at its own expense. However, it is not entitled to transfer its duties and obligations to a third party without the express prior consent of the Management Company. If the Investment Adviser has transferred its duties and obligations to a third party with the express prior consent of the Management Company, the investment adviser shall bear all costs associated with this.

## **2.8. Notices to shareholders**

Notices to shareholders are obtainable at no charge from the AIFM, the Depository, the Registrar and Transfer Agent, the Central Administrative Agent and the Paying and Information Agent and are published on the website at [www.lri-invest.lu](http://www.lri-invest.lu).

Shareholders may receive on request and where applicable from the addresses mentioned in the foregoing paragraph a Packaged Retail and Insurance-based Investment Product - Key Investor Information Document (PRIIPs-KID) and basic information sheet in printed form and if so requested in electronic form.

## **3. General investment principles and restrictions**

The objective of the investment policy of the individual subfund is to achieve a reasonable performance in the relevant subfund currency. The investment policy specific to the subfund is described for the respective subfund in the associated Annex to the Prospectus.

The general investment principles and restrictions described in the Company's Articles of Association apply to all subfunds, insofar as no deviations or supplements are contained in the associated Annex to the Prospectus for a particular subfund.

No techniques or instruments as defined in Article 3 Points 11 and 18 of Regulation EU 2015/2365 (SFTR) were employed by the Fund (or subfunds). If it is planned in future to employ these techniques and instruments for the Fund (or subfunds), the Prospectus shall be adapted corresponding to the provisions of Regulation EU 2015/2365.

The respective subfund assets are pursuant to the principle of risk diversification with respect to the provisions of the Law of 13 February 2007 and CSSF circular 07/309 and in accordance with the following investment policy principles and investment restrictions. Deviations from the aforementioned diversification rules are permitted for a time period of no more than six months after floating of the subfund.

## **4. Notices on techniques and instruments**

Illustrative of the regulations named in the company's Articles of Association, the fund manager for the respective subfund can use, in particular, the following techniques and instruments:

### **4.1. Options**

An option is a right to purchase (call option) or sell (put option) a particular asset on a particular future date (expiration date) or during a time period that is defined in advance, at a specific price (strike price). The option premium is the price of a call or put option. Call and put options may be acquired or

sold for each subfund, to the extent that the respective subfund may invest in the underlying asset in accordance with the investment objectives specified in its prospectus.

#### **4.2. Financial futures contracts**

Financial futures contracts are unconditionally binding agreements for both contract parties to buy or sell a specified quantity of a particular underlying asset at a previously agreed price at a particular point in time, known as the delivery date. Financial futures contracts may be concluded for each subfund only to the extent that the respective subfund may invest in the underlying asset in accordance with the investment objectives specified in its Articles of Association.

#### **4.3. Currency futures**

The fund manager can conclude currency futures for the respective subfund. Currency futures contracts are unconditionally binding agreements for both contract parties to buy or sell a specified quantity of a particular currency at a previously agreed price at a particular point in time, known as the delivery date.

#### **4.4. Techniques for management of credit risk**

For each subfund, the fund manager can also use securities (credit linked notes) as well as techniques and instruments (credit default swaps) for the management of credit risks, to the extent they are issued by top-rated financial institutions and comply with the investment policies of the respective subfund. A Credit Linked Note (CLN) is a debt security issued by a protection buyer which must be repaid at its nominal amount at the end of its duration only if a previously specified credit event does not occur. In the event that the credit event occurs, the CLN must be repaid, with subtraction of a settlement amount, within a defined period. Accordingly, a CLN involves, in addition to the loan amount and associated interest, a risk premium that the issuer pays to the investor for the right to reduce the repayment amount of the loan upon realization of the credit event.

Credit Default Swaps (CDS) may also be concluded for each subfund. CDS are used to hedge against credit risk related to corporate bonds acquired by a subfund. The interest rates collected by the subfund from a corporate bond with a comparatively higher credit risk are swapped for interest rates with a lower credit risk. At the same time, the party to the contract will be obligated, in the event of insolvency of the company issuing the corporate bond, to honour the bond at an agreed price (usually the nominal value of the bond).

#### **4.5. Remarks**

The Management Company may expand the techniques and instruments described above when new instruments are offered in the market that correspond to the investment objective and which the respective subfund may utilize in accordance with the legal supervisory and statutory stipulations.

### **5. Important notices about risk factors**

Investing in the Company and its sub-funds involves risks.

This presentation can only address general risks of an investment in the Company or in its subfunds, but it cannot take into account the possible individual risks of individual investors. Therefore, potential investors are urged to examine in detail all risks themselves before purchasing shares in the Company or its subfunds and, if necessary, to consult with their own expert advisers.

Due to the specific risks that may arise through investment in individual subfunds, reference is made to the description of the respective subfunds in this Prospectus.

General risks of the investment are described below:

Investments in securities, particularly in investment funds, not only present the opportunity for the appreciation of the invested capital but are also frequently subject to substantial risks. This applies also and particularly to investment funds, even when they follow the principles of risk diversification, since the assets in which the investment fund invests are themselves subject to the risks described below, which may directly affect the assets managed by the investment fund:

The risks may involve or be related to equity and debt market risks; currency, interest, credit and volatility risks; as well as political risks. These risks apply particularly to investments in equities and derivative securities, such as warrants, which represent the equity capital of public limited companies and are therefore risk capital in the classical meaning. These risks may also occur together with other risks. For this reason, potential investors must themselves have experience investing in instruments that are utilized by investment funds within the framework of the relevant investment policy.

In addition, investors should reach an investment decision only if they have been comprehensively advised by their legal, tax and financial advisers, financial auditors or other advisers and in consideration of their personal financial or tax situation and any other circumstances related to the information and investment policy of the respective subfund contained in this Prospectus.

**The value of the shares may rise or fall from the acquisition price. As a result, losses may occur when the market value of the assets fall. If the shareholder sells his shares at a time when the price of the assets in the subfund has fallen relative to the date on which the shares were purchased, he will not receive all or any of the money he invested. Although the fund strives for continual value growth, this cannot be guaranteed. However, the investor's risk is limited to the invested amount. There is no obligation to make subsequent contributions beyond previously invested money.**

No assurance can be given that the objectives of the respective investment policy will be met. Special types of investments, particularly options and futures contracts, may contain specific risks that go beyond general risks.

## **6. Special notices of risk**

### **Market and sector risk**

While investments in sector-specific securities offer the potential for high returns, they also present corresponding risks. These risks include both general market risks and the specific risks of the relevant economic sector. The relevant markets may be subject in part to considerable fluctuations and reduced liquidity. The price or market development of financial products depends in particular on the developments of the capital markets and the economic development of issuers, which in turn are influenced by the general global economic situation and the economic and political conditions in the relevant countries. The general development of securities prices, especially on a stock exchange, may also be affected by irrational factors, such as sentiment, opinions and rumours.

### **Country or transfer risk**

Country or transfer risk means that foreign debtors, while able to pay, cannot perform their obligations in time or not at all, as the country where their registered office is located is not able or willing to transfer funds. For example, payments pursued by the fund may not be made or may be made in currencies which are no longer convertible because of foreign exchange restrictions. Moreover, investments in securities of companies in developing countries carry additional risks for the assets used through sovereign intervention and political changes that are almost impossible to predict and that may also have an impact on the free transfer of currencies. Additional risks include generally more limited information options and the more restricted regulation and supervision of these securities markets.

Investment in securities from emerging markets is associated with various risks. These depend predominantly on the rapid process of economic development that some of these countries are experiencing. In addition, these tend to be markets with low market capitalisation which are volatile and illiquid. Other factors (such as political change, changes in exchange rates, stock market supervision, taxation, restrictions regarding foreign capital investment and capital repatriation, etc.) may also impair the marketability of the assets and reduce the resultant income. Moreover, these markets and the companies quoted on them may be subject to substantially less governmental regulation and less sophisticated legislation.

The accounting and auditing standards of these companies do not always compare with the standards here. Due to the substantial risk of equity price fluctuations in relation to the limited absorption capacity of these markets, reference is made specifically to the possibility of a temporary suspension of the calculation of the net asset value and the redemption or conversion of units.

### **Currency risk**

Performance may be affected by exchange rate fluctuations in the subfund currency against the currencies of countries in which the subfund assets are invested. Where the assets of a subfund are invested in currencies other than the subfund currency, the subfund receives the returns, repayments and proceeds from such investments in the relevant currency. If such currency declines in value relative to the sub-fund's currency, the value of the subfund declines as well.

### **Interest rate risk**

Investors should be aware that a fund investment may be accompanied by interest rate risk, which may occur in the case of interest rate fluctuations in the main currency of the respective securities or subfund. Where a subfund is invested in interest-bearing securities, it is exposed to risks on the bond markets, for example credit risk and where applicable company-specific risk and counterparty risk.

### **Liquidity risk**

Assets which have not been admitted to the official market at a stock exchange or are not incorporated into an organised market may also be acquired for individual sub-funds. Acquiring such assets is connected with the risk of problems with the further sale of the assets to third parties. In addition, there is a risk that securities traded in an extremely narrow market segment could be subject to substantial price volatility. In addition, there may be the risk that certain securities, although they are admitted on an official market exchange or included in an organized market, may not be tradable due to insufficient liquidity in the market.

### **Risk of counterparty default**

The defaulting of an issuer or contracting party could mean losses for the fund. Issuer risk is the effect of particular developments of the respective issuer, which affect the price of a security separately from the general tendencies in the capital markets. Even careful selection of securities cannot prevent losses that occur due to a decline in the assets of issuers.

### **Counterparty risk**

Counterparty risk includes the risk that a party to a mutual agreement will default on the claim, in whole or in part. This applies to all contracts concluded on behalf of a fund.

### **Custody risk**

When assets are held in custody, especially in foreign countries, there is a risk of loss resulting from insolvency, breaches of due diligence or improper conduct on the part of the custodian or sub-custodian.

### **Concentration risk**

Concentrating investments in certain assets or markets may create further risks. In this case, the relevant subfund is particularly dependent on the way those assets or markets develop.

### **Risks of investing in high-yield investments**

High-yield investments are ones that either have no investment-grade rating from a recognised rating agency (non-investment-grade rating), or for which no rating exists, but where it is assumed that if they had a rating, they would be classified as non-investment grade. Such investments are subject to the same general risks as for these investment classes, but to a greater extent. Such investments are regularly associated with an increased credit risk, interest rate risk, general market risk, company-specific risk and liquidity risk.

### **Elevated volatility**

Due to their authorised investment horizon and composition as well as the use of derivatives or techniques, the subfunds are subject to elevated volatility. This means that unit prices may be subject to considerable fluctuations even within brief time periods.

### **Legal and tax risk**

The legal and tax treatment of investment funds may change in unanticipated and uncontrollable ways.

### **Changes to investment policy**

Through a change of the investment policy within the investment spectrum permitted for the subfund, the nature of the risk associated with the subfund may change.

### **Risks relating to investment in units of target funds**

The risks of investment units to be purchased for the relevant subfund are closely connected to the risks of the assets held by such target funds and/or their investment strategy. However, those risks can be reduced by diversifying the investments within the target fund whose units are being acquired and by diversifying these within the fund. As the managers of the relevant target funds act independently of each other, several target funds may happen to act according to the same or opposite investment strategy/strategies. This means that existing risks may accumulate and any opportunities may offset each other. The Management Company is not normally in a position to control the management of target funds. Their investment decisions do not necessarily have to agree with the assumptions or expectations of the Management Company. Frequently, the Management Company will not know the current composition of the target funds. In case the composition does not meet the Company's assessments or expectations, it might only be able to react with a considerable delay, i. e. by redeeming units of the target funds.

### **Risks associated with derivatives trading**

Individual subfunds may use derivatives. These may be used not just for hedging purposes, but may also form part of the investment strategy.

### **Risks associated with options and other techniques**

Where the fund uses such techniques and instruments for the efficient management of its fund assets, the fund is exposed to far greater risks than with conventional investment methods. In particular, warrants involve far greater risk, since even a low initial investment in options and other derivatives may involve sharp price fluctuations ("leverage").

Investors should note that the following risks may be associated with derivatives:

- a) Rights acquired may lapse or decline in value.
- b) The risk of loss cannot be determined and may exceed any collateral provided.
- c) It may be impossible to undertake transactions that limit or eliminate risks or such transactions may only be possible at a market price constituting a loss.
- d) The risk of loss may increase if the liabilities arising from such transactions or the resulting returns are denominated in a foreign currency.

## 7. Taxation

### Taxation of the Company in Luxembourg

The assets of the fund and/or subfund are subject in Luxembourg to a tax known as the *taxe d'abonnement*, which currently stands at 0.05% p.a. (or 0.01% p.a. for subfund assets or a share class whose shares are exclusively issued to institutional investors), payable quarterly based on net Company assets at the end of each quarter. Where a subfund's assets or part thereof are invested in other Luxembourg investment funds that are already subject to the *taxe d'abonnement*, this tax is not applied to the part of the subfund's assets invested in such Luxembourg investment funds.

Fund or subfund income from the investment of assets is not subject to taxation in the Grand Duchy of Luxembourg. However, this income (particularly interest and dividends) may be subject to withholding tax in countries in which the subfund assets are invested. In such cases, neither the Custodian Bank nor the Company are required to obtain tax statements.

### Taxation of investor income from shares of the investment company

In application of the Common Reporting Standard (CRS), since 1 January 2016 automatic information exchange takes place between most EU states, including Luxembourg, and the other states party to the CRS regime. This new global standard on the automatic exchange of information drafted by the OECD includes interest income, dividend income and other specific types of income.

Investors who are not resident in and/or do not maintain a business establishment in the Grand Duchy of Luxembourg are not required to pay any income, inheritance or wealth tax in the Grand Duchy of Luxembourg in respect of income deriving from their shares. These parties are subject to their own countries' tax regulations.

Since 1 January 2006, natural persons domiciled in the Grand Duchy of Luxembourg that are not domiciled in another state for tax purposes must, under the Luxembourg Law of 23 December 2005, pay compensating withholding tax on specific interest income. This withholding tax may under certain conditions also relate to interest income from investment funds.

The information provided in this document is based on current legislation and administrative practice and may be subject to alteration.

Investors should seek information on the possible tax consequences arising from the subscription, purchase, ownership, conversion, redemption or subsequent disposal of shares and/or dividends in respect of fund shares, taking into account the legal requirements within the countries of their nationality, residence, ordinary residence or domicile and should, if necessary, seek professional advice.

## 8. Calculation of the net asset value per share

The net fund assets of the Investment Company are expressed in US dollars (reference currency). The value of a share (net asset value per share) is expressed in the currency specified in the respective Annex to the Prospectus (subfund currency).

Unless otherwise regulated in the stipulations of the subfund, the net asset value per share will be calculated by the Investment Company or a party appointed by the Investment Company under the supervision of the Depository on each banking day in Luxembourg (valuation day). The following do not constitute valuation days: New Year's Day, Good Friday, Easter Monday, May Day, Ascension Day, Whit Monday, Luxembourg National Holiday, Assumption, Day of German Unity, All Saints' Day, Christmas Eve, Christmas Day and New Year's Day. In order to calculate the net asset value per share, the value of the assets of each subfund, less the liabilities of each subfund (net subfund assets), is determined on each valuation day and then divided by the number of shares of the particular subfund



in circulation on the valuation day, and the result is rounded to two decimal places. Further details concerning the calculation of the net asset value per share are contained in the Articles of Association.

## **9. Issue of shares**

Shares are issued during the initial emissions phase at the initial emissions price.

After the initial issue phase, shares are issued on every valuation day at the issue price. The issue price is the net asset value per share plus a supplement for the sales agent, the maximum amount of which for each subfund is detailed in the associated Annex of the Prospectus.

The issue price may be increased to allow for fees or other charges payable in the particular countries where the fund is offered.

Subscription applications for the acquisition of shares can be submitted to the Management Company, the Depository, the Registrar and Transfer Agent, the Sales Agent and the Paying Agents.

These receiving agents are obliged to immediately forward the subscription applications to the Registrar and Transfer Agent before the cut-off time.

The date of application is the date of receipt at the Registrar and Transfer Agent. The Registrar and Transfer Agent accepts subscription applications on behalf of the Investment Company.

Subscription applications received by the Registrar and Transfer Agent no later than 4 p.m. (Luxembourg time) on a valuation day shall be settled at the issue price of the next valuation day. Subscription applications received after 4 p.m. (Luxembourg time) are settled at the issue price on the next-but-one valuation day. The Investment Company ensures that the issue of shares is settled based on a per-share net asset value that is not known to the investor in advance, plus an issue premium if appropriate. However, if there is suspicion that the investor is attempting late trading, the Investment Company can refuse acceptance of the subscription application until the applicant has resolved all doubt related to his subscription application.

The issue price is payable in the respective subfund currency to the Depository in Luxembourg within two Luxembourg banking days after the corresponding valuation day.

If the equivalent value of the subscribed shares is not available from the Registrar and Transfer Agent at the time the issue price is due according to the preceding paragraph or if the subscription application is faulty or incomplete, the subscription application will be considered to have been received at the Registrar and Transfer Agent on the date on which the equivalent value of subscribed shares is available or the correct and complete subscription application is present, respectively.

To the extent the equivalent value flows from the fund assets, particularly due to a retraction, dishonour of a debit note or for other reasons, the Management Company will withdraw the respective shares from the Registrar and Transfer Agent in the interest of the fund. Any differences that have a negative effect on the fund assets, resulting from the withdrawal of shares, will be borne by the applicant. Cases of retraction due to statutory consumer-protection regulations are not addressed by this rule. Such costs will be borne by the Company.

A subscription application for the acquisition of shares will be complete when it provides the surname, first name and mailing address, date and place of birth, profession and nationality of the shareholder, the number of shares to be issued or the amount to be invested, as well as the name of the subfund, and when it is signed by the shareholder. The shareholder must be an expert with respect to Article 2 Paragraph 1 of the Law of 13/02/2007 and present his written agreement of his status as an expert investor or present an assessment of a credit institution pursuant to directive 20006/48/EC of a securities company pursuant to the directive 20004/39/EC or of a management company pursuant to the directive 2009/65/EC, which confirms that the investor possesses adequate technical competency, corresponding experience and the necessary knowledge in order to reasonably evaluate the

investment in the investment fund. Additionally, completeness requires a statement that the shareholder(s) is/are the financial beneficiary/beneficiaries of the shares to be issued; the shareholder(s) confirmation that the monies to be invested are not proceeds from one/several criminal act(s); as well as a copy of the official personal identification card or passport presented for identification purposes.

The shares are entered with the Depository, subject to complete presentation of the documentation and receipt of the issue price by the Registrar and Transfer Agent, by order of the Investment Company and registered by the Registrar and Transfer Agent on the register of the company.

The circumstances under which the issue of shares may be suspended are specified in the Articles of Association.

## **10. Redemption of shares**

The shareholders are authorized to demand, at a point in time specified in the Special Rules for the subfund, the redemption of their shares at the net asset value per share in accordance with Article 10 of the Articles of Association, minus any redemption fee (redemption price), if appropriate. Redemption may occur only on a valuation day. If a redemption fee is payable, the maximum amount of this redemption fee for each subfund is specified in the associated Annex to the Prospectus.

In certain countries the redemption price may be reduced by local taxes and other charges. The corresponding share is terminated upon payment of the redemption price.

Payment of the redemption price and any other payments to the shareholders shall be made via the Depository. The Depository is only obliged to make payment insofar as there are no legal provisions, such as exchange control regulations or other circumstances beyond the Depository's control, prohibiting the transfer of the redemption price to the country of the applicant.

The Investment Company may buy back shares unilaterally against payment of the redemption price, insofar as this is deemed necessary in the interests of the shareholders as a whole or for the protection of the shareholders or a subfund.

Full redemption orders for the redemption of shares can be submitted to the Management Company, the Depository, the Registrar and Transfer Agent, the Sales Agent and the Paying Agents. These receiving agents are obliged to immediately forward the redemption orders or exchange applications before cut-off to the Registrar and Transfer Agent.

A redemption order for the redemption of shares is complete only if it specifies the surname, first name and mailing address of the shareholder as well as the quantity or equivalent value of the shares to be redeemed or exchanged and the name of the subfund and is signed by the corresponding shareholder and legitimized through valid documents.

Redemption orders received by the Management Company no later than 4 p.m. (Luxembourg time) on a valuation day shall be settled at the redemption price of the next valuation day. Redemption applications received after 4 p.m. (Luxembourg time) are settled at the redemption price on the next but one valuation day.

Payment of the redemption price is executed (normally in the currency of the associated subfund or share class) within two banking days, but no later than within 15 banking days after the corresponding valuation day. Full redemption orders for the redemption of shares will be forwarded to the Depository. In the case of shares, a redemption order is considered to have been received when it is received by the Registrar and Transfer Agent.

The Investment Company is authorized to temporarily cease the redemption of shares due to a cessation of the calculation of the net asset value.

The Investment Company is only entitled to process significant volumes of redemptions after selling corresponding assets of the subfund without delay and while preserving the interests of the shareholders. In this case, the redemption shall occur at the redemption price then valid. The Investment Company shall, however, ensure that the subfund assets have sufficient liquid funds so that the redemption of shares may take place immediately upon application from investors under normal circumstances.

## **11. Costs**

The Company or the subfund respectively bear the following costs:

### **Set-up fee**

The Fund and its subfunds may be charged one-off structuring and conception fees not to exceed EUR 50,000, plus any value added tax. The costs are written off over five years.

### **Regular remuneration of the Management Company**

The regular remuneration for the Management Company/AIFM is regulated in the respective subfund. Remuneration is payable at the end of each quarter.

### **Regular remuneration of the Central Administrator**

The ongoing remuneration for the central administration company is regulated in the respective subfund. Remuneration is payable at the end of each quarter.

### **Miscellaneous costs**

- directly allocable expenses for the acquisition and sale of capital investments (including legal, tax and other consulting fees);
- directly allocable expenses in connection with a transaction that does not result in successful execution for the acquisition and sale of capital investments (including legal, tax and other consulting fees), provided that they are not to be paid by third parties;
- the remuneration of the Central Administrative Agent, Depository and Paying Agent, Registrar and Transfer Agent, whereby the associated normal fees in Luxembourg are applicable;
- the external costs for preparing and auditing the annual report of the Company and the auditor's opinion for evaluation of the company's assets or subfund;
- expenses and fees for the Company's own legal, tax and other consulting, in particular for the preparation of the tax declarations of the Company;
- expenses in connection with the preparation and holding of General Meetings;
- expenses of monetary transactions;
- any taxes and duties of any type of the Company, including any sales tax on payments to investment advisers, as well as duties to supervisory authorities;
- expenses for notifications to a transaction registry according to EMIR
- costs in connection with maintaining the register of shareholders (e.g. register management, postal expenses).

Expenses for establishing the Company, including the preparation and publication of the initial prospectus and the taxes, fees and publication costs (with the exception of any taxes and expenses for notarisation), as well as registration fees are generally covered by the aforementioned set-up fee and can be written off over a period of up to five years.

The costs associated with the launch of additional subfunds will be allocated to the assets of the respective subfund and written off there over a period of five years.

## **12. Supplemental notice to the Articles of Association**

Reference is made to the attached text of the Articles of Association for additional details, particularly about the rights and obligations of shareholders and about the general meeting.

## Part II

### Special rules for subfund VTWM Special Funds – US Leaders Equity Fund

#### Investment objective

The objective of the investment policy of subfund VTWM Special Funds – US Leaders Equity Fund is to achieve appropriate value growth in the subfund currency in consideration of the investment risk.

#### Investment policy

1. The assets of the subfund will be invested in observation of the principles of risk diversification and according to the investment policy principles described in the prospectus (Points 3 and 4).
2. At least 51% of the value of the Fund shall be invested in equity participations.

Equity participations within the meaning of § 2 Section 8 of the German Investment Tax Act are

- Shares in corporations admitted to official trading on a stock exchange or admitted to or included in another organised market;
- Shares in limited liability companies which are resident in a Member State of the European Union or in another Contracting State to the Agreement on the European Economic Area and are subject to income tax there for limited liability companies and are not exempt from such tax;
- Shares in limited liability companies which are resident in a third country and are subject there to in-come tax of at least 15% for limited liability companies and are not exempt from such tax;
- Shares in other investment funds either in the amount of the quota of their value published on the valuation date at which they actually invest in the aforementioned shares in corporations or in the amount of the minimum quota specified in the investment conditions of the other investment fund.

For the purposes of this investment policy and in accordance with the definition of the German Investment Code (GIC), an organised market is a market which is recognised and open to the public and the operation of which is orderly unless expressly stated otherwise. This organised market also meets the criteria of Article 50 of the UCITS Directive.

3. This subfund will, after deduction of liquid assets, invest at least two thirds of its net assets directly or indirectly in equity and equity-related securities of companies that are domiciled in or have their business focus in the United States. The investments are made through exchange-listed equity securities. In particular, the net subfund assets can be invested in securities, money market instruments, shares in undertakings for collective investment in transferable securities, liquid assets, derivatives and any other legally permissible assets.
4. The subfund can also, for the purpose of hedging and optimization of returns, utilize derivative financial instruments, e.g. DTGs, FRAs, swaps, futures and options. Derivatives may be acquired to the extent that the underlying assets are securities, money market instruments, financial indexes, interest rates, exchange rates or currencies. Issuer risk of derivatives is limited by applying an issuer limitation of 30% and limiting market exposure from these derivatives to a total of 200% of the net fund assets. As a result, risk diversification of the underlying assets is ensured.
5. Loans may be taken at the expense of the subfund assets up to an amount equal to 20% of the net fund assets.
6. The subfund may invest up to 30% of the net subfund assets in titles of one and the same issuer. This restriction does not apply to:

- investments in titles that are emitted or collateralised by a member state of the OECD or its public regional authorities, third countries or supranational institutions and organizations with collective, regional or global character;
  - investments in target funds that are subject to requirements of risk diversification that are at least comparable to the requirements for SIF. for purposes of applying this limitation, each subfund of a target fund with several subfunds is viewed as a separate issuer to the extent that the principle of separation of liabilities of the various subfunds vis-à-vis third parties is ensured.
7. The subfund may never invest more than 30% of the value of its net subfund assets in liquid assets, sight deposits or other callable deposits with one issuer or institution. The bank deposits are not protected by deposit insurance.
  8. No more than 10% of the net subfund assets may be invested directly or indirectly in private equity.
  9. The Fund is subject to 400% leverage limit under the gross calculation method and a 300% limit under the commitment method.

### **Risk profile of the subfund**

Due to the composition of the subfund assets, there is a high level of risk that is associated with the high chance of a profit. The risks of the subfund assets are comprised primarily of equity, currency, credit and market interest risks. The subfund may also use derivative instruments for the purpose of increasing the value growth of the net fund assets.

The aforementioned derivatives may be acquired to the extent that the underlying assets are securities, money market instruments, financial indexes, interest rates, exchange rates or currencies. Financial derivatives are used as a means to attempt to optimize returns by taking advantage of fluctuations in the respective markets. The subfund can execute transactions in options, financial forward contracts or currency futures for the purpose of increasing the value growth of the net subfund assets. The aforementioned transactions as well as instruments for managing credit risks can also be executed for hedging purposes.

### **Risk profile of the typical investor**

The investor should have a long-term investment horizon. The investor's high expectations for returns are also associated with a high risk tolerance. The risks result primarily from share price, currency, credit and market interest risks.

### **Share classification**

Payment of the issue price: within two Luxembourg banking days after the valuation day

Payment of the redemption price: within two Luxembourg banking days after the valuation day, no later than fifteen banking days after the corresponding valuation day.

Subfund currency: US dollar (USD)

Fund currency: US dollar (USD)

Term of the subfund: The subfund was established for an indefinite period.

Valuation day: The value of the subfund is determined on each banking day.

Issue of shares: On each valuation day. An issue premium of up to 3% of the issue price may be charged.

Redemption of shares: On each valuation day. A redemption commission of up to 1% of the redemption amount may be charged in favour of the subfund.

Stock exchange listing: None

Financial year end: 31 December

First annual report: 31 December 2016

### **USD class**

Securities identification number: A1435S

ISIN: LU1323548716

Issue date: 29 February 2016

Initial offering price: USD 100.00

### **Costs that are reimbursed from the subfund assets**

#### **1. Management Company/AIFM**

The subfund pays the Management Company/AIFM for its work a management fee of 0.02% p. a. of the NAV per calendar year or part thereof.

#### **2. Central administration remuneration**

The subfund pays the central administration company an administration fee of 0.30% p.a., minimum EUR 45,000 p.a., of the net subfund assets for its administration services. The payment is made monthly from the subfund assets. These costs also include the costs of the Swiss representative. No performance fee is charged at this time. Remuneration does not include any applicable value-added tax.

#### **3. Depository/Paying Agent remuneration**

The Depository receives, for fulfilment of its tasks as the Depository and Paying Agent, remuneration equal to 0.05% p.a. of the net subfund assets, minimum EUR 10,000 p.a., from the subfund assets in the year of the issue and then minimum EUR 10,000 per started calendar year. In addition, transaction fees and external expenses are invoiced to the subfund. Remuneration does not include any applicable value-added tax.

#### **4. Fund Manager remuneration**

The Fund Manager receives, for fulfilment of its tasks, remuneration equal to 2.50% p.a., minimum USD 30,000 p.a. of the net subfund assets from the subfund assets. The payment is made monthly from the subfund assets. These costs also include the costs of the investment adviser. Remuneration does not include any applicable value-added tax.

#### **5. Registrar and transfer agent**

For fulfilment of its tasks as the Registrar and Transfer Agent, the Registrar and Transfer Agent receives from the subfund assets a remuneration in the amount of EUR 5000.00 p.a. per subfund plus transaction-related fees per registration/shareholder. Remuneration does not include any applicable value-added tax.

#### **6. Other costs**

In addition, the subfund assets may be charged with the costs detailed in the Articles of Association.

### **Use of income**

The subfund retains its earnings. To the extent that the interests of the shareholders are appropriately preserved, the Board of Directors may, in deviation from this principle, resolve to pay out a dividend.

## Special rules for subfund VTWM Special Funds – Global High Yield Bond Fund

### Investment objective

The objective of the investment policy of subfund VTWM Special Funds – Global High Yield Bond is to generate the maximum sustainable yield in the reference currency, taking into account the investment risk and value retention.

### Investment policy

1. The assets of the subfund will be invested in observation of the principles of risk diversification and according to the investment policy principles described in the prospectus (Points 3 and 4).
2. This subfund invests worldwide, including in emerging markets, mostly in debt instruments, bonds, notes, convertible bonds and similar fixed-interest and floating-rate high-yield securities issued by government, public, private and public-private issuers.
3. The subfund can also, for the purpose of hedging and optimization of returns, utilize derivative financial instruments, e.g. DTGs, FRAs, swaps, futures and options. Derivatives may be acquired to the extent that the underlying assets are securities, money market instruments, financial indexes, interest rates, exchange rates or currencies. Issuer risk of derivatives is limited by applying an issuer limitation of 30% and limiting market exposure from these derivatives to a total of 200% of the net fund assets. As a result, risk diversification of the underlying assets is ensured.
4. Loans may be taken at the expense of the subfund assets up to an amount equal to 20% of the net fund assets.
5. The subfund may invest up to 30% of the net subfund assets in titles of one and the same issuer. This restriction does not apply to:
  - investments in titles that are emitted or collateralised by a member state of the OECD or its public regional authorities, third countries or supranational institutions and organizations with collective, regional or global character;
  - investments in target funds that are subject to requirements of risk diversification that are at least comparable to the requirements for SIF. for purposes of applying this limitation, each subfund of a target fund with several subfunds is viewed as a separate issuer to the extent that the principle of separation of liabilities of the various subfunds vis-à-vis third parties is ensured.
6. The subfund may invest no more than 20% its assets in distressed securities. Securities qualify as distressed securities if the interest payments have been suspended and the market price of the debt instrument is under 40% of the redemption price.
7. No more than 30% of subfund assets may be invested in convertible bonds and similar securities.
8. The subfund may invest no more than one third of its assets in money-market instruments recognised as securities and denominated in a freely convertible currency.
9. No more than 10% of subfund assets may be invested in shares, other equity holdings (cooperative shares, participation notes) and participation certificates.
10. The subfund may invest no more than 10% of its assets in other target funds (UCITS and UCI), provided that the investment policy of the target fund is broadly in line with the above-mentioned investment policy.
11. The subfund may never invest more than 30% of the value of its net subfund assets in liquid assets, sight deposits or other callable deposits with one issuer or institution. These bank deposits are not protected by deposit insurance.



12. No more than 10% of the assets may be invested in investment instruments that are not traded on a regulated market, and taking the investment restrictions into account.

The Fund is subject to 400% leverage limit under the gross calculation method and a 300% limit under the commitment method.

### **Risk profile of the subfund**

Due to the composition of the subfund assets, there is a high risk of loss associated with the high chance of a profit. Subfund securities may originate from lower quality debtors, i.e. they may have no rating or be rated non-investment-grade, and some may also be distressed securities. These investments normally have higher yields, but also have a higher default risk than investments in top-rated securities. The risks of the subfund assets are comprised primarily of credit risks, interest-rate risks, general market risks and liquidity risks. The subfund may also invest in derivative financial instruments for the purpose of increasing the value growth of the net fund assets.

The aforementioned derivatives may be acquired to the extent that the underlying assets are securities, money market instruments, financial indexes, interest rates, exchange rates or currencies. Financial derivatives are used as a means to attempt to optimize returns by taking advantage of fluctuations in the respective markets. The subfund can execute transactions in options, financial forward contracts or currency futures for the purpose of increasing the value growth of the net subfund assets. The aforementioned transactions as well as instruments for managing credit risks can also be executed for hedging purposes.

### **Risk profile of the typical investor**

The investor should have a long-term investment horizon. Due to its investments in high-yield bonds, the investor's yield expectations are associated with a markedly higher risk tolerance than with an average bond fund with mainly investment-grade investments. The risks are primarily due to credit risks, interest-rate risks, general market risks and liquidity risks.

### **Share classification**

Payment of the issue price: within two Luxembourg banking days after the valuation day

Payment of the redemption price: within two Luxembourg banking days after the valuation day, no later than fifteen banking days after the corresponding valuation day.

Subfund currency: US dollar (USD)

Fund currency: US dollar (USD)

Term of the subfund: The subfund was established for an indefinite period.

Valuation day: The value of the subfund is determined on each banking day.

Issue of shares: On each valuation day. An issue premium of up to 3% of the issue price may be charged.

Redemption of shares: On each valuation day. A redemption commission of up to 1% of the redemption amount may be charged in favour of the subfund.

Stock exchange listing: None

Financial year end: 31 December

First annual report: 31 December 2016

**USD class**

Securities identification number: A2AKK4

ISIN: LU1422947454

Issue date: 29 July 2016

Initial offering price: USD 100.00

Share class currency: US dollar (USD)

**EUR class**

Securities identification number: A2AKK5

ISIN: LU1422947702

Issue date: 29 July 2016

Initial offering price: EUR 100

Share class currency: Euro (EUR)

**CHF class**

Securities identification number (WKN): A2DWUC

ISIN: LU1675772021

Issue date: 20 October 2017

Initial offering price: CHF 100

Share class currency: Swiss francs (CHF)

**Costs that are reimbursed from the subfund assets****1. Management Company/AIFM**

The subfund pays the Management Company/AIFM for its work a management fee of 0.02% p. a. of the NAV per calendar year or part thereof.

**2. Central administration remuneration**

The subfund pays the central administration company an administration fee of 0.30% p.a., minimum EUR 45,000 p.a., of the net subfund assets for its administration services. The payment is made monthly from the subfund assets. These costs also include the costs of the Swiss representative. No performance fee is charged at this time. Remuneration does not include any applicable value-added tax.

**3. Depository/Paying Agent remuneration**

The Depository receives, for fulfilment of its tasks as the Depository and Paying Agent, remuneration equal to 0.05% p.a. of the net subfund assets, minimum EUR 10,000 p.a., from the subfund assets in the year of the issue and then minimum EUR 10,000 per started calendar year. In addition, transaction fees and external expenses are invoiced to the subfund. Remuneration does not include any applicable value-added tax.

**4. Fund Manager remuneration**

The fund manager receives, for fulfilling its duties, remuneration equal to 1.50% p.a., minimum USD 30,000 p.a. of the net subfund assets from the subfund assets. The payment is made monthly from the subfund assets. These costs also include the costs of the investment adviser. Remuneration does not include any applicable value-added tax.

5. Registrar and transfer agent

For fulfilment of its tasks as the Registrar and Transfer Agent, the Registrar and Transfer Agent receives from the subfund assets a remuneration in the amount of EUR 5000.00 p.a. per subfund plus transaction-related fees per registration/shareholder. Remuneration does not include any applicable value-added tax.

6. Other costs

In addition, the subfund assets may be charged with the costs detailed in the Articles of Association.

**Use of income**

The subfund retains its earnings. To the extent that the interests of the shareholders are appropriately preserved, the Board of Directors may, in deviation from this principle, resolve to pay out a dividend.

## Articles of Association

### **VTWM Special Funds S.A. SICAV-FIS**

**Société d'Investissement à Capital Variable – Fonds d'Investissement Spécialisé.**

**Corporate headquarters: 9, Allee Scheffer**

**L-2520 Luxembourg Grand Duchy of Luxembourg**

**R.C.S. B Luxembourg : B 204283**

**Art. 1. Name.** There exists between the subscribers and those who become holders of shares issued in the future a joint stock company (société anonyme) in the form of an Investment Company with variable capital (société d'investissement à capital variable - fonds d'investissement spécialisé, SICAV-FIS) according to the Law of 13 February 2007 on specialised investment funds (the "Law of 2007") under the name **VTWM Special Funds S.A. SICAV-FIS** (the "Investment Company").

**Art. 2. Headquarters of the Investment Company.** The company headquarters is located in Luxembourg. Branch offices and representations can be established at another location in Luxembourg as well as in foreign countries through a simple resolution of the Board of Directors. If in the opinion of the Board of Directors unusual political or military events have taken place or are imminent, which may negatively affect the routine business of the Investment Company at its headquarters or affect its communications with persons in foreign countries, the headquarters may be temporarily relocated to a foreign country until complete normalization of the situation. Such temporary measures will have no influence on the nationality of the Investment Company. The Investment Company will remain a Luxembourgian company.

**Art. 3. Duration.** The Investment Company is established for an indefinite period.

**Art. 4. Object of the Investment Company.** The exclusive purpose of the Investment Company is to invest the assets of the company in transferable securities and other assets permitted by law in accordance with the principle of risk diversification with the objective of distributing to shareholders the profits resulting from the management of the assets of the company. The Investment Company can take any measures and execute any transactions that it views as useful for fulfilling and executing the said purpose of the company, i.e. in the broadest sense according to the Law of 2007.

**Art. 5. Investment Company capitalization.** The company is capitalized by shares without par value and will correspond at all times to the total net assets of the Investment Company in accordance with the subsequent Article 11. The share capital can be increased through the issuance of additional shares by the Investment Company or reduced by the repurchase of shares by the Investment Company. The corporate capital is expressed in euros and must be at least one million two hundred fifty thousand euros (€1,250,000) at any given time. This minimum company capital must be raised within 12 months following authorisation of the Investment Company as a specialised investment fund according to Luxembourgian law. The original capital is €31,000 (thirty one thousand euros) and is divided into 31 (thirty one shares) of €1000 each, without par value. The Board of Directors can resolve any time that the shares of the Investment Company belong to various assets to be established (the "subfunds"), which in turn may be quoted in various currencies. In addition, the Board of Directors can determine that, within a subfund, one or more share classes with differing characteristics will be issued, e.g. a specific dividend or earnings retention policy, a specific fee structure or other specific characteristics as determined by the Board of Directors and described in the prospectus of the Investment Company. The flows of funds from the issuance of shares are invested in securities and other legally permitted assets in accordance with the stipulations of the Prospectus of the Investment Company and in accordance with the investment policy established by the Board of Directors and in observation of the legally defined investment limits or investment limits established by the Board of Directors.

**Article 6. SUBFUNDS, SHARE CLASSES.** The Board of Directors may at any time launch one or more subfunds as defined in Article 71 of the Law of 13 February 2007 which shall each represent a separate portion of the Fund's assets. For each subfund, the Board of Directors shall establish a specific investment objective and shall assign to each subfund, if necessary, specific investment restrictions and/or specific features.

Each subfund shall be deemed to be independent of the others in terms of the relationships between the shareholders. The rights of the shareholders and creditors with respect to a subfund or the rights associated with the establishment, management or liquidation of a subfund are limited to the assets of that subfund.

The assets of a subfund are exclusively liable within the scope of the investments by shareholders in this subfund and within the scope of the claims of those creditors whose claims have arisen in connection with the establishment, management or liquidation of this subfund. Each subfund shall be treated as a separate entity in terms of the relationships between the shareholders.

The Company is entitled to issue two or more asset classes within a subfund whose assets shall be invested together in agreement with the investment objective of the subfund concerned. The share classes may differ with respect to the fee structure, the minimum investment, the distribution policy, the conditions to be satisfied by investors, the reference currency or other special features which shall all be determined by the Board of Directors. The net asset value per share shall be calculated individually for each share class issued by a subfund.

**Art. 7. Shares.** Shares in the Investment Company are issued exclusively as registered shares. A register of shareholders for registered shares is maintained at the corporate headquarters of the Investment Company. This register contains the name of each shareholder, his business domicile, the number of shares held, and, if applicable, the date of transfer of each share. The entry in the register of shareholders is signed by one or more person(s) appointed by the Board of Directors and serves as evidence of the shareholder's eligibility for such registered shares. Shares will be issued exclusively to expert investors as defined in Article 2 of the Law of 2007, i.e. to institutional or professional investors or to those investors who submit a written declaration agreeing to their classification as expert investors and (1) invest at least EUR 125,000 in the Investment Company or (2) have a rating as a credit institution as defined in Directive 2006/48/EC, as a securities firm as defined in Directive 2004/39/EC or as a management company as defined in 2009/65/EC, which certifies that they have the technical expertise, the experience and the knowledge to appropriately assess an investment in the Investment Company. The transfer of shares requires the prior approval of the Investment Company and is only possible if the purchaser is an expert investor as defined in the Law of 2007 and if he fully and completely assumes any remaining obligations to the Investment Company. If a shareholder subscribes shares in the Investment Company for the account of a third party and not for his own account, then the third party must also be an expert investor as defined in the Law of 2007. The transfer of a registered share is executed with a written declaration of transfer that is entered into the register of shareholders, dated and signed by the buyer, seller or other properly authorized persons. The Investment Company can also accept other documents that sufficiently prove the transfer. Every holder of registered shares must inform the Investment Company of his or its address for the purpose of entry into the register of shareholders. If this address deviates from the shareholder's administrative address, a mailing address may additionally be provided. All notifications and announcements of the Investment Company for the holders of registered shares may be sent with a legally binding nature to the corresponding address. The shareholder may at any time submit a request to the Investment Company to change his address in the register. If a shareholder does not provide an address, the Investment Company may allow for a corresponding remark in the register of shareholders. In this case, the shareholder's address will be the headquarters of the Investment Company until the shareholder provides the Investment Company with an address. The Investment Company shall recognise only one shareholder per share. In the case of joint ownership or usufruct the Investment

Company can suspend the exercising of the rights associated with ownership of the shares until the time when a person is specified who represents the joint owners or the beneficiaries and usufructuary vis-à-vis the Investment Company. The Investment Company may issue fractional shares up to three decimal places. Fractional shares do not provide voting rights, but do entitle the holder to participate in the dividends of the Investment Company as well as in its liquidation revenues on a pro rata basis.

**Art. 8. Share ownership restrictions.** Shares in the Investment Company are restricted to expert investors with respect to the Law of 2007. In addition, the Investment Company can, according to its own judgement, restrict or prohibit ownership of the shares by certain expert investors if it is of the opinion that such ownership:

- harms the interests of the other shareholders or the Investment Company; or
- may result in violation of the law in the Grand Duchy of Luxembourg or in a foreign country; or
- may cause the Investment Company to incur a tax liability in a country other than the Grand Duchy of Luxembourg; or
- will damage the interests of the Investment Company in any other way.

For this purpose the Investment Company can:

**8.1.** refuse to issue shares or to transcribe them in the register of shareholders,

**8.2.** force the redemption of shares,

**8.3.** during general meetings deny voting rights to persons who are not permitted to own shares in the Investment Company.

**Art. 9 Issue of shares. Shares are issued through the Registrar and Transfer Agent.** The Board of Directors retains the right to partially or fully reject any subscription application or to cease the issuance of shares at any time without advance notification.

**Art. 10. Redemption of shares.** Every shareholder can, within the limits specified by law and these Articles of Association, demand redemption of all or a portion of his shares by the Investment Company according to the stipulations and process defined by the Board of Directors in the Prospectus for the individual subfunds. The redemption price per share will be paid out within a period to be defined by the Board of Directors but which will not exceed fifteen workdays from the corresponding valuation day, in accordance with the target stipulations of the Board of Directors and assuming that any provided miscellaneous documentation for the transfer of shares has been received by the Investment Company, subject to the stipulations according to Article 12 of these Articles of Association. The redemption price corresponds to the unit value of the corresponding share class according to Article 11 of these Articles of Association, minus costs and any commissions according to the stipulations in the sales documentation for the shares. The redemption price can be rounded up or down to the next unit of the corresponding currency, according to the determination of the Board of Directors. As soon as the number of shares or total value of shares that are held by one shareholder in one share class, would, after application for redemption, fall below a number or value that the Board of Directors defined as the minimum number or value, respectively, this application can be treated as an application for redemption of the entire share holdings of the shareholder in this share class. Furthermore, if the redemption applications submitted in accordance with this article exceed on a valuation day a certain amount, as defined by the Board of Directors, the Board of Directors can resolve that a portion or the totality of the redemption or exchange applications will be suspended for a period of time and in such a way as the Board of Directors deems necessary in consideration of the interests of all shareholders. Redemption applications that are not executed in such cases are redeemed on a priority basis on the following valuation day. To the extent resolved by the Board of Directors the Investment Company shall be authorized to cashlessly pay out the redemption price to each agreeable shareholder by granting the shareholder from the portfolio of assets which are assigned to the corresponding share class(es) investments at the respective value (according to the stipulations according to Article 11) on the respective valuation day on which the redemption price is calculated according to the value of the shares to be redeemed. In such a case, the nature and type of assets to

be transferred will be determined upon an appropriate and technical basis and without negatively affecting the interests of the other shareholders of the corresponding share class(s) and the applied valuation will be confirmed by a special report of the auditor. The assignee will bear the costs of such a transfer. The Board of Directors can resolve a mandatory redemption of the shares of a shareholder if it is of the opinion that (i) ownership of shares by the affected shareholder comes at the burden of the interests of the remaining shareholders or the Investment Company or a subfund, respectively or (ii) there may result a violation of the law of the Grand Duchy of Luxembourg or a foreign country (particularly when the affected shareholder is not or is no longer an investor with respect to Article 2 of the Law of 2007) or (iii) the Investment Company may incur a tax liability in a country other than the Grand Duchy of Luxembourg or (iv) the interests of the Investment Company or a subfund, respectively, are harmed in any other manner. Furthermore, the Board of Directors of the Investment Company may resolve to repurchase shares or fractional shares of the Investment Company with respect to one or more subfunds in order to in this way pay out the revenues from the sale of assets of the affected subfund to the shareholders. The decision to repurchase shares is mandatory for all shareholders and applies pro rata to their share of the capital of the Investment Company. In this case, the redemption price corresponds to the unit value on the day of redemption. The shares of the capital repurchased by the Investment Company will be nullified in the books of the Investment Company. The redemption price will be paid out in Luxembourg no later than fifteen banking days after the final day of calculation of the redemption price.

**Art. 11. Unit value.** The net asset value per unit of the respective unit class within a subfund will be expressed in the currency of this unit class and will be determined on a valuation day by dividing the net company assets that can be assigned to the respective subfund (i.e. the value of the proportion of the assets assignable to the respective unit class minus the proportion of the liabilities assignable to the respective unit class within the subfund) on a valuation day by the number of units in circulation at this point in time, in correspondence with the valuation rules described below. The unit value for each valuation day is calculated on the day following the valuation day ("Valuation Day").

The net asset value per unit may be rounded up or down to the next unit of the respective currency, as will be determined by the Company. If, since the time the net asset value was calculated, there is a significant change to the quotations on the markets on which a significant portion of the investments assigned to a subfund of the Company are traded or quoted, the Investment Company may, in the interests of the shareholders and the Company, lift the initial valuation and perform a second valuation for all applications received on the respective Valuation Day.

The value of each asset is determined as follows:

1. The value of each cash account or deposit, money market instruments, invoices, currency exchanges, receivables, prepaid expenses, cash dividends and interest that is declared or expired and not yet received will be valued as the full amount unless its receipt is improbable, in which case a correction that is appropriate in such a case and reflects the true value will be applied to the corresponding value.
2. Securities (debt and equity titles and structured financial instruments) quoted or traded on an exchange or another regulated market will be valued based on the most recent known price on the exchange or the regulated market which under normal circumstances is the primary market for such securities.
3. Securities (debt and equity titles and structured financial instruments) that are not quoted on an exchange or traded on a regulated market will be valued on the basis of the market value (*fair value*), which is based on an appropriate, foreseeable sales price that is determined by the Investment Company with the greatest possible diligence in consideration of all information available to the

Investment Company; in doing so, the Investment Company may also employ market-recognized guidelines, e.g. the International Private Equity and Venture Capital Investors (IPEV) valuation principles, as noted in the manual for Standards of the European Private Equity and Venture Capital Association (EVCA).

4. Units and units of target funds are valued based on the most recent available value that is determined by the central administration of the target fund or the manager of the target fund or a person who is appointed by the central administration or manager, respectively, who is involved in the target fund.
5. The liquidation value of futures and OTC options contracts that are not traded on an exchange or a regulated market is equal to the net liquidation value that is determined by the process defined by the Investment Company on a basis that is uniformly applied for every type of derivative. The liquidation value of futures and options contracts that are traded on an exchange or a regulated market are valued based on their most recently known price on the exchange or the regulated market where the respective futures, forward or options contracts are traded; to the extent that realization of a futures, forward or option contract is not possible on a particular day for which the net value is calculated, the liquidation value for such a contract will be determined based on the value that the Investment Company considers to be fair and appropriate. Credit default swaps are valued using standardized market conventions with the present value of their future cash flows when the cash flows have been adjusted for the probability of default or other methods that the Investment Company determines in good faith if it judges that such a valuation better reflects the time value of the respective credit default swap. Interest-rate swaps are valued based on their market price, which is determined in reference to the valid yield curve. Other swaps are calculated based on a normal market price (*fair market value*) which is determined in good faith according to the process defined by the Investment Company and recognized by the Company's financial auditor.
6. The value of receivables is the value of the amount of the receivable plus outstanding interest to the extent that the Investment Company does not decide, based on certain factors (legal, economic, insolvency-related, political or other factors) to apply a different value.
7. The value of all other assets of the Company is determined based on a normal market price (*fair market value*) or another reliable value that is determined in good faith through the method defined by the Investment Company.

With respect to certain categories of assets of a subfund of the Company, special valuation rules may be described in the corresponding section of the emission document.

The Investment Company can, at its own judgement, permit the use of other valuation methods when it is of the view that such a valuation better reflects the current value of an asset of the Company.

#### **Article 12 Transfer of shares.**

- (1) "Transfer" means in particular the sale, exchange, transfer and relinquishment of shares.
- (2) Shares of the Company are freely transferable to expert investors, as defined in the Law of 13 February 2007. The transfer of shares must be made in writing and requires the approval of the Board of Director and can be refused only for an important reason. However, a transfer of shares



is not effective if the buyer or recipient of the transfer does commit in writing to adherence to the conditions and provisions of the subscription form.

### **Rights**

After the transfer, the new shareholder (transferee) can exercise his rights from the shares vis a vis the Company and/or Registrar only if he has initiated his entry into the shareholder register and has actually been entered there.

### **Obligations**

With the transfer, the transferee assumes all liabilities and obligations as well as sole liability with respect to these shares; a (subsidiary) liability for these obligations or liabilities by the previous shareholder (transferor) is, following disposition over the shares, excluded (no joint and several liability of transferor and transferee). Such obligations are transferred to the transferee with the effect of discharging all debt for the transferor.

**Art. 13. Suspension of net asset value calculation.** The Board of Directors is authorised to suspend the calculation of the net asset value of the shares in a subfund in the following cases:

- events beyond the control, liability or influence of the Investment Company make it impossible to access the net assets of a subfund under normal conditions or such access would be detrimental to the interests of the shareholders;
- disruptions in the communications network or any other reason make it impossible to calculate the value of a considerable part of the net assets of a subfund;
- restrictions on foreign exchange or capital movements prevent transactions for account of a subfund from being settled;
- if a General Meeting of Shareholders is convened for the purpose of liquidating the Investment Company.

Shareholders will be notified of the suspension of net asset value calculation per postal service or e-mail to the addresses entered into the register of shareholders.

**Art. 14. Board of Directors.** The Investment Company is administered by a Board of Directors, which consists of at least three members who are not required to be shareholders in the Investment Company. The members of the Board of Directors are elected for a term of no more than six years. The Board of Directors is elected by the shareholders during a General Meeting; the General Meeting also decides the number of members in the Board of Directors, their remuneration and the length of their term. The members of the Board of Directors are elected by the majority of the present and represented shares.

Every member of the Board of Directors can be recalled or replaced at any time and without indication of reasons through a resolution of the General Meeting. In the absence of a sitting member of the Board of Directors the remaining members of the Board of Directors can temporarily fill the empty spot; the shareholders will make a final decision about the appointment during the next General Meeting.

**Art. 15. Authorities of the Board of Directors.** The Board of Directors has the comprehensive authority to perform all disposition and administrative actions within the framework of the purpose of the Company and in congruence with the investment policy according to Article 20 of this Articles of Association. All decisions that are not explicitly reserved by law or by these Articles of Association for the General Meeting can be reached by the Board of Directors.

**Art. 16. Transfer of authority.** The Board of Directors can transfer its authorities in conjunction with routine business management of the Investment Company (including the authorization to act as a signatory for the Investment Company) and its authorities to execute actions within the framework of the business policy and the business purpose to one or more natural or legal persons, whereby these

persons are not required to be members of the Board of Directors and have the authorities determined by the Board of Directors and can further delegate these authorities subject to the approval of the Board of Directors. The Investment Company can, as described in detail in the prospectus for the shares in the Investment Company conclude an investment management contract or investment advisory contract with one or more company(ies) ("Investment Manager or "Investment Adviser") which shall execute routine investment policies (investment manager) or make recommendations and advise the Company (investment adviser) with respect to the investment policies of the Investment Company. The Board of Directors can appoint investment committees for each individual subfund and define their remuneration. These committees shall consist of experts with appropriate experience. The committees shall serve only in an advisory capacity and make no investment decisions. The Board of Directors can also transfer individual powers of attorney through notarial or private documents.

**Art. 17. Meetings of the Board of Directors** The Board of Directors will appoint one of its members as Chairman. It may also appoint a Secretary who must not be a member of the Board of Directors and who will produce and retain the minutes of meetings of the Board of Directors and general meetings. The Board of Directors meets upon invitation by the Chairman of the Board of Directors or two members of the Board of Directors at the location specified in the invitation. The Chairman of the Board of Directors leads the meetings of the Board of Directors. In his or her absence, the members of the Board of Directors can assign another member of the Board of Directors to lead the meeting. The members of the Board of Directors will be invited to each meeting of the Board of Directors in writing at least eight days before the meeting will be held, except in emergencies, in such cases the nature of the emergency will be noted in the invitation. This invitation may be declined in writing by means of telegram, fax or similar means of communication. An invitation is not necessary for meetings that are held at times and at locations that were previously decided in a resolution of the Board of Directors. Each member of the Board of Directors may, via telegram, fax or other similar written forms of communication, appoint another member of the Board of Directors or another person to represent him or her with power of attorney at any meeting of the Board of Directors. A single member of the Board of Directors may represent several of his colleagues. Each member of the Board of Directors may participate in a meeting of the Board of Directors by way of a telephone conference or other similar methods of communication that enable all participants to be heard at the meeting; participation by means of such methods of communication shall be deemed equivalent to participation at the meeting in person. The Board of Directors may take action only during properly convened meetings of the Board of Directors. If all members of the Board of Directors are present or represented and declare their willingness, formal convening is not necessary. The members of the Board of Directors may not bind the Investment Company with individual signatures except in cases when there is an explicit and corresponding empowerment by a resolution of the Board of Directors. The Board of Directors may draft valid resolutions or take actions only when at least the majority of the members of the Board of Directors or another quorum defined by the Board of Directors is present or represented. Resolutions of the Board of Directors are logged and the logs are signed by the Chairman of the meeting of the Board of Directors. Excerpts of these logs, which are generated for evidentiary purposes in judicial or other processes, must be signed with legal validity by the Chairman of the meeting of the Board of Directors or two members of the Board of Directors. Resolutions shall be passed by a simple majority of the members present or represented. In the event of a voting tie, the Chairman of the Board of Directors meeting will have the decisive vote. Written resolutions by circulation which are approved and signed by all members of the Board of Directors are equal to resolutions at Board of Directors meetings; each member of the Board of Directors can approve such resolutions in writing via telegram, fax, telex or similar means of communication. This approval must be confirmed in writing and the totality of the documentation forms the log for documenting the decision that is reached.

**Art. 18. Signatory authority.** In dealings with third parties, the Investment Company will be legally bound by the joint signatures of two members of the Board of Directors or by joint or individual signatures of persons who have been appropriately empowered by the Board of Directors.

**Art. 19. Remuneration of the Board of Directors.** The remuneration of the members of the Board of Directors is determined by the General Meeting. It also includes expenses and other costs incurred by the members of the Board of Directors while exercising their activities, including any costs for prosecutorial measures, unless such measures are the result of intentional or grossly negligent behaviour by the associated member of the Board of Directors.

**Art. 20. Investment Policy.** The assets of the Investment Company are invested in securities and other permissible assets according to the principle of risk diversification, in consideration of the investment objectives and investment limits of the Investment Company as described in the prospectus published by the Investment Company for the respective subfund and in compliance with the stipulations of the Law of 2007. The associated participations can be held either directly or through subsidiaries.

**Art. 21. Costs and fees** The costs of the Fund and/or the respective subfunds include:

- Any management fee incurred at the level of the subfund (including performance fees if applicable);
- Fees of the Depository;
- Fees of the Central Administration and the Registrar, Transfer and Paying Agents;
- Costs arising in connection with the purchase, holding and sale of assets, particularly due diligence expenses in connection with potential investments, normal banking charges for transactions in securities and other assets and rights of the respective subfund and their safekeeping, the normal banking costs for holding foreign securities abroad;
- Costs incurred in connection with the valuation of the respective subfund assets;
- All third-party administration and custodial fees charged by other correspondent banks and/or clearing houses for the assets of the respective subfund, and all third-party settlement, consignment and insurance charges incurred in connection with subfund securities transactions;
- The transaction costs for the issuance and any redemptions of shares;
- Taxes levied on the respective subfund assets, its income and the expenses charged to the respective subfund;
- Costs of legal and taxation advice and bookkeeping which are incurred by the Company and the appropriate costs for experts, other advisors and specialists;
- Costs of the auditor;
- Costs of drafting, preparing, depositing, publishing, printing, selling and consigning all documents in all requisite languages for the respective subfund, in particular the Private Placement Prospectus, the Articles of Association, the annual or other reports, the statements of assets held, notices to shareholders, convening notices, sales advertisements and/or applications for authorisation in countries in which the shares of the respective subfund are intended to be sold, correspondence with the relevant supervisory authorities and other publications intended for the shareholders and other obligatory information in newspapers;
- All regularly incurred administration costs of the Company, in particular the costs of convening and holding shareholder meetings and meetings of the Board of Directors, of the investment committee, if there is one, of other committees of the Company and other staff costs, any remuneration of members of the Board of Directors, of the investment committee, if there is one and of other committees of the Company, including travel costs, appropriate expenses and any attendance fees;

- The expenses for cash management and advertising and insurance costs, interest, bank charges, foreign exchange and postage, telephone, fax and telex charges and rental costs for office premises;
- The administration charges payable for the respective subfund to all authorities involved, in particular the administration fees of the Luxembourg Supervisory Authority and of other supervisory authorities as well as the fees for the depositing of documents for the respective subfund;
- Costs in connection with any admission to listing on a stock exchange;
- Costs incurred directly in connection with the offering and sale of shares, including any licensing fees;
- Remuneration, expenses and other costs of the paying agents and representative offices and other bodies that have to be established abroad which are incurred in connection with the respective subfund assets;
- Additional costs of administration, including the costs of interest groups and commission and fees to third parties to whom the tasks of routine administration are delegated;
- Any costs for the assessment of the respective subfund by nationally and internationally recognised rating agencies;
- Costs of establishing the Company and the initial issuance of shares;
- Finance costs to be borne by the Company and/or its subfunds (including interest, commitment commission, consultancy costs of the financing bank, costs of providing loan collateral);
- All appropriate costs and expenses in connection with the purchase, development, construction, administration (including non-allocatable costs of property administration and other non-allocatable incidental costs), restructuring and sale of properties, irrespective of whether such transactions are concluded successfully;
- Normal market fees and brokerage fees incurred in the area of property administration, in particular purchase charges, sales charges, performance fees and performance-related fees;
- Costs of launching new subfunds and/or share classes;
- Costs within the scope of performing risk-management services and performance monitoring.
- Costs for any legally-required supervisory notifications in conjunction with the European Market Infrastructure Regulation (EMIR).

The Company bears all establishment-related costs, in particular the costs of legal and taxation advice and those in connection with structuring, establishing and launching the Company and offering shares,

The costs incurred during launching of the Company shall be covered by the establishment costs. The establishment costs may be distributed between the individually launched subfunds based on their respective net assets during a period and according to a system prepared by the Board of Directors on a fair and appropriate basis, but on condition that each subfund bears its own direct costs and the relevant establishment and launch costs.

The Company and/or individual subfunds may also bear the costs and fees mentioned above for their (direct or indirect) subsidiaries and co-investments.

Fees and expenses do not include any applicable value-added tax.

**Art. 22. Indemnity and compensation.** The Company shall indemnify or exempt from such liability or such claims, damage and liabilities, where applicable from the assets of the Company or where applicable from the subfund concerned, the members of the Board of Directors, the managers, senior executives and employees and each representative of the investment committee, if there is one, for any liability and all claims, damage and liabilities to which they are subject, where applicable on the basis of their role as members of the Board of Directors, managers, senior executives or employees or as a representative of the investment committee or on the basis of an act undertaken or omitted by them in connection with the Company, provided this was not caused through gross negligence, fraud or intentional misconduct. The exemption from liability and compensation of the investment adviser or portfolio manager shall be determined in accordance with the provisions of the relevant contracts.

**Art. 23. General Meeting.** The General Meeting represents the entire body of shareholders of the Investment Company. Its resolutions are binding on all shareholders. It has comprehensive authority to order, carry out or approve actions relating to the operations of the Investment Company. The General Meeting meets when convoked by the Board of Directors. It may also meet upon the request of shareholders representing at least one-tenth of the Company's assets. The Annual General Meeting is held in accordance with the stipulations of Luxembourg law in Luxembourg or at a location specified in the invitation on the second Friday of the month of June at 11:00 am. If that day is a legal or bank holiday in Luxembourg, the annual General Meeting will be held on the next banking day. Other General Meetings may be held at such locations and times as indicated in the corresponding invitation. The shareholders meet upon invitation from the Board of Directors; the invitation contains the agenda and must be sent at least eight days before the General Meeting to each holder of registered shares, using the address entered in the register of shareholders. The agenda shall be drawn up by the Board of Directors, except in cases in which the meeting is convened on the basis of a written application by the shareholders, in which case the Board of Directors may draw up an additional agenda. If all shares are issued as registered shares and there are no public announcements, the invitation to the shareholders may be exclusively by way of registered letter. To the extent all shareholders are present or represented and consider themselves to be properly invited and informed of the agenda, the General Meeting may occur without a written invitation. The Board of Directors may define all other conditions that must be fulfilled by the shareholders for participation in a General Meeting. During the General Meeting only items that are contained on the agenda will be addressed (the agenda will contain all legally required items). Each voting share represents one vote. A shareholder may, by means of a written power of attorney, be represented at each General Meeting by another person; the person with power of attorney must not be a shareholder and may be a member of the Investment Company's Board of Directors. Unless otherwise stipulated by law or these Articles of Association, resolutions of the General Meeting will be made by a simple majority of the present or represented shareholders.

**Art. 24. General meetings of shareholders of a subfund or a share class.** The shareholders of share classes in conjunction with a subfund can hold a General Meeting at any time in order to reach decisions that affect only this subfund. In addition, shareholders of a share class can hold General Meetings for all questions which affect this share class. The relevant stipulations in Article 23 are applicable analogously to such General Meetings. Each voting share represents one vote. A shareholder may, by means of a written power of attorney, be represented by another person at each General Meeting of shareholders in a subfund or a share class; the person with power of attorney must not be a shareholder and may be a member of the Investment Company's Board of Directors. Unless otherwise stipulated by law or in these Articles of Association, resolutions of the General Meeting of a subfund or a share class are made with a simple majority of the present or represented shareholders.

**Art. 25. Depository.** As required by law, the Investment Company will conclude a depository contract with a bank with respect to the Law of 5 April 1993 on the financial sector ("Depository"). The depository will fulfil the obligations and assume the responsibilities as provided by the applicable statutory regulations. Both the Depository and the Investment Company are entitled to terminate the Depository's appointment at any time in accordance with the depository agreement. In this case, the Board of Directors will make every effort to appoint a different bank as the Depository within two

months with approval of the responsible regulatory authority. Until the appointment of a new depository, the current Depository will carry out all of its duties as the depository in order to continue protecting the interests of the shareholders in the legally stipulated scope / duration.

**Art. 26. Auditor.** The accounting data in the annual report of the Investment Company will be audited by a financial auditor (réviseur d'entreprise agréé) that is appointed by the General Meeting and paid by the Investment Company. The financial auditor fulfils all obligations with respect to applicable statutory regulations.

**Art. 27. Financial year.** The financial year of the Investment Company shall commence on 1 January of each year and shall end on 31 December of the same year. The first financial year shall end on 31 December 2016. The annual report of the Investment Company will be prepared in US dollars.

**Art. 28. Dividends.** The General Meeting of a share class associated with a subfund will, at the suggestion of the Board of Directors and within the statutory limits, decide how the profit of this subfund will be used; it can declare dividends at the stated time or empower the Board of Directors to do so. The Board of Directors can resolve intermediate dividends for each dividend-entitled share class in accordance with the statutory stipulations. Dividends for registered shareholders will be made to the addresses in the register of shareholders. Dividends may be paid out in a currency, at a time and at a location that the Board of Directors determines at the given time. The Board of Directors may resolve non-cash dividends in place of cash dividends within the conditions and terms as defined by the Board of Directors. Any dividends that are not claimed within five years after their declaration will expire to the benefit of the share class(es) issued for the respective subfund. There will be no interest payments on dividends that are declared by the Investment Company and held for those entitled to them.

**Art. 29. Dissolution of the Investment Company.** The Investment Company may be dissolved at any time by a resolution of the General Meeting, subject to the requirements for a quorum for changes to the Articles of Association and majority requirements in accordance with Article 23 of these Articles of Association. If the Company's assets fall below two-thirds of the minimum capital, the question of the dissolution will be referred to the General Meeting by the Board of Directors. The General Meeting makes decisions without a quorum requirement with the simple majority of the shares represented at the meeting. The question of dissolving the Investment Company will also be presented to the General Meeting by the Board of Directors if the assets of the company fall below the minimum capital rule. In this case, the General Meeting will resolve without a quorum and dissolution can be decided by the shareholders who hold one quarter of the voting shares represented at the General Meeting. The meeting must be convened so that it is held within forty days from the determination of the fact that the Company's capital has fallen below two-thirds or one-quarter, respectively, of the minimum.

**Art. 30. Dissolution and merger of subfunds.** The Board of Directors may decide to merge one or more subfunds or share classes or to dissolve one or more subfunds or share classes, by cancelling the shares in question and reimbursing the shareholders in question for the net asset value per share of the subfunds or share classes. The Board of Directors may also decide to merge one or more subfunds with another specialised investment fund pursuant to the Law of 2007 or a Luxembourg undertaking for collective investment ("UCI") pursuant to the Law of 20 December 2002 on undertakings for collective investment or a subfund of such a specialised investment fund or such a UCI. The Board of Directors is authorised to make one of the above resolutions

- in the event of a significant change in the political, economic or monetary policy environment in the countries in which investments are made for the respective subfund or
- in which the shares of this subfund are sold or
- to the extent that the value of the assets of the respective subfund falls so that financially efficient management of that subfund can no longer be ensured or
- within the framework of productivity improvements.

The liquidation proceeds that are not claimed by a shareholder upon conclusion of the liquidation will remain on deposit with the Depository for a period of six months and then lodged with the Caisse des Consignations in Luxembourg, where they are forfeited after 30 years. The shareholders in question will be notified of the resolution of the Board of Directors pursuant to the first paragraph of this article on the merger of one or more subfunds. In such case, during the minimum period of one month from the date of notification, the shareholders in question are permitted to request the redemption at no cost or the conversion at no cost of some or all of their shares at the applicable net asset value. After the end of this period, the merger is binding for all remaining shareholders. In the case of a merger of one or more share classes of the Investment Company with a Luxembourg "fonds commun de placement" or "fonds commun de placement – FIS", the resolution is, however, only binding for the shareholders who approve such merger; for all other shareholders, it will be assumed that they have submitted an application for the redemption of their shares. The proceeds from the liquidation of shares that are not claimed by shareholders following completion of the dissolution of a share class will be lodged with the Caisse des Consignations in Luxembourg, where they are forfeited after 30 years. The Investment Company must inform the shareholders of this through publication of a redemption announcement in a newspaper to be determined by the Board of Directors. If all affected shareholders and their addresses are known to the Investment Company, then the redemption announcement will be made through letters to those addressees.

**Art. 31. Liquidation.** Liquidation will be performed by one or more liquidators who may be natural or legal persons who will be appointed by the General Meeting, which will also determine their authorities and remuneration. The net liquidation proceeds of the Investment Company will be distributed by the liquidators to the shareholders of the Company in relation to their shareholdings. The Board of Directors can regulate in greater detail in the prospectus how to proceed with the various share classes. If the Investment Company is liquidated, then liquidation will be carried out in accordance with legal provisions. These provisions specify the distribution of the proceeds of liquidation and provide that amounts not claimed by a shareholder after liquidation is concluded will be deposited at the Caisse de Consignation. Under the provisions of Luxembourg law, any sums that are not claimed within the prescribed legal period may be forfeited.

**Art. 32. Changes to the Articles of Association.** The Articles of Association can be changed by a General Meeting, which is subject to the quorum requirements according to the Law of August 10, 1915 on commercial companies, including subsequent changes and amendments (the "Law of 1915").

**Art. 33. Conflict of interest.** Contracts and other business between the Investment Company and another Investment Company or enterprise will not be affected or made invalid because one or more members of the Board of Directors or employees of the Investment Company have a personal interest in this other Investment Company or enterprise or is/are a member of its board of directors, shareholders, directors or other employees. Any member of the Board of Directors and any director of the Investment Company who is a member of the board of directors, a director or employee in a company or enterprise with which the Investment Company concludes contracts or other business relationships will not be hindered by this connection to this other company or enterprise in their ability to advise, consult or act in conjunction with such a contract or business relationship. To the extent that a member of the Board of Directors or a director of the Investment Company has a personal interest in conjunction with a business transaction of the Investment Company that is in contradiction with the interests of the Investment Company this member of the Board of Directors or director will inform the Board of Directors of this conflicting personal interest and will not participate in consultations or discussions related to this business transaction and this business transaction as well as the personal interest of the member of the Board of Directors or director will be reported at the next General Meeting. "Conflicting interests" according to the previous stipulations does not mean a connection to an issue, position or business event that involves a particular person, company or enterprise which is occasionally appointed by the Board of Directors according to its judgement.

**Art. 34. Applicable law.** All questions not regulated in these Articles of Association are regulated by the stipulations of the Law of August 10, 1915 on commercial companies and the Law of 2007, including subsequent changes and amendments of the respective laws.

The Articles of Association went into force on 25 February, 2016.