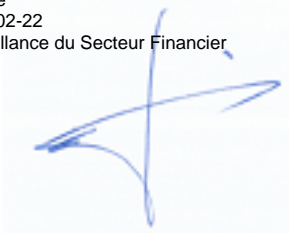


VISA 2018/111651-8708-0-PC

L'apposition du visa ne peut en aucun cas servir
d'argument de publicité

Luxembourg, le 2018-02-22

Commission de Surveillance du Secteur Financier



PALLADIUM FCP

*MUTUAL FUND UNDER
LUXEMBOURG LAW
WITH MULTIPLE SUB-FUNDS*

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

Prospectus February 2018

LIST OF ACTIVE SUB-FUNDS

Name of the Sub-Fund	Reference currency
PALLADIUM FCP – Armonia protetta 80-8	EUR
PALLADIUM FCP – Crescita Protetta	EUR
PALLADIUM FCP – Protezione e Crescita	EUR
PALLADIUM FCP – Protezione 90	EUR
PALLADIUM FCP – Flexible Allocation PIR	EUR
PALLADIUM FCP – Italian Opportunities PIR	EUR

GENERAL INFORMATION

PALLADIUM FCP (the “**Fund**”) is a mutual fund in transferable securities under Luxembourg law established in Luxembourg in accordance with part I of the law of 17 December 2010 relating to undertakings for collective investment (“**UCIs**”), as amended from time to time (the “**Law**”). The Fund is managed by Duemme International Luxembourg S.A. (the “**Management Company**”). The current version of the management regulations (the “**Management Regulations**”) were signed and entered into force on 11 July 2017. The mention of their deposit with the Luxembourg Trade and Companies Register (the “**R.C.S.**”) was published in the *RESA* on 14 July 2017. The Fund is registered with the R.C.S. under number K1320 and the Management Regulations may be consulted at the registered office of the Management Company, where copies may be obtained.

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

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

The Units to be issued hereunder may be of several different Classes which relate to separate Sub-Funds. Units of the different Sub-Funds may be issued, redeemed and converted at prices calculated on the basis of the net asset value per each Class of Units of the relevant Sub-Fund, as defined in the Management Regulations.

The assets of the Fund are the joint and indivisible property of the unit holders (each a “**Unit Holder**” and together the “**Unit Holders**”) and are segregated from the assets of the Management Company. All the Units have equal rights. No restrictions are established on the amount of the assets or on the number of Units representing the Fund’s assets. The net assets of the Fund must amount to at least euro 1,250,000.

The rights and the obligations of the Unit Holders, of the Management Company and of the appointed depository of the Fund (the “**Depository Bank**”) are defined by the Management Regulations.

In agreement with the Depository Bank and in compliance with the law of Luxembourg, the Management Company may make any amendments to the Management Regulations considered to be in the interest of the Unit Holders.

The entry of the amendments to the Management Regulations in the R.C.S. is published in the *Recueil électronique des sociétés et associations* (“**RESA**”), if no other provisions are made in the document amending the Management Regulations. Amendments enter into force five days after said publication in the RESA.

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

The Management Company may, at any time, create additional Sub-Funds, whose investment objectives may differ from those of the Sub-Funds then existing. Upon creation of new Sub-Funds, the Prospectus will be updated accordingly.

The distribution of the Prospectus and the offering of the Units may be restricted in certain jurisdictions. The Prospectus does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or where the person making the offer or solicitation is not qualified to do so or where a person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of the Prospectus and of any person wishing to apply for Units to inform himself or herself of and to observe all applicable laws and regulations of relevant jurisdictions.

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

Grand-Duchy of Luxembourg - The Fund is registered pursuant to part I of the Law. The registration however does not imply a positive appraisal by any Luxembourg authority of the contents of this Prospectus or the portfolio of assets held by the Fund. Any representation to the contrary is unauthorised and unlawful.

European Union (“EU”) - The Fund is a UCITS for the purposes of the Council Directive 2009/65/EC (“**UCITS Directive**”) and the Management Company of the Fund proposes to market the Units in accordance with the UCITS Directive in certain member states of the EU and in countries which are not member states of the EU.

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

The Units are not being offered in the United States of America, and may be offered in the United States of America only pursuant to an exemption from registration under the 1933 Act, and have not been registered with the Securities and Exchange Commission or any state securities commission nor

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

The Management Regulations give powers to the Management Company to impose such restrictions as it may think necessary for the purpose of ensuring that no Units in the Fund are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Management Company might result in the Fund incurring any liability or taxation or suffering any other disadvantage which the Fund may not otherwise have incurred or suffered and, in particular, by any U.S. Person as referred to above. The Fund may compulsorily redeem all Units held by any such person.

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

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

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

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

All references to: - “**Business Day**”: refers to any day on which banks are open for business in Luxembourg except 24 and 31 December unless otherwise specified in the relevant part B of this Prospectus.

- “**Net Asset Value**”: the net asset value per Unit of each Class which is determined on each day which is a Valuation Day for that Sub-Fund.

- “**Valuation Day**”: Unless otherwise specified in part B of this Prospectus, a Valuation Day in relation to any Sub-Fund is every day which is a bank Business Day in Luxembourg.

Further copies of this Prospectus may be obtained from:

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

DIRECTORY**PALLADIUM FCP**

Fonds commun de placement
R.C.S. Luxembourg K1320

Management Company:	Duemme International Luxembourg S.A. 2, Boulevard de la Foire L-1528 Luxembourg Grand Duchy of Luxembourg
Board of directors of the Management Company:	Fabio Ventola Chief Executive Officer 2, Boulevard de la Foire L-1528 Luxembourg Grand Duchy of Luxembourg George Gudenburg Independent Director 44, Rue de Contern L-5339 Moutfort Grand Duchy of Luxembourg Giovanni Lainati Independent Director 42, Am Bongert L-1270 Luxembourg Grand Duchy of Luxembourg
Conducting officers of the Management Company:	Fabio Ventola Luigi Vitelli
AML officer of the Management Company:	Luigi Vitelli
Depository Bank and Transfer and Registrar Agent:	BNP Paribas Securities Services, Luxembourg Branch 60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg
Administrative Agent:	BNP Paribas Securities Services, Luxembourg Branch 60, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg

Delegated Investment Manager:**Dueemme SGR S.p.A.**

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I-20121 Milano
Italy

Distributors:**CheBanca! S.p.A.**

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I-20158 Milano
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I-20121 Milano
Italy

Banca Esperia S.p.A.

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I-20121 Milano
Italy

ONLINE SIM S.p.A.

Via Santa Maria Segreta 7/9
I-20123 Milano
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BANCA IFIGEST S.p.A.

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Italy

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and of the Fund:****Ernst & Young**

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

Legal Advisors:**Arendt & Medernach SA**

41A, avenue J.F. Kennedy
L-2082 Luxembourg
Grand Duchy of Luxembourg

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PART A: FUND INFORMATION

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

I. INVESTMENT OBJECTIVES AND POLICIES

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

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

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

II. INVESTMENT RESTRICTIONS

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

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

1) General principle

Investment in each Sub-Fund of the Fund shall consist solely of one or more of the following:

- a) Transferable securities and money market instruments admitted to or dealt in on a regulated market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments;
- b) Transferable securities and money market instruments dealt in on another market in a member state of the European Union which is regulated, operates regularly and is recognized and open to the public;
- c) Transferable securities and money market instruments officially listed on a stock exchange in North America, Central America, South America, Australia (including Oceania), and/or Asia or dealt on another market in North America, Central America, South America, Australia (including Oceania), and/or Asia which is regulated, operates regularly and is recognized and open to the public;

- d) Recently issued transferable securities and money market instruments provided that:
- The terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another regulated market referred to under a), b) and c) above; and
 - Such admission is secured within one year of the issue;
- e) Shares or units of UCITS authorized according to the UCITS Directive and/or other UCIs within the meaning of the first and second indent of Article 1(2) of the UCITS Directive, should they be situated in a member state of the European Union or not, provided that:
- Such other UCIs are authorized under laws which provide that they are subject to supervision considered by the Commission de Surveillance du Secteur Financier (“**CSSF**”) to be equivalent to that laid down in EU law and that cooperation between authorities is sufficiently ensured;
 - The level of guaranteed protection for share or unit holders in such other UCIs is equivalent to that provided for share or unit holders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive;
 - The business of the other UCI is reported in at least half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
 - No more than 10% of the UCITS or the other UCI assets, whose acquisition is contemplated, can be, according to its management regulations or constitutive documents, invested in aggregate in shares or units of other UCITS or other UCIs;
- f) Deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a member state of the European Union or, if the registered office of the credit institution is situated in a non-member state, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- g) Financial derivatives, including equivalent cash settled instruments, dealt in on a regulated market referred to under a), b) and c) above, and/or financial derivative instruments dealt in over-the-counter (“**OTC derivatives**”), provided that:
- The underlying consist of instruments covered by this Section 1, financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund may invest in accordance with its investment objectives;
 - The counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF and the board of directors of the Management Company; and
 - OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund’s initiative;

- h) Money market instruments other than those dealt in on regulated markets referred to in a), b) and c), if the issuer or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
- Issued or guaranteed by a central, regional or local authority, a central bank of a member state of the European Union, the European Central Bank, the European Union or the European Investment Bank, a non-member state of the European Union or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more member states belong; or
 - Issued by an undertaking any securities of which are dealt in on regulated markets referred to under a), b) or c) above; or
 - Issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law; or
 - Issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, second and third indent of this Section 1 h), and provided that the issuer (i) is a company whose capital and reserves amount at least to ten million Euro (EUR 10,000,000) and (ii) which presents and publishes its annual accounts in accordance with the Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, (iii) is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group, or (iv) is an entity which is dedicated to the financing of securitization vehicles which benefit from a banking liquidity line.

2) Other assets

The Management Company, acting on behalf of each Sub-Fund may:

- a) Invest up to 10% of the net assets of each of the Sub-Funds in transferable securities and money market instruments other than those referred to under Section 1) a) through d) and h) above.
- b) Hold ancillary liquid assets.
- c) Borrow the equivalent of up to 10% of its net assets provided that the borrowing is on a temporary basis and that its amount does not exceed 15% of the total assets of the Fund.
- d) Acquire foreign currencies by means of back-to-back loans.

3) Investment restrictions per issuer

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

a) Rules for risk spreading

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

- **Transferable securities and money market instruments**

- (1) A Sub-Fund may not invest more than 10% of its net assets in transferable securities or money market instruments issued by the same body.
The total value of the transferable securities and money market instruments held by the Sub-Fund in the issuing bodies in each of which it invests more than 5% of its net assets must not exceed 40% of the value of its net assets. This restriction does not apply to deposits and OTC transactions made with financial institutions subject to prudential supervision.
- (2) The 10% limit laid down in paragraph (1) is raised to 20% in the case of transferable securities and money market instruments issued by the same group of companies.
- (3) The 10% limit laid down in paragraph (1) is raised to a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a member state of the European Union, by its local authorities, by a non-member state of the European Union or by public international bodies to which one or more member states of the European Union are members.
- (4) The 10% limit laid down in paragraph (1) is raised to 25% for certain debt securities issued by a credit institution whose registered office is in a member state of the European Union and which is subject by law to special public supervision designed to protect the holders of debt securities. In particular, sums deriving from the issue of such debt securities must be invested pursuant to the law in assets which, during the whole period of validity of the debt securities, are capable of covering claims attaching to the debt securities and which, in event of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of accrued interest. To the extent that the Sub-Fund invests more than 5% of its assets in such debt securities, issued by the same issuer, the total value of such investments may not exceed 80% of the value of the Sub-Fund's net assets.
- (5) The values mentioned in (3) and (4) above are not taken into account for the purpose of applying the 40% limit referred to under paragraph (1) above.
- (6) **Notwithstanding the limits indicated above, and in accordance with the principle of risk-spreading, each Sub-Fund is authorized to invest up to 100% of its assets in transferable securities and money market instruments issued or guaranteed by a member state of the European Union, its local authorities, a member state of the OECD or public international bodies of which one or more**

member states of the European Union are members, provided that (i) these securities consist of at least six different issues and (ii) securities from any one issue may not account for more than 30% of the Sub-Fund's net assets.

- (7) Without prejudice to the limits laid down in (b) below, the limits laid down in (1) above are raised to maximum 20% for investment in shares and/or debt securities issued by the same body and when the Sub-Fund's investment policy is aimed at duplicating the composition of a certain stock or debt securities index, which is recognized by the CSSF and meets the following criteria:
- The index's composition is sufficiently diversified;
 - The index represents an adequate benchmark for the market to which it refers;
 - The index is published in an appropriate manner.

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

- **Bank deposits**

- (8) The Management Company, on behalf of a Sub-Fund may not invest more than 20% of its net assets in deposits made with the same entity.

- **Derivatives**

- (9) The risk exposure to a counterparty in an OTC derivative transaction may not exceed 10% of the Sub-Fund's net assets when the counterparty is a credit institution referred to in f) in Section 1 above, or 5% of its net assets in the other cases.
- (10) The Management Company, on behalf of a Sub-Fund may invest in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in (1) to (5), (8), (16) and (17). When the Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined with the limits laid down in (1) to (5), (8), (16) and (17).
- (11) When a transferable security or money market instruments embeds a derivative, the latter must be taken into account when applying the provisions laid down in (12), (16) and (17), and when determining the risks arising on transactions in derivative instruments.
- (12) With regard to derivative instruments, each Sub-Fund will ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio.
- The risks exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

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

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

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

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

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

- **Combined limits**

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

b) Restrictions with regard to control

(18) The Management Company, on behalf of a Sub-Fund may not acquire such amount of shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

(19) The Management Company, on behalf of the Fund may acquire no more than:

- (i) 10% of the outstanding non-voting shares of the same issuer,
- (ii) 10% of the outstanding debt securities of the same issuer,
- (iii) 25% of the outstanding shares or units of the same UCITS and/or other UCI,
- (iv) 10% of the outstanding money market instruments of the same issuer.

The limits set in points (ii) to (iv) may be disregarded at the time of acquisition if at that time the gross amount of debt securities or money market instruments, or the net amount of the securities in issue, cannot be calculated.

(20) The limits laid down in (18) and (19) are waived as regards:

- Transferable securities and money market instruments issued or guaranteed by a member state of the European Union or its local authorities;
- Transferable securities and money market instruments issued or guaranteed by a non-member state of the European Union;
- Transferable securities and money market instruments issued by public international bodies of which one or more member states of the European Union are members;
- Shares held in the capital of a company incorporated in a non-member state of the European Union which invests its assets mainly in securities of issuing bodies having their registered office in that state, where under the legislation of that state, such holding represents the only way in which the relevant Sub-Fund can invest in the securities of issuing bodies of that state and provided that the investment policy of the company complies with regulations governing risk diversification and restrictions with regard to control laid down herein;
- Shares held in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country/state where the subsidiary is located, in regard to the repurchase of the Units at the Unit Holders request exclusively on its or their behalf.

4) Further restrictions

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

- a) The Management Company, on behalf of a Sub-Fund may not acquire either precious metals or certificates representing them.
- b) The Management Company, on behalf of a Sub-Fund may not acquire real estate, provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

- c) The Management Company, on behalf of a Sub-Fund may not issue warrants or other rights giving holders the right to purchase Units in such Sub-Fund.
- d) Without prejudice to the possibility of the Management Company to acquire debt securities and to hold bank deposits on behalf of a Sub-Fund, the Management Company, on behalf of a Sub-Fund may not grant loans or act as guarantor on behalf of third parties. This restriction does not prohibit the Management Company, on behalf of a Sub-Fund from acquiring transferable securities, money market instruments or other financial instruments that are not fully paid-up.
- e) The Management Company, on behalf of a Sub-Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.

5) Exercising of subscription rights

Notwithstanding the above provisions:

- a) The Management Company, on behalf of a Sub-Fund needs not necessarily to comply with the limits referred to hereabove when exercising subscription rights attaching to transferable securities or money market instruments which form part of such Sub-Fund's portfolio concerned.
- b) If the limits referred to above are exceeded for reasons beyond the control of the Management Company or as a result of the exercise of subscription rights, the Management Company, on behalf of such Sub-Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Unit Holders.

6) Cross-investments

Finally, the Management Company may have a Sub-Fund of the Fund subscribe, acquire and/or hold securities to be issued or issued by one or more other Sub-Funds of the Fund, in accordance with the provisions set forth in the sales documents of the Fund and with the restrictions set forth in the Law, provided that:

- a) The target Sub-Fund does not, in turn, invest in the Sub-Fund investing in the target Sub-Fund.
- b) No more than 10% of the assets of the target Sub-Funds whose acquisition is contemplated may be invested, according to its investment policy, in aggregate in Units of other target Sub-Funds of the Fund.
- c) Voting rights, if any, attaching to the Units of the target Sub-Fund are suspended for as long as they are held by the investing Sub-Fund and without prejudice to the appropriate processing in the accounts and the periodic reports.

- d) In any event, for as long as the Units of the target Sub-Fund are held by the investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purpose of verifying the minimum threshold of the net assets imposed by the Law.

7) Master-feeder structures

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

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

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

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

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

III. FINANCIAL TECHNIQUES AND INSTRUMENTS

1) General principle

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

The Fund may employ techniques and instruments relating to transferable securities and money market instruments provided that, for the time being, such techniques and instruments are used for

hedging purposes, duration management or other risk management of the portfolio as described herebelow.

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

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

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

A Sub-Fund may also invest in OTC financial derivative instruments including but not limited to non deliverable forwards, total return swaps, interest rate swaps, currency swaps, swaptions, credit default swaps, and credit linked note for either investment or for hedging purposes.

In doing so, the Sub-Fund shall comply with applicable restrictions and in particular with ESMA guidelines on exchange traded funds ("ETFs") and other UCITS issues as described in CSSF circular 14/592.

The Fund shall also comply with the provisions set forth by Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 ("SFTR"). General information to be included in the Prospectus in accordance with section B of the annex to SFTR are provided in this Part A of the Prospectus. Specific information total return swaps ("TRS") within the scope of SFTR which are used by the individual Sub-Funds are disclosed in Part B of the Prospectus. For the time being, none of the Sub-Funds will use any securities financing transactions within the scope of SFTR, i.e. none of the Sub-Funds will use (a) repurchase transactions, (b) securities or commodities lending and securities or commodities borrowing, (c) buy-sell back transactions or sell-buy back transactions, and (d) margin lending transactions. In case such instruments shall be used in the future, the Prospectus will be amended accordingly.

The risk exposures to a counterparty arising from OTC financial derivative transactions should be combined when calculating the counterparty risk limits of Article 52 of Directive 2009/65/EC.

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

2) TRS arrangements

A TRS is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic

performance includes income from interest and fees, gains or losses from market movements, and credit losses.

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

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

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

The counterparties will be leading financial institutions of good reputation specialised in this type of transaction and subject to prudential regulation and supervision in an OECD member state. The counterparties must hold a rating at investment grade level and must, in all cases, have entered into an ISDA master agreement, credit support annex and delegation EMIR reporting agreement. There are no specific requirements as to the legal status of the eligible counterparties (i.e. the corporate form of incorporation of the counterparty). Any counterparty shall be pre-approved by the "Counterparty and Pricing Committee" established at the level of the Management Company and subsequently approved by the board of directors of the Management Company. The counterparties are selected through market and risk-reward analysis ensuring that the counterparties offer all guarantees in terms of organization and best execution policy. The selected counterparties do not have discretionary power over the composition or management of the investment portfolio of the Sub-Fund or over the underlying assets of the derivative financial instruments.

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

The rebalancing frequency for an index that is the underlying asset for a financial derivative is determined by the provider of the index in question. The costs for such rebalancing are estimated to an average of 4bps.

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

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

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

The total return swap transactions to be entered into will be marked to market daily using the market value of the underlying assets used for the transaction in accordance with the terms of the swap agreement.

Typically investments in total return swap transactions will be made in order to adjust regional exposures, limit settlement and custodian risks as well as repatriation risk in certain markets and to avoid costs and expenses related to direct investments or sale of assets in certain jurisdictions as well as foreign exchange restrictions.

In its financial reports, the Fund must disclose:

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

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

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

3) Collateral management and policy for OTC financial derivatives

In order to reduce its credit exposure to the counterparty of any OTC financial derivatives transactions, the relevant Sub-Fund will obtain collateral, under the form of bonds (bonds issued or guaranteed by a member state of the OECD or by their local public authorities; or by supranational institutions and undertakings with EU, regional or world-wide scope), ETFs and cash, covering at least 90% of the market value of the financial instruments object of OTC financial derivatives transactions.

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

- **Liquidity:** Collateral must be sufficiently liquid in order that it can be sold quickly at a robust price that is close to its pre-sale valuation.
- **Valuation:** Collateral must be capable of being valued on at least a daily basis and must be marked to market daily.
- **Issuer credit quality:** The Management Company, on behalf of the Fund, will ordinarily only accept very high quality collateral.
- **Correlation:** The collateral received by the Sub-Fund will be issued by an entity that is independent from the counterparty and that does not display a high correlation with the performance of the counterparty.
- **Safe-keeping:** Collateral must be transferred to and will be safe-kept with the Depository Bank.
- **Enforceable:** Collateral must be immediately available to the Management Company, on behalf of the Fund, without recourse to the counterparty, in the event of a default by that entity.
- **Risk management:** Risks linked to the management of collateral, such as operational and legal risks, will be identified, managed and mitigated by the risk management process.

In particular, the following specific restrictions apply:

a) **Non-cash collateral**

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

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

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

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

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

c) Collateral diversification (asset concentration)

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

4) Haircut policy

The Fund will receive collateral in such a manner that the risk exposure to a counterparty in any OTC derivative transaction shall not exceed 10% of the Sub-Fund's net assets when the counterparty is a credit institution referred to in f) in Section 1 above, or 5% of its net assets in the other cases.

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the Management Company, on behalf of the Fund for each asset class based on what has been defined in the credit support annex entered into with each counterparty. The level of haircut depends on a variety of factors, including the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable and in particular situations, the outcome of liquidity stress tests carried out by the Management Company, on behalf of the Fund under normal and exceptional liquidity conditions.

The eligible collateral and related haircut range are as follows:

Class of collateral	Haircut
Cash	0% This holds only true for cash of the same currency as of the Sub-Fund.
ETF	Between 0% and 10%
Government bonds with maturity up to 1 year	Between 0% and 2%
Government bonds with maturity above 1 year	Between 0% and 5%

5) Reinvestment of collateral

Non-cash collateral received for the benefit of a Sub-Fund may not be sold, re-invested or pledged. Cash collateral received for the benefit of a Sub-Fund can only be:

- a) placed on deposit with a credit institution which has its registered office in a member state of the European Union or a credit institution located in a third-country which is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- b) invested in high-quality government bonds; and/or
- c) invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds issued by ESMA (CESR/10-049) as may be amended from time to time.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out above. Re-investment of cash collateral involves certain risks for the Sub-Fund, as described in section IV (Risk Factors) below.

6) Currency hedging

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

The objective of the transactions referred to above presupposes the existence of a direct relationship between the contemplated transaction and the assets or liabilities to be hedged and implies that, in principle, transactions in a given currency, including a currency bearing a substantial relation to the value of the reference currency (i.e. currency of denomination) of the relevant Sub-Fund -known as "hedging by proxy"- may not exceed the total valuation of the assets and liabilities held in such currency nor may they, as regards their duration, exceed the period where such assets

are held or anticipated to be acquired or for which such liabilities are incurred or anticipated to be incurred.

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

IV. RISK FACTORS

1) General risk considerations applicable to the Fund

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

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

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

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

Sub-Funds which invest in fixed interest securities are subject to changes in interest rates and the interest rate environment. Generally, the prices of bonds and other debt securities will fluctuate inversely with interest rate changes. Fixed-income securities are subject to credit risk, which is an issuer's inability to meet principal and interest payments on the obligations, and may be subject to price volatility due to interest rate sensitivity.

2) FATCA / CRS – Investor obligation to report information

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

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

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

3) Data protection

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

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

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

4) Risk considerations applicable to the use of derivatives

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

a) **Market risk**

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

b) **Control and monitoring**

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

c) **Liquidity risk**

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

d) **Counterparty risk**

The Management Company, on behalf of the Fund, may enter into transactions in OTC markets, and the Sub-Funds may incur losses through their commitments vis-à-vis a counterparty on the techniques described above, in particular its swaps, TRS or forwards in the event of the counterparty's default or its inability to fulfil its contractual obligations.

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

e) **Reinvestment of collateral**

A Sub-Fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Sub-Fund to the

counterparty as required by the terms of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

f) **Other risks**

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

Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, a fund's use of derivative techniques may not always be an effective means of, and sometimes could be counterproductive to, following a fund's investment objective.

If the investors are in any doubt about the risk factors relevant to an investment, they should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser.

5) **Custody risk**

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

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

6) **Conflicts of interests**

The Management Company, the distributor(s), the Investment Manager, if any, the Depositary Bank and the Administrative Agent may, in the course of their business, have potential conflicts of interests with the Fund. Each of the Management Company, the distributor(s), the Investment Manager, if any, the Depositary Bank and the Administrative Agent will have regard to their respective duties to the Fund and other persons when undertaking any transactions where conflicts or potential conflicts of interest may arise. In the event that such conflicts do arise, each of such persons has undertaken or will be requested by the Fund to undertake to use its reasonable

endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Fund and the Unit Holders are fairly treated.

7) Interested dealings

The Management Company, the distributor(s), the Investment Manager, if any, the Depositary Bank and the Administrative Agent and any of their respective subsidiaries, affiliates, associates, agents, directors, officers, employees or delegates (each an “**Interested Party**” and together the “**Interested Parties**”) may:

- a) contract or enter into any financial, banking or other transaction with one another or with the Management Company, on behalf of the Fund, including, without limitation, investment in securities in any company or body any of whose investments or obligations form part of the assets of the Fund or any Sub-Fund, or be interested in any such contracts or transactions;
- b) invest in and deal with units, securities, assets or any property of the kind included in the property of the Fund for their respective individual accounts or for the account of a third party; and
- c) deal as agent or principal in the sale, issue or purchase of securities and other investments to, or from, the Fund through, or with, the Management Company or the Investment Manager, if any, or the Depositary Bank or any subsidiary, affiliate, associate, agent or delegate thereof.

Any assets of the Fund in the form of cash may be invested in certificates of deposit or banking investments issued by any Interested Party. Banking or similar transactions may also be undertaken with or through an Interested Party (provided it is licensed to carry out this type of activities).

There will be no obligation on the part of any Interested Party to account to Unit Holders for any benefits so arising and any such benefits may be retained by the relevant party.

Any such transactions must be carried out as if effected on normal commercial terms negotiated at arm's length.

8) Total return swaps (TRS)

These contracts represent a derivative combining market risk and credit risk which are affected by interest rate fluctuations, as well as events and credit prospects. A TRS, which involves the receipt of a total return by the Sub-Fund, is similar in terms of risk profile because it genuinely holds the underlying benchmark security. Furthermore, these transactions can be less liquid than interest rate swaps, as there is no standardisation of the underlying benchmark index and this situation can have a negative impact on the ability to settle the TRS position, or on the price at which the settlement is performed. The swap contract is an agreement between two parties, each of whom must bear the credit risk of the other. Hedging is used to minimise this risk. The information risk for TRS is reduced through adherence to the standard ISDA documentation.

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

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

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

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

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

9) Conflicts of interests of the Investment Manager

The Investment Manager may execute trades through their affiliates on both a principal and agency basis, as may be permitted under applicable law. As a result of these business relationships, the Investment Manager's affiliates will receive, among other benefits, commissions and mark-ups/mark-downs, and revenues associated with providing prime brokerage and other services. Certain conflicts of interest may arise from the fact that affiliates of the Investment Manager or the Management Company may act as sub-distributors of interests in respect of the Fund or certain Sub-Funds. Such entities may also enter into arrangements under which they or their affiliates will issue and distribute notes or other securities the performance of which will be linked to the relevant Sub-Fund.

Where a commission (including a rebated commission) is received by the Investment Manager by virtue of an investment by a Sub-Fund in the units of another collective investment scheme, this commission must be paid into that Sub-Fund.

10) Emerging Markets

- a) In certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect investment in those countries. There may be less publicly available information about certain financial instruments than some investors would find customary and entities in some countries may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which certain investors may be accustomed. Certain financial markets, while generally growing in volume, have for the most part, substantially less volume than more developed markets, and securities

of many companies are less liquid and their prices more volatile than securities of comparable companies in more sizeable markets. There are also varying levels of government supervision and regulation of exchanges, financial institutions and issuers in various countries. In addition, the manner in which foreign investors may invest in securities in certain countries, as well as limitations on such investments, may affect the investment operations of the Sub-Funds.

- b) Emerging country debt will be subject to high risk and will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation. The issuer or governmental authority that controls the repayment of an emerging country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. As a result of the foregoing, a government obligor may default on its obligations. If such an event occurs, the Management Company, on behalf of the Fund, may have limited legal recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government debt securities to obtain recourse may be subject to the political climate in the relevant country. In addition, no assurance can be given that the holders of commercial debt will not contest payments to the holders of other foreign government debt obligations in the event of default under their commercial bank loan agreements.
- c) Settlement systems in emerging markets may be less well organised than in developed markets. Thus, there may be a risk that settlement may be delayed and that cash or securities of the Sub-Funds may be in jeopardy because of failures or of defects in the systems. In particular, market practice may require that payment will be made prior to receipt of the security which is being purchased or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank (the counterparty) through whom the relevant transaction is effected might result in a loss being suffered by Sub-Funds investing in emerging market securities.
- d) The Management Company, on behalf of the Fund, will seek, where possible, to use counterparties whose financial status is such that this risk is reduced. However, there can be no certainty that the Management Company, on behalf of the Fund, will be successful in eliminating this risk for the Sub-Funds, particularly as counterparties operating in emerging markets frequently lack the substance or financial resources of those in developed countries.
- e) There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by or to be transferred to the Sub-Funds. Furthermore, compensation schemes may be non-existent or limited or inadequate to meet the Fund's claims in any of these events.
- f) In some Eastern European countries there are uncertainties with regard to the ownership of properties. As a result, investing in transferable securities issued by

companies holding ownership of such Eastern European properties may be subject to increased risk.

V. GLOBAL EXPOSURE AND RISK MEASUREMENT

The Management Company, on behalf of the Fund, may use derivative instruments, whose underlying assets may be transferable securities or money market instruments, both for hedging and for trading purposes.

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

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

1) Determination of the global exposure

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

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

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

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

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

Except as otherwise specified in the relevant Sub-Fund schedule the Management Company will employ the commitment approach methodology to monitor and measure the global exposure.

3) Calculation of the global exposure

- a) The commitment conversion methodology for standard derivatives is always the market value of the equivalent position in the underlying asset. This may be replaced

by the notional value or the price of the futures contract where this is more conservative;

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

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

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

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

4) Investment in non-investment grade securities

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

Such securities involve higher credit or liquidity risk. High Credit Risk: Lower rated debt securities, commonly referred to as "junk bonds" are subject to a substantially higher degree of risk than investment grade debt securities. During recessions, a high percentage of issuers of lower rated debt securities may default on payments of principal and interest. The price of a lower rated debt security may therefore fluctuate drastically due to unfavourable news about the issuer or the economy in general. High Liquidity Risk: During recessions and periods of broad market declines, lower rated debt securities could become less liquid, meaning that they will be harder to value or sell at a fair price.

Due to the volatile nature of the above assets and the corresponding risk of default, investors must be able to accept significant temporary losses to their capital and the possibility of fluctuations in the

income return level of the relevant Sub-Fund. The Management Company or the Investment Manager of the relevant Sub-Fund, if any, will endeavour to mitigate the risks associated with the investment in securities rated lower than BBB-, by diversifying its holdings by issuer, industry and credit quality.

5) Downgrading risk

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

A.2. THE UNITS

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

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

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

The Management Company, on behalf of the Fund, will issue registered Units. The inscription of the Unit Holder's name in the register of Units evidences his or her right of ownership of such registered Units.

All Units must be fully paid-up; they are of no par value and carry no preferential or preemptive rights. The Management Regulations do not envisage general meeting of the Unit Holders.

Fractional registered Units will be issued to one thousandth of a Unit, and such fractional Units shall not be entitled to vote but shall be entitled to a participation in the net results and in the proceeds of liquidation attributable to the Units in the relevant Sub-Fund on a pro rata basis.

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

I. DESCRIPTION OF THE UNITS AND CLASSES OF UNITS

1) Classes of Units

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

For the time being the Management Company, on behalf of the Fund may offer the following Classes of Units within the Sub-Funds:

- a) Classic Classes (the “**C Classes**”), offered to retail investors.
- b) Institutional Classes (the “**I Classes**”), reserved for institutional investors holding the Units as part of their own assets or acting on behalf of individual or corporate entities.

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

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

2) Minimum subscription amounts and holding requirements

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

The Management Company may also determine a minimum additional subscription amount for Unit Holders wishing to add to their portion of interest a given Class of Units.

The Management Company has the discretion, from time to time, to waive any applicable minimum amounts.

The Management Company may, at any time, decide to compulsorily redeem all Units from Unit Holders whose holding is less than the minimum subscription amount specified for the relevant Sub-Fund or who fail to satisfy any other applicable eligibility requirements. In such case, the Unit Holder concerned shall receive one month’s prior notice so as to be able to increase his amount or to satisfy the eligibility requirement.

The Management Company may decide to issue, within each Sub-Fund, separate Classes of Units, whose assets will be commonly invested but where a specific structure, as mentioned here above, may be decided.

II. PROCEDURE OF SUBSCRIPTION, CONVERSION AND REDEMPTION

1) Subscription of Units

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

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

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

Investors may be required to complete a purchase application for each Class of Units or other documentation satisfactory to the Fund or to the distributor(s) or any agent thereof, indicating that the purchaser is not a U.S. Person, as such term is defined in Management Regulations, or nominees thereof. Application forms containing such representation are available from the Fund or from the distributor(s) or any of its agents.

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

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

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

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

No Units in any Sub-Fund will be issued during any period when the calculation of the Net Asset Value per each Class of Units in such Sub-Fund is suspended by the Fund, pursuant to the powers reserved to it by the Management Regulations.

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

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

Moreover, the Management Company is legally responsible for identifying the origin of funds. Subscriptions may be temporarily suspended until such funds have been correctly identified.

2) Conversion of Units

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

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

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

Conversions of Units or Classes of Units in any Sub-Fund shall be subject to a fee based on the respective Net Asset Value of the relevant Units or Classes of Units as stated in Part B of this Prospectus. However, this amount may be increased if the subscription fee applied to the original Sub-Fund was less than the subscription fee applied to the Sub-Fund in which the Units will be converted. In such cases, the conversion fee may not exceed the amount of the difference between the subscription rate applied to the Sub-Fund in which the Units will be converted and the subscription rate applied to the initial subscription. This amount will be payable to the distributor(s).

Units may be tendered for conversion on any Valuation Day.

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

No conversion of Units will be effected until a duly completed request for conversion of Units has been received at the registered office of the Fund from the Unit Holder.

Fractions of registered Units will be issued on conversion to one thousandth of a Unit.

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

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

If, as a result of any request for conversion, the number of Units held by any Unit Holder in a Sub-Fund would fall below the minimum subscription amount indicated in the Specific Information for each Sub-Fund, if any, the Fund may treat such request as a request to convert the entire portion of interest of such Unit Holder.

Units in any Sub-Fund will not be converted in circumstances where the calculation of the Net Asset Value per Unit or Classes of Units in such Sub-Funds is suspended by the Fund pursuant to the Management Regulations.

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

3) Redemption of Units

Each Unit Holder of the Fund may at any time request the Fund to redeem on any Valuation Day all or any of the Units or Classes of Units held by such Unit Holder in any of the Sub-Funds.

Unit Holders desiring to have all or any of their Units redeemed should apply in writing to the registered office of the Fund.

The distributor(s) and its agents shall transmit redemption requests to the Fund on behalf of the Unit Holders.

Redemption requests should contain the following information (if applicable): the identity and address of the Unit Holder requesting the redemption, the number of Units to be redeemed, the relevant Class of Units, if any, of the Sub-Fund, the name in which such Units are registered and details as to whom payment should be made. All necessary documents to complete the redemption should be enclosed with such application.

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

Units will be redeemed at a price (the "**Redemption Price**") based on the Net Asset Value per Unit or Class of Units in the relevant Sub-Fund determined on the first Valuation Day following receipt of the redemption request, potentially decreased by a fee, as stated in Part B of this Prospectus.

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

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

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

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

Units in any Sub-Fund will not be redeemed if the calculation of the Net Asset Value per Unit or Class of Units in such Sub-Fund is suspended by the Fund in accordance with the Management Regulations.

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

If, as a result of any request for redemption, the number or value of Units or Classes of Units in a Sub-Fund would fall below the minimum amounts for each Class of Units in the relevant Sub-Fund as indicated in part B of the Prospectus, the Fund may treat such request as a request to redeem the entire interest of such Unit Holder.

Unless otherwise provided in the particulars of each Sub-Fund, if on any Valuation Day redemption and conversion requests pursuant to the Management Regulations relate to more than 10% of the Units in issue in a specific Sub-Fund or in case of a strong volatility of the market or markets on which a specific Sub-Fund is investing, the Management Company may decide that part or all of such requests for redemption or conversion will be deferred for such period as the Management Company considers to be in the best interests of the Sub-Fund, but normally not exceeding 30 days. In any such case, an exit fee may be charged to the Unit Holders making a redemption or conversion request to cover the corresponding costs of sales of the underlying portfolio. The rate of such exit fee will be the same for all Unit Holders having requested the redemption or conversion of their Units on the same Valuation Day. The exit fee shall revert to the Sub-Fund from which the redemption or conversion was effected. On the next Valuation Day following such period, these redemption and conversion requests will be met in priority to later requests.

The Management Company may at all times redeem Units held by investors who are excluded from the right to acquire or to hold Units. This shall apply in particular to U.S. Persons, to non-institutional investors who invest in units reserved for institutional investors, as defined in the Sub-Fund schedules.

III. PROTECTION AGAINST LATE TRADING AND MARKET TIMING

In accordance with Circular 04/146 issued by CSSF regarding the protection of UCIs and their investors against late trading and market timing practices, the Management Company does not authorise practices associated to market timing and late trading. The Management Company will not knowingly allow investments associated with market timing or late trading practices or other

excessive trading practices, as such practices may adversely affect the interests of the Unit Holders. The Management Company shall refuse subscriptions, conversions or redemptions from Unit Holders suspected of such practices and take, as the case may be any other decisions as it may think fit to protect the interests of other Unit Holders.

Market timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same UCI within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the net asset value of the UCI.

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

Subscription, redemption and conversion are carried out at unknown Net Asset Value.

A.3. DETERMINATION OF THE NET ASSET VALUE

I. CALCULATION AND PUBLICATION

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

The Net Asset value is calculated at 2 decimal points.

The Net Asset Value of each Sub-Fund is calculated periodically by the Management Company or by the institution designated by the latter, but under no circumstances less than twice a month, on the basis of the last closing rate available on the Valuation Date (or on the basis of the last closing rate on the net asset value date when the clauses of the Prospectus so provide) on the markets where the securities on portfolio are mainly traded (Valuation Date).

If the Valuation Date of the Net Asset Value is not a full banking day in Luxembourg, the Valuation Date of the Net Asset Value is postponed to the next Business Day.

For each Sub-Fund, the Net Asset Value is equal to the aggregate value of the assets of the Sub-Fund, minus liabilities.

The per-unit Net Asset Value of each category varies according to payment of dividends to the distribution units.

Payment of dividends generates an increase in the ratio between the value of the Capitalisation Units and the value of the Distribution Units. This ratio is referred to as "parity". Parity is obtained by dividing, on the ex-coupon day, the net asset value of the Capitalisation Unit by the net asset value of the ex-coupon Distribution Unit.

For each Sub-Fund, the Net Asset Value of the Capitalisation Unit is equal to the Net Asset Value of the Distribution Unit multiplied by the "parity" relating to this Sub-Fund.

The Net Asset Value of the Distribution Unit is obtained applying the following formula:

$$\frac{\text{Total net assets of the Sub-Fund}}{\text{Number of Distribution Units} + (\text{number of Capitalisation Units} \times \text{parity})}$$

The calculation method illustrated above applies to each Sub-Fund.

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

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

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

relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.

- g) All other securities and other assets are valued at fair market value as determined in good faith pursuant to procedures established by the Management Company.

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

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

The value of all assets and liabilities not expressed in the reference currency of a Sub-Fund will be converted into the reference currency of such Sub-Fund at the rate of exchange ruling in Luxembourg on the relevant Valuation Day. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the Management Company.

The Management Company, in its discretion, may permit other methods of valuation to be used if it considers that such valuation better reflects the fair value of any assets.

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

The Net Asset Value is available at the registered office of the Management Company and of the Depository Bank.

II. SUSPENSION OF CALCULATION OF NET ASSET VALUE, OF THE ISSUE, REDEMPTION AND CONVERSION OF THE UNITS

Unless otherwise provided in the particulars of each Sub-Fund, the Management Company, in prior agreement with the Depository Bank, is authorised to temporarily suspend calculation of the Net Asset Value of the Fund or, where necessary, of one or more Sub-Funds, and the issue, conversion or redemption of the Units of the Fund, or of one or more Sub-Funds, in the following cases:

- a) any period when any of the principal stock exchanges or other markets on which a substantial portion of the investments of the Fund attributable to such Sub-Fund from time to time is quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended, provided that such restriction or suspension affects the valuation on the investments of the Fund attributable to such Sub-Fund quoted thereon;

- b) the existence of any state of affairs which constitutes an emergency in the opinion of the Management Company as a result of which disposal or valuation of assets owned by the Fund attributable to such Sub-Fund would be impracticable;
- c) any period when the Management Company, on behalf of the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Units of such Sub-Fund or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemption of Units cannot, in the opinion of the Management Company, be effected at normal rates of exchange;
- d) when for any other reason the prices of any investments owned by the Fund attributable to such Sub-Fund cannot promptly or accurately be ascertained;
- e) upon the publication of a notice convening a general meeting of Unit Holders for the purpose of resolving the winding-up of the Fund;
- f) when a Sub-Fund merges with another Sub-Fund or with another UCITS (or a Sub-Fund of such other UCITS) provided any such suspension is justified by the protection of the Unit Holders; and/or
- g) when a class of Units or a Sub-Fund is a Feeder of another UCITS, if the net asset value calculation of the said Master UCITS or Sub-Fund or class of Units is suspended;
- h) where the assets of the Sub-Fund on a given Valuation Day have decreased to an amount considered by the Fund to be the minimum level for such Sub-Fund to be operated in an economically efficient manner.

In exceptional circumstances that may negatively affect the interest of the Unit Holders, the Management Company reserves the right to determine the value of a Unit only after selling the necessary securities, as soon as possible, on behalf of a Sub-Fund. In this case, subscription, redemption and conversion instructions awaiting execution will be dealt with simultaneously according to the net value thus calculated.

The Management Company shall promptly notify its decision to suspend calculation of the Net Asset Value, of the issue, redemption and conversion of the Units to the CSSF and to the supervisory authorities of the other countries in which the Units are sold.

Notice of the beginning and of the end of any period of suspension shall be given by the Fund to all the Unit Holders by way of publication or letter to Unit Holders affected, i.e. having made an application for subscription, redemption or conversion of Units for which the calculation of the Net Asset Value has been suspended.

In the case in which the Net Asset Value of a Sub-Fund is suspended, the possibility to transfer from one Sub-Fund to another is also suspended.

Any application for subscription, redemption or conversion of Units is irrevocable except in case of suspension of the calculation of the Net Asset Value per Unit in the relevant Sub-Fund, in which case

Unit Holders may give notice that they wish to withdraw their application. If no such notice is received by the Fund, such application will be dealt with on the first Valuation Day following the end of the period of suspension.

Suspension of the calculation of the Net Asset Value of one Sub-Fund does not have any effect on calculation of the Net Asset Value of the other Sub-Funds.

A.4. DISTRIBUTION POLICY

Some Sub-Funds, if so specified in Part B of this Prospectus, may issue Units on a distribution basis. Those Units will entitle Unit Holders to receive dividends.

The Management Company reserves the right to propose the payment of a dividend at any time.

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

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

A.5. MANAGEMENT OF THE FUND

I. MANAGEMENT COMPANY

The Fund is managed by Duemme International Luxembourg S.A. (the “**Management Company**”) established in Luxembourg for an unlimited period of time as a *société anonyme* (public liability company) incorporated under Luxembourg law on 15 May 2008. The registered office of the Management Company is in 2, Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg. The articles of association of the Management Company were published in the Official Gazette of Luxembourg (*Recueil Spécial des Sociétés et Associations*) on 13 June 2008. They were registered in the R.C.S. and they were amended for the last time on 28 October 2014 and published in the Official Gazette of Luxembourg on 18 December 2014. The Management Company is registered in the R.C.S. under number B 138.740.

The Management Company has a subscribed and paid-up capital of EUR 500,000. The Management Company is a member of the Banca Esperia Banking Group and is regulated by the provisions of chapter 15 of the Law and carries out the functions provided in chapter 15 of the Law.

The Management Company has the possibility to delegate any or all of such functions to third parties. The Management Company has delegated the administration functions to the Administration Agent and registrar and transfer functions to the Registrar and Transfer Agent. The Management Company may delegate the investment management services for some specific Sub-Funds to an Investment Manager and the marketing and distribution functions to distributor(s) as may be appointed. In case an Investment Manager will be appointed for one or more Sub-Funds, details as to the Investment Manager will be disclosed for the Sub-Fund(s) concerned in Part B of the Prospectus.

The Management Company has in place a remuneration policy in line with the Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions.

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

The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the Management Regulations or the Prospectus.

The remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company and the Fund and of the Fund's Unit Holders, and includes measures to avoid conflicts of interest.

Variable remuneration is paid by the Management Company on the basis of the assessment of performance which is set in a multi-year framework appropriate to the holding period recommended to the Fund's Unit Holders in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period.

Fixed and variable components of total remuneration paid by the Management Company are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

The details of the up-to-date remuneration policy including, but not limited to further details and information on how the remuneration and advantages are calculated and the identity of the persons responsible for the attribution of the remuneration and advantages (including the members of the remuneration committee) is available at http://www.duemmeinternational.com/doc/1463060258_REMUNERATION%20POLICY%20STATEMENT%20provvisorio.pdf. A hard copy of the remuneration policy or its summary may be obtained from the Management Company free of charge upon request.

The remuneration policy is reviewed at least on annual basis.

II. DISTRIBUTOR(S)

The Management Company has appointed:

- a) Allfunds Bank SA (Milan Branch) as its global distributor, to market and promote the Fund's Units in each Sub-Fund only to retail, pursuant to an agreement entered into between Allfunds Bank SA and the Management Company.
- b) CheBanca! S.p.A. as distributor to market and promote the Fund's Units in each Sub-Fund, pursuant to an agreement entered into between CheBanca! S.p.A. and the Management Company.
- c) Banca Esperia S.p.A. as distributor to market and promote the Fund's Units of C-Classes in each Sub-Fund, pursuant to an agreement entered into between Banca Esperia S.p.A. and the Management Company.
- d) ONLINE SIM S.p.A. as distributor to market and promote the Fund's Units in each Sub-Fund in Italy, pursuant to an agreement entered into between ONLINE SIM S.p.A. and the Management Company.
- e) BANCA IFIGEST S.p.A. as distributor to market and promote the Fund's Units in each Sub-Fund in Italy, pursuant to an agreement entered into between BANCA IFIGEST S.p.A. and the Management Company.

In addition, the Management Company may appoint further distributors.

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

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

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

The Management Company, the Fund and the distributor(s) will at all time comply with any obligations imposed with respect to money laundering and, in particular, with the Luxembourg laws of 19 February 1973, 5 April 1993 and 12 November 2004 and the related circulars and regulations

issued by the Luxembourg supervisory authority (in particular CSSF circular 05/211 and CSSF Regulation N° 12-02 of 14 December 2012) on the fight against money laundering and against the financing of terrorism and any other applicable laws and regulations, as they may be amended or revised from time to time.

III. INVESTMENT MANAGER AND INVESTMENT ADVISER(S)

The Management Company may delegate its investment management services to a delegated investment manager (the “**Investment Manager**”). The Investment Manager will manage the investment and reinvestment of the assets of the Sub-Fund(s) in accordance with its investment objectives, and investment and borrowing restrictions, under the overall responsibility of the Management Company.

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

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

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

IV. DEPOSITARY BANK

The Management Company has appointed BNP Paribas Securities Services, Luxembourg Branch (the “**Depositary Bank**”) as depositary of the Fund’s assets under the terms of a written agreement dated 18 March 2016 (the “**Depositary Agreement**”) between the Management Company acting on behalf of the Fund and the Depositary Bank.

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

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

Under its oversight duties, the Depositary Bank is required to:

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

The overriding objective of the Depositary Bank is to protect the interests of the Unit Holders of the Fund, which always prevail over any commercial interests.

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

Such other business relationships may cover services in relation to:

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

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

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

- Identifying and analysing potential situations of conflicts of interest;
- Recording, managing and monitoring the conflict of interest situations either in:
 - Relying on the permanent measures in place to address conflicts of interest such as segregation of duties, separation of reporting lines, insider lists for staff members;

- Implementing a case-by-case management to (i) take the appropriate preventive measures such as drawing up a new watch list, implementing a new Chinese wall, (i.e. by separating functionally and hierarchically the performance of its Depositary duties from other activities), making sure that operations are carried out at arm's length and/or informing the concerned Unit Holders of the Fund, or (ii) refuse to carry out the activity giving rise to the conflict of interest;
- Implementing a deontological policy;
- Recording of a cartography of conflict of interests permitting to create an inventory of the permanent measures put in place to protect the Fund's interests; or
- Setting-up internal procedures in relation to, for instance (i) the appointment of service providers which may generate conflicts of interests, (ii) new products/activities of the Depositary Bank in order to assess any situation entailing a conflict of interest.

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

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

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

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

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

Such list may be updated from time to time.

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

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

The Management Company acting on behalf of the Fund may release the Depository Bank from its duties with ninety (90) days written notice to the Depository Bank. Likewise, the Depository Bank may resign from its duties with ninety (90) days written notice to the Management Company acting on behalf of the Fund. In that case, a new depository must be designated to carry out the duties and assume the responsibilities of the Depository Bank, as defined in the agreement signed to this effect. The replacement of the Depository shall happen within two months. BNP Paribas Securities Services, Luxembourg Branch will also act as principal paying agent. In its capacity as principal paying agent of the Fund, BNP Paribas Securities Services, Luxembourg Branch is responsible for the distribution of income and dividends to the Unit Holders.

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

V. REGISTRAR AND TRANSFER AGENT

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

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

The rights and obligations of BNP Paribas Securities Services, Luxembourg Branch as registrar and transfer agent are governed by an agreement entered into for an unlimited period of time on 14 December 2015. Each of the parties may terminate the agreement by way of ninety (90) days' prior written notice.

VI. ADMINISTRATIVE AGENT

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

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

The rights and obligations of BNP Paribas Securities Services, Luxembourg Branch as administrative agent are governed by an agreement entered into for an unlimited period of time on 14 December 2015. Each of the parties may terminate the agreement by way of ninety (90) days' prior written notice.

A.6. CHARGES AND EXPENSES

I. GENERAL

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

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

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

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

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

II. FEES OF THE MANAGEMENT COMPANY

The Management Company is entitled to receive a management fee of a maximum of 0.10% per annum, calculated on the average quarterly Net Asset Value of the Fund for its activity as management company. However, such general management fee does not cover the remuneration for the investment management function performed either directly by the Management Company or a delegated Investment Manager.

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

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

III. FEES OF THE INVESTMENT MANAGER

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

IV. DUPLICATION OF COMMISSIONS AND FEES

Where a Sub-Fund invests in other UCIs, investors must be aware that the applicable investment management commissions may be in addition to commissions paid by UCIs to their sub-managers, resulting in double payment of such commissions.

The management fees of other UCIs in which the Sub-Funds are authorized to invest more than 10% of their net assets may be no more than 1% (excluding taxes).

Investors are also made aware that the Sub-Funds may invest, in accordance with the terms of the present Prospectus, in collective investment schemes that are managed, directly or by delegation, by the same management company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding; in this case the Management Company or the other company may not charge subscription, conversion or redemption fees on the account of the Sub-Funds investment in the collective investment schemes.

V. FEES OF THE DEPOSITARY BANK, ADMINISTRATIVE AGENT AND REGISTRAR AND TRANSFER AGENT

The Depositary Bank, Administrative Agent, Registrar and Transfer Agent are entitled to receive out of the assets of each Sub-Fund a fee calculated in accordance with customary banking practice in Luxembourg as a percentage per annum of the average quarterly Net Asset Value thereof during the relevant quarter and payable quarterly in arrears. In addition, the Depositary Bank and

Administrative Agent, Registrar and Transfer Agent are entitled to be reimbursed by the Fund for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

As remuneration for services rendered to the Fund in its respective capacities, the Depositary Bank will receive from the Fund, in accordance with market practice in Luxembourg and unless otherwise determined in Part B of this Prospectus, a fee of a maximum of 0.75% per annum and calculated on the average quarterly net asset value of the Fund.

A fee of a maximum of 0.80% per annum and calculated on the average quarterly net asset value of the Fund will be charged to the Fund for central administration provided to the Fund.

VI. SOFT COMMISSIONS

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

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

A.7. TAXATION

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

I. TAXATION OF THE FUND IN THE GRAND DUCHY OF LUXEMBOURG

The Fund is not liable to any tax in the Grand Duchy of Luxembourg on profits or income, nor are distributions paid by the Fund liable to any withholding tax in the Grand Duchy of Luxembourg. The Fund is, however, liable in the Grand Duchy of Luxembourg to a subscription tax (*taxe d'abonnement*) of 0.05 % *per annum* of its Net Asset Value, such tax being payable quarterly on the

basis of the value of the aggregate net assets of the Sub-Funds at the end of the relevant calendar quarter.

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

It is to be noted that no such subscription tax is levied on the portion of the net assets of the Sub-Funds that is invested in the shares or units of other UCI governed by the laws of the Grand Duchy of Luxembourg. No stamp duty or other tax is payable in the Grand Duchy of Luxembourg on the issue of Units. No tax is payable in the Grand Duchy of Luxembourg on the realized capital appreciation of the assets of the Fund.

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

II. TAXATION OF UNIT HOLDERS IN THE GRAND DUCHY OF LUXEMBOURG

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

a) General

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

Dividends distributed by the Fund to its Unit Holders may be made free of withholding tax in Luxembourg. Dividends and interest on securities held by the Fund may be subject to non-recoverable withholding taxes or other taxes imposed by the jurisdiction of the issuer.

b) Common Reporting Standard ("CRS") requirements

Capitalized terms used in this section should have the meaning as set forth in the CRS Law, unless provided otherwise herein.

Under the terms of the CRS Law, the Fund is likely to be treated as Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection

provisions as set out in the Fund's documentation, the Fund will be required to annually report to the Luxembourg tax authorities personal and financial information related, inter alia, to the identification of, holdings by and payments made to (i) certain Unit Holders as per the CRS Law (the "Reportable Persons") and (ii) Controlling Persons of certain non-financial entities ("NFEs") which are themselves Reportable Persons. This information, as exhaustively set out in Article 4 of the CRS Law (the "Information"), will include personal data related to the Reportable Persons.

The Fund's ability to satisfy its reporting obligations under the CRS Law will depend on each Unit Holder providing the Fund with the Information, along with the required supporting documentary evidence. In this context, the Unit Holders are hereby informed that, as data controller, the Fund will process the Information for the purposes as set out in the CRS Law.

The Unit Holders undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Fund.

The Unit Holders are further informed that the Information related to Reportable Persons within the meaning of the CRS Law will be disclosed to the Luxembourg tax authorities annually for the purposes set out in the CRS Law. In particular, Reportable Persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the Luxembourg tax authorities.

Similarly, the Unit Holders undertake to inform the Fund within thirty (30) days of receipt of these statements should any included personal data be not accurate. The Unit Holders further undertake to immediately inform the Fund of, and provide the Fund with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

Any Unit Holder that fails to comply with the Fund's Information or documentation requests may be held liable for penalties imposed on the Fund as a result of such Unit Holder's failure to provide the Information or subject to disclosure of the Information by the Fund to the Luxembourg tax authorities.

Unit Holders should consult their own tax advisor or otherwise seek professional advice regarding the impact of the CRS Law on their investment.

c) **Foreign Account Tax Compliance Act ("FATCA") Requirements**

Capitalized terms used in this section should have the meaning as set forth in the FATCA Law, unless provided otherwise herein.

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

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

The Fund is responsible for the processing of personal data and each Unit Holder has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Fund are to be processed in accordance with the Data Protection Law.

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

- withhold any taxes or similar charges that it is legally required to withhold, whether by law or otherwise, in respect of any interest in the Fund;
- require any Unit Holder or beneficial owner of the Units to promptly furnish such personal data as may be required by the Fund in its discretion in order to comply with any law and/or to promptly determine the amount of withholding to be retained;
- divulge any such personal information to any tax or regulatory authority, as may be required by law or such authority;
- withhold the payment of any dividend or redemption proceeds to a Unit Holder until the Fund holds sufficient information to enable it to determine the correct amount to be withheld.

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

The foregoing provisions are based on the laws and practices currently in force, and are subject to change. Potential investors are advised to seek information in their country of origin, place of residence or domicile on the possible tax consequences associated with their investment. The attention of investors is also drawn to certain tax provisions specific to individual countries in which the Fund publicly markets its Units.

A.8. DISSOLUTION LIQUIDATION AND MERGER

I. DISSOLUTION AND LIQUIDATION OF THE FUND OR THE SUB-FUNDS

Unless otherwise provided in the particulars of each Sub-Fund, the following provisions apply to the dissolution and merger of Sub-Funds.

The Fund and each Sub-Fund or category of Units have been created without limitation as to time or amount.

Liquidation and allotment of the Fund or of a Sub-Fund may not be requested by a Unit Holder or by his/her heirs or nominees.

The Management Company, with the prior agreement of the Depositary Bank, may decide to wind up the Fund in compliance with the law.

The Fund must be wound up in the cases established by law and if the assets of the Fund have been less than euro 1,250,000 for more than 6 months.

In case of winding up, the decision must be published in the RESA and in at least two newspapers having suitable circulation, of which at least one is a Luxembourg newspaper.

The Management Company, as liquidator, liquidates the assets of the Fund, protecting the interests of the Unit Holders in the best possible way and instructs the Depositary Bank to allot the sums arising from liquidation, after deducting liquidation costs, amongst the Unit Holders. This allotment is made for each Sub-Fund, proportionally to the participation of the Unit Holders in each Sub-Fund. The liquidation decision will be published as indicated in the "Information to subscribers of the units" chapter and will indicate the reasons and method of liquidation. Amounts owing to Units not claimed by Unit Holders at the end of the liquidation process are deposited with the *Caisse de Consignation* in Luxembourg. Except in the case of claims submitted prior to the expiry of the period of prescription (30 years), the amounts deposited as above can no longer be withdrawn.

Starting from the time of occurrence of the event resulting in the liquidation of the Fund, the issue of units is forbidden under penalty of cancellation. The Units can still be redeemed provided that the Unit Holders can be treated equally.

The different Sub-Funds and/or category or sub-category are in principle established for an unspecified period. The Management Company of the Fund may decide to liquidate a Sub-Fund if its net assets are less than euro 5,000,000 or if such liquidation is justified by a change in the economic and political situation affecting that Sub-Fund. The liquidation decision will be published as indicated in the "Information to subscribers of the units" chapter and will indicate the reasons and method of liquidation. As soon as the decision to liquidate a Sub-Fund has been taken, the issue of units of such Sub-Fund will no longer be authorised. Assets not distributed to those entitled on the date of closing of the liquidation process of the Sub-Fund will be deposited with the *Caisse de Consignation*.

Starting from the time of occurrence of the event resulting in the liquidation of the Sub-Fund or category and/or sub-category, the issue of units is forbidden under penalty of cancellation. The Units can still be redeemed provided that the Unit Holders can be treated equally.

II. MERGER OF A SUB-FUND OR A CATEGORY AND/OR A SUB-CATEGORY OF UNITS WITH ANOTHER:

The Management Company may decide to merge a Sub-Fund or a unit category and/or sub-category with another. The Management Company of the Fund may opt for such a merger if the net assets of this Sub-Fund fall below €1,250,000 or if it thinks that such a move is necessary in the interest of the Unit Holders. Such decision will be published (as provided in the case of liquidation of a Sub-Fund) and such publication will contain information regarding the new Sub-Fund. The merger decision of

Sub-Funds shall be published and be sent to all registered Unit Holders of the Sub-Fund before the effective date of the merger in accordance with the provisions of applicable laws and regulations including CSSF Regulation 10-05. The publication in question shall indicate, in addition, the characteristics of the new Sub-Fund, the new category or Class of Units. Every Unit Holder of the relevant Sub-Funds shall have the opportunity of requesting the redemption or the conversion of his own Units without any cost (other than the cost of disinvestment) during a period of at least thirty (30) Calendar Days before the effective date of the merger, it being understood that the effective date of the merger takes place five (5) Business Days after the expiry of such notice period.

In the same circumstances as described in the previous paragraph and in the interest of the Unit Holders, the transfer or merger of assets and liabilities attributable to a Sub-Fund, category or Class of Units to another UCITS or to a Sub-Fund, category or class of shares within such other UCITS (whether established in Luxembourg or another member state of the European Union and whether such UCITS is incorporated as a company or is a contractual type fund), may be decided by the Management Company, in accordance with the provisions of the Law. The Management Company shall send a notice to the Unit Holders of the relevant Sub-Fund in accordance with the provisions of CSSF Regulation 10-05. Every Unit Holder of the Sub-Fund, category or Class of Units concerned shall have the possibility to request the redemption or the conversion of its Units without any cost (other than the cost of disinvestment) during a period of at least thirty (30) Calendar Days before the effective date of the merger, it being understood that the effective date of the merger takes place five (5) Business Days after the expiry of such notice period.

III. MERGER OF THE FUND OR A SUB-FUND OR A CATEGORY AND/OR A SUB-CATEGORY OF UNITS WITH ANOTHER STRUCTURE:

If the net assets of the Fund or the Sub-Fund were to fall below €5,000,000, or if the Management Company thinks this is necessary in the interests of the Unit Holders, it may decide to merge (i) a Sub-Fund with a Sub-Fund of another undertaking for collective investment in transferable securities (whether subject to Luxembourg law or not) or (ii) the Fund with another undertaking for collective investment in transferable securities (whether subject to Luxembourg law or not) in accordance with the provisions set out in the Law.

Subject to the redemption procedures described under “Redemption of Units” in this Prospectus, Unit Holders in the Fund or Sub-Fund in question are entitled to request the redemption, free of charge, of all or part of their Units at the applicable Net Asset Value per unit during a period no shorter than one month prior to the entry into force of the circular relating to the merger, and up to the last Calculation Date of the Net Asset Value.

Unit Holders who have not requested the redemption of their Units after this one-month period will be bound by the decision.

The implementation of the merger conditions must be approved by the Fund’s Auditor.

A.9. FISCAL YEAR

The fiscal year will begin on 1 July and terminate on 30 June of each year, except for the first fiscal year which began on 8 January 2016 and ended on 30 June 2016.

Audited annual reports of the end of each fiscal year will be established as at 30 June of each year, and, for the first time as at 30 June 2016. In addition, unaudited semi-annual reports will be established as per the last day of the month of December and for the first time as at 31 December 2016.

The financial statements of each Sub-Fund will be established in the reference currency of the Sub-Fund but the consolidated accounts will be in EUR.

Audited annual reports will be published within 4 months following the end of the accounting year and unaudited semi-annual reports will be published within 2 months following the end of period to which they refer.

A.10. FILING OF DOCUMENTS

The following documents are filed at the registered office of the Management Company where they may be consulted:

1. Prospectus and Key Investor information documents (KIIDs)
2. Articles of association of the Management Company
3. Management Regulations
4. Any amendments made to these documents
5. The most recent annual and half-year reports of the fund
6. Agreements with the Depositary Bank, Central Administration and Registrar and Transfer Agent, distributors, Investment Managers, if any.

A copy of the documents indicated in points 1, 2, 3, 4, 5 and 6 above may be obtained from the registered office of the Management Company.

All future amendments to the Management Regulations will enter into force on their day of deposit with the R.C.S.

PART B: SPECIFIC INFORMATION

I. PALLADIUM FCP: Armonia Protetta 80-8

1. Name

The name of the Sub-Fund is “PALLADIUM FCP: Armonia Protetta 80-8” (the “**Sub-Fund**”).

2. Investment objectives and duration

The investment objective of the Sub-Fund is to achieve capital appreciation whilst offering, after the end of the ramp-up period, a protection equal to the maximum between 80% of the initial Net Asset Value and 80% of the highest basket portfolio value ever achieved (from the end of the ramp-up period onwards).

Such protection will be available at all times if the basket portfolio value is below the minimum protected capital.

The protection offered is under the form of a put option entered into with Mediobanca S.p.A. and there is no additional formal guarantee (i.e. there is no guarantee agreement) between Mediobanca S.p.A. and the Management Company or the Investment Manager to ensure the contemplated protection.

The basket portfolio is the value determined by the Investment Manager on the basis of micro and macro market research of the portfolio manager and in line with the decision of the Management Company’s investment committee.

The Sub-Fund will terminate on the Business Day following the expiry of the put option (“**Maturity Date**”) that provided the protection. The initial term of the put option is three years from launch, but the Sub-Fund will endeavour to extend the maturity of the put option at least once a year. If the put option can no longer be extended, the Unit Holders will be informed about the expected Maturity Date of the Sub-Fund (at least 3 months prior to such date).

3. Specific investment policy and restrictions

The investment objective of the Sub-Fund is to provide Unit Holders with exposure to the performance of a multi-asset basket and deliver protection equal to the maximum between 80% of the initial Net Asset Value and 80% of the highest value ever achieved by the multi-asset basket (such value being the “**Protected Value**”).

During the initial ramp-up period that will terminate 28 Business Days from launch, the Sub-Fund will invest mainly directly or indirectly, in short term money market and debt instruments denominated in Euro and issued by public authorities having a high average credit rating (investment grade), as well as in cash and cash equivalents, including term deposits with banks. The protection will start after the ramp-up period.

Following the end of the ramp-up period, the multi-asset basket (the “**Basket Portfolio**”) consists of (i) a portfolio of securities and other assets whose composition is determined from time to time by the Investment Manager (the “**Assets Component**”) and (ii) an exposure to an effective overnight interest rate for the Euro (the “**Cash Component**”), allocated in accordance with a volatility control

strategy. The overnight interest rate used for the Cash Component will be the Effective Overnight Index Average Eonia minus a fixed spread.

The Sub-Fund will gain exposure to the Assets Component and the Cash Component through a fully funded total return swap with an approved counterparty (the “**Basket Portfolio Total Return Swap**”) which, for the moment being, is Mediobanca S.p.A. There will be no direct investment in the underlying assets.

Assets Component and Cash Component are rebalanced with the aim to control the volatility risk of the Basket Portfolio: the exposure to the Assets Component is reduced, if and when its realised volatility over certain periods increases, to a minimum of 0% (and the corresponding exposure to Cash Component increased to a maximum of 100%) such that the expected annualised realised volatility of the Basket Portfolio is equal to around, or below, 8% per annum.

The Assets Component consists of a portfolio with exposure to equities, bonds, commodities, and other assets that are listed or traded mainly on the markets in North America and Europe. Exposure to such positions will be obtained indirectly via total return swaps, futures, options and forwards. The exposure to equities, bonds and commodities will in particular be achieved through ETFs that are UCITS and traded in Europe.

The Sub-Fund will buy a put option linked to the Basket Portfolio either separately or as part of the Basket Portfolio Total Return Swap (the “**Put Option**”) from an approved counterparty which will be the same counterparty to the TRS. The purpose of the Put Option is to offer capital protection equal to the maximum between 80% of the initial Net Asset Value and 80% of the highest Basket Portfolio value ever achieved (from the end of the ramp-up period onwards). The option payoff is equal to the Protected Value less the value of the Basket Portfolio (if positive, zero otherwise).

A maximum of 100% of the assets held by the Sub-Fund (i.e. EFTs and cash) can be subject to the TRS. Upon launch of the Sub-Fund, the percentage of the assets subject to the TRS is expected to be 100%.

100% of the return generated by the TRS is returned to the Sub-Fund. For the time being, there are no costs and fees assigned to the Investment Manager or any third parties in relation to the use of the TRS.

The Sub-Fund will not make use of repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions or margin lending transactions.

Potential conflicts with the assigned counterparty are avoided by the following means:

- (a) The EFTs and their relative weight are chosen only by the Management Company;
- (b) The assigned counterparty (as a swap counterparty) is the calculation agent; and
- (c) The Administrative Agent is, as per a dedicated valuation agreement, responsible for the independent valuation of OTC derivative transactions.

4. Risk measurement approach

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

The Sub-Fund will regularly monitor its leverage and the average level of leverage is expected to be approximately 100%. The leverage figure is calculated as the sum of the notionals of the derivatives used as required by the Management Regulations.

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

5. Classes of Units

The Sub-Fund issues two Classes of Units. The first is denominated “Classic”, referred to as “C”, the latter is denominated “Institutional”, referred to as “I”, expressed in Euro and described more specifically in Part A “Description of the Units and Classes of Units” of this Prospectus. Such Classes of Units will be Capitalization Units.

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

6. Initial minimum subscription and subsequent subscriptions

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

<i>Classes of Units</i>	<i>Minimum initial investment</i>	<i>Minimum subsequent investment</i>
C Cap (EUR)	EUR 1,000	None
I Cap (EUR)	EUR 10,000	None

The initial offering price shall be of 100 Euro per Unit.

7. Investment Management

Pursuant to an investment management agreement which entered into force on 11 July 2017 (the “**Investment Management Agreement**”), Duemme SGR S.p.A. has been appointed by the Management Company as investment manager of the Sub-Fund (the “**Investment Manager**”). The Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three months' prior written notice. However, the Management Company may terminate the Investment Management Agreement with immediate effect when this is in the interest of the Unit Holders.

The Investment Manager is a public limited company under the laws of Italy, having its registered office at Via Dante, 16, I-20121 Milano, Italy and registered with the companies register of Milan under number 00724830153.

The Investment Manager was founded on 27 June 1996, and its principal activity is to advise on, and manage, assets of high net worth individuals, institutional clients and pension funds. On 31 December 2009, its share capital, which is fully paid, amounted to EUR 10.330.000.

The Investment Manager is remunerated by the Management Company out of its own remuneration. Specifically, this means that the Investment Manager is entitled to receive from the Management Company 90% of the investment management fee which is paid to the Management Company out of the assets of the Sub-Fund net of any distribution fees, i.e. any distribution fees are deducted from the investment management fee before calculating the proportion of the management fee payable to the Investment Manager.

8. Fees

In addition to the management fee as set out in Part A of the Prospectus, an investment management fee is payable to the Management Company in compensation the performance of the investment management function. Such a fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

The distributor is authorized to retain a sales charge calculated on the Net Asset Value per Unit of the Sub-Fund on the relevant Valuation Day.

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

Classes of Units	Investment management fee	Sales fee
C Cap (EUR)	1.4% per annum	up to a maximum of 3%
I Cap (EUR)	0.7% per annum	up to a maximum of 3%

During the initial ramp-up period and whenever the Basket Portfolio value is below the Protected Value, the management fees applied to each Class of Units will be reduced to 0.35%.

9. Definition of Business Day

For this Sub-Fund a Business Day shall refer to any day on which banks are simultaneously open for business in Luxembourg, Milan, Amsterdam and London except for the 24 and 31 December.

10. Subscription price

The subscription price per Unit in the Sub-Fund (the “**Subscription Price**”) shall be equal to the Net Asset Value per Units of the Sub-Fund on the relevant Valuation Day.

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

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

11. Redemptions

On any Business Day preceding the Maturity Date, the Unit Holders have the right to request for redemption of all or part of their Units and the redemption shall be in any case in cash.

The redemption price equals the Net Asset Value per each Class of Units on the relevant Valuation Day. Currently no exit fee applies. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

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

12. Conversions

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

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

13. Reference currency

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

14. Frequency of Calculation and Valuation Day

The Net Asset Value of the Sub-Fund will be determined, per each Class of Units, under the full responsibility of the Board of Directors of the Management Company on each Business Day ("**Valuation Day**").

15. Publication of the Net Asset Value

The Net Asset Value per each Class of Units will be available at the registered office of the Fund and will be published daily in "*Il Sole 24 Ore*".

II. PALLADIUM FCP: Crescita Protetta

1. Name

The name of the Sub-Fund is “PALLADIUM FCP: Crescita Protetta ” (the “**Sub-Fund**”).

2. Investment objectives and duration

The investment objective of the Sub-Fund is to achieve capital appreciation whilst offering, after the end of the ramp-up period, a protection equal to the maximum between 80% of the initial Net Asset Value and 80% of the highest basket portfolio value ever achieved (from the end of the ramp-up period onwards).

Such protection will be available at all times if the basket portfolio value is below the minimum protected capital.

The protection offered is under the form of a put option entered into with Mediobanca S.p.A. and there is no additional formal guarantee (i.e. there is no guarantee agreement) between Mediobanca S.p.A. and the Management Company or the Investment Manager to ensure the contemplated protection.

The basket portfolio is the value determined by the Investment Manager on the basis of micro and macro market research of the portfolio manager and in line with the decision of the Management Company’s investment committee.

The Sub-Fund will terminate on the Business Day following the expiry of the put option (“**Maturity Date**”) that provided the protection. The initial term of the put option is three years from launch, but the Sub-Fund will endeavour to extend the maturity of the put option at least once a year. If the put option can no longer be extended, the Unit Holders will be informed about the expected Maturity Date of the Sub-Fund (at least 3 months prior to such date).

3. Specific investment policy and restrictions

The investment objective of the Sub-Fund is to provide Unit Holders with exposure to the performance of a multi-asset basket and deliver protection equal to the maximum between 80% of the initial Net Asset Value and 80% of the highest value ever achieved by the multi-asset basket (such value being the “**Protected Value**”).

During the initial ramp-up period that terminated on 16 March 2016, the Sub-Fund has invested mainly directly or indirectly, in short term money market and debt instruments denominated in Euro and issued by public authorities having a high average credit rating (investment grade), as well as in cash and cash equivalents, including term deposits with banks. The protection has started after the ramp-up period.

Following the end of the ramp-up period, the multi-asset basket (the “**Basket Portfolio**”) consists of (i) a portfolio of securities and other assets whose composition is determined from time to time by the Investment Manager (the “**Assets Component**”) and (ii) an exposure to an effective overnight interest rate for the Euro (the “**Cash Component**”), allocated in accordance with a volatility control

strategy. The overnight interest rate used for the Cash Component will be the Effective Overnight Index Average Eonia minus a fixed spread.

The Sub-Fund will gain exposure to the Assets Component and the Cash Component through a fully funded total return swap with an approved counterparty ("**Basket Portfolio Total Return Swap**") which, for the moment being, is Mediobanca S.p.A. There will be no direct investment in the underlying assets.

Assets Component and Cash Component are rebalanced with the aim to control the volatility risk of the Basket Portfolio: the exposure to the Assets Component is reduced, if and when its realised volatility over certain periods increases, to a minimum of 0% (and the corresponding exposure to Cash Component increased to a maximum of 100%) such that the expected annualised realised volatility of the Basket Portfolio is equal to around, or below, 8% per annum.

The Assets Component consists of a portfolio with exposure to equities, bonds, commodities, and other assets that are listed or traded mainly on the markets in North America and Europe. Exposure to such positions will be obtained indirectly, via total return swaps, futures, options and forwards. The exposure to equities, bonds and commodities will in particular be achieved through ETFs that are UCITS and traded in Europe.

The Sub-Fund will buy a put option linked to the Basket Portfolio either separately or as part of the Basket Portfolio Total Return Swap (the "**Put Option**") from an approved counterparty which will be the same counterparty to the TRS. The purpose of the Put Option is to offer capital protection equal to the maximum between 80% of the initial Net Asset Value and 80% of the highest Basket Portfolio value ever achieved (from the end of the ramp-up period onwards). The option payoff is equal to the Protected Value less the value of the Basket Portfolio (if positive, zero otherwise).

A maximum of 100% of the assets held by the Sub-Fund (i.e. EFTs and cash) can be subject to the TRS. The expected percentage of the assets subject to the TRS is 100%.

100% of the return generated by the TRS is returned to the Sub-Fund. For the time being, there are no costs and fees assigned to the Investment Manager or any third parties in relation to the use of the TRS.

The Sub-Fund will not make use of repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions or margin lending transactions.

Potential conflicts with the assigned counterparty are avoided by the following means:

- (a) The EFTs and their relative weight are chosen only by the Management Company;
- (b) The assigned counterparty (as a swap counterparty) is the calculation agent; and
- (c) The Administrative Agent is, as per a dedicated valuation agreement, responsible for the independent valuation of OTC derivative transactions.

4. Risk measurement approach

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

The Sub-Fund will regularly monitor its leverage and the average level of leverage is expected to be approximately 100%. The leverage figure is calculated as the sum of the notionals of the derivatives used as required by the Management Regulations.

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

5. Classes of Units

The Sub-Fund issues two Classes of Units. The first is denominated "Classic", referred to as "C", the latter is denominated "Institutional", referred to as "I", expressed in Euro and described more specifically in Part A "Description of the Units and Classes of Units" of this Prospectus. Such Classes of Units will be Capitalization Units.

Such Classes of Units will be activated upon subscription in accordance with the subscription procedure described in Part A "Procedure of subscription, conversion and redemption".

6. Initial minimum subscription and subsequent subscriptions

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

<i>Classes of Units</i>	<i>Minimum initial investment</i>	<i>Minimum subsequent investment</i>
C Cap (EUR)	EUR 1,000	None
I Cap (EUR)	EUR 10,000	None

The initial offering price shall be of 100 Euro per Unit.

7. Investment management

Pursuant to an investment management agreement which entered into force on 11 July 2017 (the "**Investment Management Agreement**"), Duemme SGR S.p.A. has been appointed by the Management Company as investment manager of the Sub-Fund (the "**Investment Manager**"). The Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three months' prior written notice. However, the Management Company may terminate the Investment Management Agreement with immediate effect when this is in the interest of the Unit Holders.

The Investment Manager is a public limited company under the laws of Italy, having its registered office at Via Dante, 16, I-20121 Milano, Italy and registered with the companies register of Milan under number 00724830153.

The Investment Manager was founded on 27 June 1996, and its principal activity is to advise on, and manage, assets of high net worth individuals, institutional clients and pension funds. On 31 December 2009, its share capital, which is fully paid, amounted to EUR 10.330.000.

The Investment Manager is remunerated by the Management Company out of its own remuneration. Specifically, this means that the Investment Manager is entitled to receive from the Management Company 90% of the investment management fee which is paid to the Management Company out of the assets of the Sub-Fund net of any distribution fees, i.e. any distribution fees are deducted from the investment management fee before calculating the proportion of the management fee payable to the Investment Manager.

8. Fees

In addition to the management fee as set out in Part A of the Prospectus, an investment management fee is payable to the Management Company in compensation for the performance of the investment management function. Such a fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

The Distributor is authorized to retain a sales charge calculated on the Net Asset Value per Unit of the Sub-Fund on the relevant Valuation Day.

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

Classes of Units	Investment management fee	Sales charge
C Cap (EUR)	1.4% per annum	up to a maximum of 3%
I Cap (EUR)	0.7% per annum	up to a maximum of 3%

During the initial ramp-up period and whenever the Basket Portfolio value is below the Protected Value, the management fees applied to each Class of Units will be reduced to 0.35%.

9. Definition of Business Day

For this Sub-Fund a Business Day shall refer to any day on which banks are simultaneously open for business in Luxembourg, Milan, Amsterdam and London except for the 24 and 31 December.

10. Subscription price

The subscription price per Unit in the Sub-Fund (the “**Subscription Price**”) shall be equal to the Net Asset Value per Units of the Sub-Fund on the relevant Valuation Day.

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

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

11. Redemptions

On any Business Day preceding the Maturity Date, the Unit Holders have the right to request for redemption of all or part of their Units and the redemption shall be in any case in cash.

The redemption price equals the Net Asset Value per each Class of Units on the relevant Valuation Day. Currently no exit fee applies. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

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

12. Conversions

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

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

13. Reference currency

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

14. Frequency of Calculation and Valuation Day

The Net Asset Value of the Sub-Fund will be determined, per each Class of Units, under the full responsibility of the board of directors of the Management Company on each Business Day ("**Valuation Day**").

15. Publication of the Net Asset Value

The Net Asset Value per each Class of Units will be available at the registered office of the Fund and will be published daily in "*Il Sole 24 Ore*".

III. PALLADIUM FCP: Protezione e Crescita

1. Name

The name of the Sub-Fund is “PALLADIUM FCP: Protezione e Crescita” (the “**Sub-Fund**”).

2. Investment objectives and duration

The investment objective of the Sub-Fund is to achieve capital appreciation whilst offering, after the end of the ramp-up period, a protection equal to 80% of the highest Net Asset Value ever achieved (from the end of the ramp-up period onwards).

Such protection will be available at all times if the basket portfolio value is below the minimum protected capital.

The protection offered is under the form of a put option entered into with Mediobanca S.p.A. and there is no additional formal guarantee (i.e. there is no guarantee agreement) between Mediobanca S.p.A. and the Management Company or the Investment Manager to ensure the contemplated protection.

The basket portfolio is the value determined by the Investment Manager on the basis of micro and macro market research of the portfolio manager and in line with the decision of the Management Company’s investment committee.

The Sub-Fund will terminate on the Business Day following the expiry of the put option (“**Maturity Date**”) that provided the protection. The initial term of the put option is three years from launch, but the Sub-Fund will endeavour to extend the maturity of the put option at least once a year. If the put option can no longer be extended, the Unit Holders will be informed about the expected Maturity Date of the Sub-Fund (at least 3 months prior to such date).

3. Specific investment policy and restrictions

The investment objective of the Sub-Fund is to provide Unit Holders with exposure to the performance of a multi-asset basket and deliver protection at 80% of the highest Net Asset Value ever achieved (the “**Protected NAV**”).

During the initial ramp-up period that will terminate 28 Business Days from launch, the Sub-Fund will invest mainly directly or indirectly, in short term money market and debt instruments denominated in Euro and issued by public authorities having a high average credit rating (investment grade), as well as in cash and cash equivalents, including term deposits with banks. The protection will start after the ramp-up period.

Following the end of the ramp-up period, the multi-asset basket (the “**Basket Portfolio**”) consists of (i) a portfolio of securities and other assets whose composition is determined from time to time by the Investment Manager (the “**Assets Component**”) and (ii) an exposure to an effective overnight interest rate for the Euro (the “**Cash Component**”), allocated in accordance with a volatility control strategy. The overnight interest rate used for the Cash Component will be the Effective Overnight Index Average Eonia minus a fixed spread.

The Sub-Fund will gain exposure to the Assets Component and the Cash Component through a fully funded total return swap with an approved counterparty (the “**Basket Portfolio Total Return Swap**”) which, for the moment being, is Mediobanca S.p.A. There will be no direct investment in the underlying assets.

Assets Component and Cash Component are rebalanced with the aim to control the volatility risk of the Basket Portfolio: the exposure to the Assets Component is reduced, if and when its realised volatility over certain periods increases, to a minimum of 0% (and the corresponding exposure to Cash Component increased to a maximum of 100%) such that the expected annualised realised volatility of the Basket Portfolio is equal to around, or below, 8% per annum.

The Assets Component consists of a portfolio with exposure to equities, bonds, commodities, and other assets that are listed or traded on the markets in North America and Europe. Exposure to such positions will be obtained indirectly, via total return swaps, futures, options and forwards. The exposure to equities, bonds and commodities will in particular be achieved through ETFs that are UCITS and traded in Europe.

The Sub-Fund will buy a put option linked to the Basket Portfolio either separately or as part of the Basket Portfolio Total Return Swap (the “**Put Option**”) from an approved counterparty which will be the same counterparty to the TRS. The purpose of the Put Option is to offer capital protection equal to 80% of the highest NAV ever achieved (from the end of the ramp-up period onwards, starting with the initial NAV). The option payoff is equal to the Protected NAV less the value of the Basket Portfolio (if positive, zero otherwise).

A maximum of 100% of the assets held by the Sub-Fund (i.e. EFTs and cash) can be subject to the TRS. Upon launch of the Sub-Fund, the percentage of the assets subject to the TRS is expected to be 100%.

100% of the return generated by the TRS is returned to the Sub-Fund. For the time being, there are no costs and fees assigned to the Investment Manager or any third parties in relation to the use of the TRS.

The Sub-Fund will not make use of repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions or margin lending transactions.

Potential conflicts with the assigned counterparty are avoided by the following means:

- (a) The EFTs and their relative weight are chosen only by the Management;
- (b) The assigned counterparty (as a swap counterparty) is the calculation agent; and
- (c) The Administrative Agent is, as per a dedicated valuation agreement, responsible for the independent valuation of OTC derivative transactions.

4. Risk measurement approach

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

The Sub-Fund will regularly monitor its leverage and the average level of leverage is expected to be approximately 100%. The leverage figure is calculated as the sum of the notional of the derivatives used as required by the Management Regulations.

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

5. Classes of Units

The Sub-Fund issues two Classes of Units. The first is denominated “Classic”, referred to as “C”, the latter is denominated “Institutional”, referred to as “I”, expressed in Euro and described more specifically in Part A “Description of the Units and Classes of Units” of this Prospectus. Such Classes of Units will be Capitalization Units.

Such Classes of Units will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, conversion and redemption”.

6. Initial minimum subscription and subsequent subscriptions

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

<i>Classes of Units</i>	<i>Minimum initial investment</i>	<i>Minimum subsequent investment</i>
C Cap (EUR)	EUR 1,000	None
I Cap (EUR)	EUR 10,000	None

The initial offering price shall be of 100 Euro per Unit.

7. Investment management

Pursuant to an investment management agreement which entered into force on 11 July 2017 (the “**Investment Management Agreement**”), Duemme SGR S.p.A. has been appointed by the Management Company as investment manager of the Sub-Fund (the “**Investment Manager**”). The Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three months' prior written notice. However, the Management Company may terminate the Investment Management Agreement with immediate effect when this is in the interest of the Unit Holders.

The Investment Manager is a public limited company under the laws of Italy, having its registered office at Via Dante, 16, I-20121 Milano, Italy and registered with the companies register of Milan under number 00724830153.

The Investment Manager was founded on 27 June 1996, and its principal activity is to advise on, and manage, assets of high net worth individuals, institutional clients and pension funds. On 31 December 2009, its share capital, which is fully paid, amounted to EUR 10.330.000.

The Investment Manager is remunerated by the Management Company out of its own remuneration. Specifically, this means that the Investment Manager is entitled to receive from the Management Company 90% of the investment management fee which is paid to the Management Company out of the assets of the Sub-Fund net of any distribution fees, i.e. any distribution fees are deducted from the investment management fee before calculating the proportion of the management fee payable to the Investment Manager.

8. Fees

In addition to the management fee as set out in Part A of the Prospectus, an investment management fee is payable to the Management Company in compensation for the performance of the investment management function. Such a fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

The distributor is authorized to retain a sales charge calculated on the Net Asset Value per Unit of the Sub-Fund on the relevant Valuation Day.

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

Classes of Units	Investment management fee	Sales charge
C Cap (EUR)	1.4% per annum	up to a maximum of 3%
I Cap (EUR)	0.7% per annum	up to a maximum of 3%

During the initial ramp-up period and whenever the Basket Portfolio value is below the Protected NAV, the management fees applied to each Class of Units will be reduced to 0.35%.

9. Definition of Business Day

For this Sub-Fund a Business Day shall refer to any day on which banks are simultaneously open for business in Luxembourg, Milan, Amsterdam and London except for the 24 and 31 December.

10. Subscription price

The subscription price per Unit in the Sub-Fund (the “**Subscription Price**”) shall be equal to the Net Asset Value per Units of the Sub-Fund on the relevant Valuation Day.

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

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

11. Redemptions

On any Business Day preceding the Maturity Date, the Unit Holders have the right to request for redemption of all or part of their Units and the redemption shall be in any case in cash.

The redemption price equals the Net Asset Value per each Class of Units on the relevant Valuation Day. Currently no exit fee applies. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

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

12. Conversions

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

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

13. Reference currency

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

14. Frequency of Calculation and Valuation Day

The Net Asset Value of the Sub-Fund will be determined, per each Class of Units, under the full responsibility of the Board of Directors of the Management Company on each Business Day ("**Valuation Day**").

15. Publication of the Net Asset Value

The Net Asset Value per each Class of Units will be available at the registered office of the Fund and will be published daily in "*Il Sole 24 Ore*".

IV. PALLADIUM FCP: Protezione 90

1. Name

The name of the Sub-Fund is “PALLADIUM FCP: Protezione 90” (the “**Sub-Fund**”).

2. Investment objectives and duration

The investment objective of the Sub-Fund is to achieve capital appreciation whilst offering, after the end of the ramp-up period, a protection equal to the maximum between 90% of the initial Net Asset Value and 90% of the highest basket portfolio value ever achieved (from the end of the ramp-up period onwards).

Such protection will be available at all times if the basket portfolio value is below the minimum protected capital.

The protection offered is under the form of a put option entered into with Mediobanca S.p.A. and there is no additional formal guarantee (i.e. there is no guarantee agreement) between Mediobanca S.p.A. and the Management Company or the Investment Manager to ensure the contemplated protection.

The basket portfolio is the value determined by the Investment Manager on the basis of micro and macro market research of the portfolio manager and in line with the decision of the Management Company’s investment committee.

The Sub-Fund will terminate on the Business Day following the expiry of the put option (“**Maturity Date**”) that provided the protection. The initial term of the put option is one year from launch, but the Sub-Fund will endeavour to extend the maturity of the put option at least once a year. If the put option can no longer be extended, the Unit Holders will be informed about the expected Maturity Date of the Sub-Fund (at least 3 months prior to such date).

3. Specific investment policy and restrictions

The investment objective of the Sub-Fund is to provide Unit Holders with exposure to the performance of a multi-asset basket and deliver protection equal to the maximum between 90% of the initial Net Asset Value and 90% of the highest value ever achieved by the multi-asset basket (such value being the “**Protected Value**”).

During the initial ramp-up period that will terminate 28 Business Days from launch, the Sub-Fund will invest mainly directly or indirectly, in short term money market and debt instruments denominated in Euro and issued by public authorities having a high average credit rating (investment grade), as well as in cash and cash equivalents, including term deposits with banks. The protection will start after the ramp-up period.

Following the end of the ramp-up period, the multi-asset basket (the “**Basket Portfolio**”) consists of (i) a portfolio of securities and other assets whose composition is determined from time to time by the Investment Manager (the “**Assets Component**”) and (ii) an exposure to an effective overnight interest rate for the Euro (the “**Cash Component**”), allocated in accordance with a volatility control

strategy. The overnight interest rate used for the Cash Component will be the Effective Overnight Index Average Eonia minus a fixed spread.

The Sub-Fund will gain exposure to the Assets Component and the Cash Component through a fully funded total return swap with an approved counterparty (the “**Basket Portfolio Total Return Swap**”) which, for the moment being, is Mediobanca S.p.A. There will be no direct investment in the underlying assets.

Assets Component and Cash Component are rebalanced with the aim to control the volatility risk of the Basket Portfolio: the exposure to the Assets Component is reduced, if and when its realised volatility over certain periods increases, to a minimum of 0% (and the corresponding exposure to Cash Component increased to a maximum of 100%) such that the expected annualised realised volatility of the Basket Portfolio is equal to around, or below, 4.0% per annum.

The Assets Component consists of a portfolio with exposure to equities, bonds, commodities, and other assets that are listed or traded mainly on the markets in North America and Europe. Exposure to such positions will be obtained indirectly via total return swaps, futures, options and forwards. The exposure to equities, bonds and commodities will in particular be achieved through ETFs that are UCITS and traded in Europe.

The Sub-Fund will buy a put option linked to the Basket Portfolio either separately or as part of the Basket Portfolio Total Return Swap (the “**Put Option**”) from an approved counterparty which will be the same counterparty to the TRS. The purpose of the Put Option is to offer capital protection equal to the maximum between 90% of the initial Net Asset Value and 90% of the highest Basket Portfolio value ever achieved (from the end of the ramp-up period onwards). The option payoff is equal to the Protected Value less the value of the Basket Portfolio (if positive, zero otherwise).

A maximum of 100% of the assets held by the Sub-Fund (i.e. EFTs and cash) can be subject to the TRS. Upon launch of the Sub-Fund, the percentage of the assets subject to the TRS is expected to be 100%.

100% of the return generated by the TRS is returned to the Sub-Fund. For the time being, there are no costs and fees assigned to the Investment Manager or any third parties in relation to the use of the TRS.

The Sub-Fund will not make use of repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions or margin lending transactions.

Potential conflicts with the assigned counterparty are avoided by the following means:

- (a) The EFTs and their relative weight are chosen only by the Management Company;
- (b) The assigned counterparty (as a swap counterparty) is the calculation agent; and
- (c) The Administrative Agent is, as per a dedicated valuation agreement, responsible for the independent valuation of OTC derivative transactions.

4. Risk measurement approach

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

The Sub-Fund will regularly monitor its leverage and the average level of leverage is expected to be approximately 100%. The leverage figure is calculated as the sum of the notionals of the derivatives used as required by the Management Regulations.

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

5. Classes of Units

The Sub-Fund issues two Classes of Units. The first is denominated “Classic”, referred to as “C”, the latter is denominated “Institutional”, referred to as “I”, expressed in Euro and described more specifically in Part A “Description of the Units and Classes of Units” of this Prospectus. Such Classes of Units will be Capitalization Units.

Such Classes of Units will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of subscription, conversion and redemption”.

6. Initial minimum subscription and subsequent subscriptions

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

<i>Classes of Units</i>	<i>Minimum initial investment</i>	<i>Minimum subsequent investment</i>
C Cap (EUR)	EUR 1,000	None
I Cap (EUR)	EUR 10,000	None

The initial offering price shall be of 100 Euro per Unit.

7. Investment management

Pursuant to an investment management agreement which entered into force on 11 July 2017 (the “**Investment Management Agreement**”), Duemme SGR S.p.A. has been appointed by the Management Company as investment manager of the Sub-Fund (the “**Investment Manager**”). The Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three months' prior written notice. However, the Management Company may terminate the Investment Management Agreement with immediate effect when this is in the interest of the Unit Holders.

The Investment Manager is a public limited company under the laws of Italy, having its registered office at Via Dante, 16, I-20121 Milano, Italy and registered with the companies register of Milan under number 00724830153.

The Investment Manager was founded on 27 June 1996, and its principal activity is to advise on, and manage, assets of high net worth individuals, institutional clients and pension funds. On 31 December 2009, its share capital, which is fully paid, amounted to EUR 10.330.000.

The Investment Manager is remunerated by the Management Company out of its own remuneration. Specifically, this means that the Investment Manager is entitled to receive from the Management Company 90% of the investment management fee which is paid to the Management Company out of the assets of the Sub-Fund net of any distribution fees, i.e. any distribution fees are deducted from the investment management fee before calculating the proportion of the management fee payable to the Investment Manager.

8. Fees

In addition to the management fee as set out in Part A of the Prospectus, an investment management fee is payable to the Management Company in compensation for the performance of the investment management function. Such a fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

The distributor is authorized to retain a sales charge calculated on the Net Asset Value per Unit of the Sub-Fund on the relevant Valuation Day.

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

Classes of Units	Investment management fee	Sales charge
C Cap (EUR)	1.0% per annum	up to a maximum of 3%
I Cap (EUR)	0.4% per annum	up to a maximum of 3%

During the initial ramp-up period and whenever the Basket Portfolio value is below the Protected Value, the management fees applied to each Class of Units will be reduced to 0.35%.

9. Definition of Business Day

For this Sub-Fund a Business Day shall refer to any day on which banks are simultaneously open for business in Luxembourg, Milan, Amsterdam and London except for the 24 and 31 December.

10. Subscription price

The subscription price per Unit in the Sub-Fund (the “**Subscription Price**”) shall be equal to the Net Asset Value per Units of the Sub-Fund on the relevant Valuation Day.

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

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

11. Redemptions

On any Business Day preceding the Maturity Date, the Unit Holders have the right to request for redemption of all or part of their Units and the redemption shall be in any case in cash.

The redemption price equals the Net Asset Value per each Class of Units on the relevant Valuation Day. Currently no exit fee applies. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

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

12. Conversions

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

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

13. Reference currency

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

14. Frequency of Calculation and Valuation Day

The Net Asset Value of the Sub-Fund will be determined, per each Class of Units, under the full responsibility of the board of directors of the Management Company on each Business Day ("**Valuation Day**").

15. Publication of the Net Asset Value

The Net Asset Value per each Class of Units will be available at the registered office of the Fund and will be published daily in "*Il Sole 24 Ore*".

V. PALLADIUM FCP: Flexible Allocation PIR

1. Name

The name of the Sub-Fund is “PALLADIUM FCP: Flexible Allocation PIR” (the “**Sub-Fund**”).

2. Investment objectives

The investment objective of the Sub-Fund is to achieve capital appreciation in the medium term. The Sub-Fund is expected to dynamically adjust its exposure to equities, fixed income and cash in response to market conditions. The Sub-Fund is eligible to investors according to Italian Individual long-term savings plans (*Piani Individuali di Risparmio – “PIR”*), as for the act n.232, 11 December 2016.

3. Specific investment policy and restrictions

The Sub-Fund, accordingly with the market view, will invest with a dynamic approach in equity, equity related products, fixed and floating rate debt securities, index and participation notes, equity linked notes, convertible securities, deposits with credit institutions and money market instruments which are mainly investment grade. Non-investment grade investments are allowed for fixed income products.

The Sub-Fund will mainly invest in securities (excluding those pertaining to real estate business) listed or traded on the recognized markets of member states of European Union or EEA (in all cases members of the OECD) with the following limits:

- equity products between 30% and 70%;
- non-equity products between 70% and 30%.

The limits for equity products and non-equity products are complementary and therefore reversely indicated for illustration purposes (i.e. if the Sub-Fund invests 30% in equity products, the investments in non-equity products are limited to 70% of the Sub-Funds assets and vice versa).

Within the limit applying for non-equity products, up to 100% of the non-equity portfolio may be non-investment grade liquid investments. Within the equity portfolio, the Sub-Fund is not allowed to make investments in companies which do not have a stable organisation.

At least 70% of the invested portfolio must pertain to companies resident in Italy, a member state of the European Union or EEA and have a permanent establishment in Italy and of this, at least 30% shall be issued by companies which are not listed in the FTSEMIB Index or equivalent index. These limits have to be respected for an aggregate period of at least two thirds (2/3) of each calendar year.

Investors should note that there is a certain concentration risk following from such investment requirement as the main part of the investments will be made in companies acting on the Italian market and fluctuations in the overall performance of the Italian market may therefore impact the performance of the Sub-Fund. Further, securities may be issued by non-investment grade issuers

which are not listed in the FTSEMIB Index or equivalent index which increases the risk that the value of such securities may significantly decrease and therefore impact the performance of the Sub-Fund. A general description of the risks in relation to non-investment grade investments is provided in section V 4) "Investment in non-investment grade securities" and 5) "Downgrading risk" of Part A of the Prospectus.

The Sub-Fund may also invest in plain vanilla financial derivative instruments for investment, asset allocation and hedging purposes. Such financial derivative instruments will not include any efficient portfolio management techniques.

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

The Sub-Fund may also hold ancillary liquid assets and enter into swap transactions.

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

The Sub-Fund may use derivatives for hedging purposes in view of a better portfolio management.

The Sub-Fund will neither make use of TRS transactions nor of any securities financing transactions within the scope of SFTR.

The Sub-Fund will not make use of distressed or defaulted securities.

4. Risk Measurement Approach

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

5. Classes of Units

The Sub-Fund will issue two Classes of Units. The first is denominated "Classic", referred to as "C", the latter is denominated "Institutional", referred to as "I", expressed in Euro as described more specifically in Part A "Description of the Units and Classes of Units" of this Prospectus.

Unit Classes will be activated upon subscription in accordance with the subscription procedure described in Part A "Procedure of subscription, conversion and redemption".

The Sub-Fund issues Capitalization Units, as described in Part A of this Prospectus.

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

6. Minimum initial and subsequent investment

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

<i>Classes of Units</i>	<i>Minimum initial investment</i>	<i>Minimum subsequent investment</i>
C Cap (EUR)	None	None
I Cap (EUR)	None	None

The initial offering price shall be of 100 Euro per Unit.

The Sub-Fund will be launched at a subsequent period.

7. Investment management

Pursuant to an investment management agreement which entered into force on 11 July 2017 (the “**Investment Management Agreement**”), Duemme SGR S.p.A. has been appointed by the Management Company as investment manager of the Sub-Fund (the “**Investment Manager**”). The Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three months' prior written notice. However, the Management Company may terminate the Investment Management Agreement with immediate effect when this is in the interest of the Unit Holders.

The Investment Manager is a public limited company under the laws of Italy, having its registered office at Via Dante, 16, I-20121 Milano, Italy and registered with the companies register of Milan under number 00724830153.

The Investment Manager was founded on 27 June 1996, and its principal activity is to advise on, and manage, assets of high net worth individuals, institutional clients and pension funds. On 31 December 2009, its share capital, which is fully paid, amounted to EUR 10.330.000.

The Investment Manager is remunerated by the Management Company out of its own remuneration. Specifically, this means that the Investment Manager is entitled to receive from the Management Company 90% of the investment management fee which is paid to the Management Company out of the assets of the Sub-Fund net of any distribution fees, i.e. any distribution fees are deducted from the investment management fee before calculating the proportion of the management fee payable to the Investment Manager.

8. Fees

In addition to the management fee as set out in Part A of the Prospectus, an investment management fee is payable to the Management Company in compensation for the performance of the investment management function. Such a fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

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

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

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

<i>Classes of Units</i>	<i>Investment management fee</i>	<i>Sales charge</i>
C Cap (EUR)	1.20 % per annum	up to a maximum of 3 %
I Cap (EUR)	0.70 % per annum	up to a maximum of 1 %

9. Subscription price

The subscription price (the “**Subscription Price**”) shall be equal to the Net Asset Value per each Class of Units of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

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

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

10. Redemptions

The redemption price equals the Net Asset Value per each Class of Units on the relevant Valuation Day. Currently no exit fee applies. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

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

11. Conversions

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

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

12. Reference currency

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

13. Frequency of Calculation and Valuation Day

The Net Asset Value of the Sub-Fund will be determined, per each Class of Units, under the full responsibility of the board of directors of the Management Company on each Business Day in Luxembourg ("**Valuation Day**").

14. Publication of the Net Asset Value

The Net Asset Value per each Class of Units will be available at the registered office of the Fund and will be published in "*Il Sole 24 Ore*".

VI. PALLADIUM FCP: Italian Opportunities PIR

1. Name

The name of the Sub-Fund is “PALLADIUM FCP: Italian Opportunities PIR” (the “**Sub-Fund**”).

2. Investment objectives

The investment objective of the Sub-Fund is to achieve capital appreciation in the medium term. The Sub-Fund is expected to adjust its exposure to equities, fixed income and cash in response to market conditions within the pre-determined strategy and parameters set forth in section 3. “Specific investment policy and restrictions” below. The Sub-Fund is eligible to investors according to Italian Individual long-term savings plans (*Piani Individuali di Risparmio – “PIR”*), as for the act n.232, 11 December 2016.

3. Specific investment policy and restrictions

The Sub-Fund, accordingly with the market view, will invest at least 70% of its Net Asset Value in equity and equity related products and a maximum of 30% of its Net Asset Value in fixed and floating rate debt securities, index and participation notes, equity linked notes, convertible securities, deposits with credit institutions and money market instruments which are mainly investment grade. Non-investment grade investments are allowed for fixed income products.

The Sub-Fund will mainly invest in securities (excluding those pertaining to real estate business) listed or traded on the recognized markets of member states of European Union or EEA (in all cases members of the OECD) with the following limits:

- equity products with a minimum of at least 70%;
- non-equity products up to a maximum of 30%.

Should the Sub-Fund invest less than 30% in non-equity products, the remaining percentage may be invested into equity products and other eligible assets as further set out below.

Within the limit applying for non-equity products, up to 100% of the non-equity portfolio may be non-investment grade liquid investments. Within the equity portfolio, the Sub-Fund is not allowed to make investments in companies which do not have a stable organisation.

At least 70% of the invested portfolio must pertain to companies resident in Italy, a member state of the European Union or EEA and have a permanent establishment in Italy and of this, at least 30% shall be issued by companies which are not listed in the FTSEMIB Index or equivalent index. These limits have to be respected for an aggregate period of at least two thirds (2/3) of each calendar year.

Investors should note that there is a certain concentration risk following from such investment requirement as the main part of the investments will be made in companies acting on the Italian market and fluctuations in the overall performance of the Italian market may therefore impact the performance of the Sub-Fund. Further, securities may be issued by non-investment grade issuers which are not listed in the FTSEMIB Index or equivalent index which increases the risk that the value

of such securities may significantly decrease and therefore impact the performance of the Sub-Fund. A general description of the risks in relation to non-investment grade investments is provided in section V 4) "Investment in non-investment grade securities" and 5) "Downgrading risk" of Part A of the Prospectus.

The Sub-Fund may also invest in plain vanilla financial derivative instruments for investment, asset allocation and hedging purposes. Such financial derivative instruments will not include any efficient portfolio management techniques.

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

The Sub-Fund may also hold ancillary liquid assets and enter into swap transactions.

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

The Sub-Fund may use derivatives for hedging purposes in view of a better portfolio management.

The Sub-Fund will neither make use of TRS transactions nor of any securities financing transactions within the scope of SFTR.

The Sub-Fund will not make use of distressed or defaulted securities.

4. Risk Measurement Approach

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

5. Classes of Units

The Sub-Fund will issue two Classes of Units. The first is denominated "Classic", referred to as "C", the latter is denominated "Institutional", referred to as "I", expressed in Euro as described more specifically in Part A "Description of the Units and Classes of Units" of this Prospectus.

Unit Classes will be activated upon subscription in accordance with the subscription procedure described in Part A "Procedure of subscription, conversion and redemption".

The Sub-Fund issues Capitalization Units, as described in Part A of this Prospectus.

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

6. Minimum initial and subsequent investment

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

<i>Classes of Units</i>	<i>Minimum initial investment</i>	<i>Minimum subsequent investment</i>
C Cap (EUR)	None	None
I Cap (EUR)	None	None

The initial offering price shall be of 100 Euro per Unit.

The Sub-Fund will be launched at a subsequent period.

7. Investment management

Pursuant to an investment management agreement which entered into force on 11 July 2017 (the “**Investment Management Agreement**”), Duemme SGR S.p.A. has been appointed by the Management Company as investment manager of the Sub-Fund (the “**Investment Manager**”). The Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three months' prior written notice. However, the Management Company may terminate the Investment Management Agreement with immediate effect when this is in the interest of the Unit Holders.

The Investment Manager is a public limited company under the laws of Italy, having its registered office at Via Dante, 16, I-20121 Milano, Italy and registered with the companies register of Milan under number 00724830153.

The Investment Manager was founded on 27 June 1996, and its principal activity is to advise on, and manage, assets of high net worth individuals, institutional clients and pension funds. On 31 December 2009, its share capital, which is fully paid, amounted to EUR 10.330.000.

The Investment Manager is remunerated by the Management Company out of its own remuneration. Specifically, this means that the Investment Manager is entitled to receive from the Management Company 90% of the investment management fee which is paid to the Management Company out of the assets of the Sub-Fund net of any distribution fees, i.e. any distribution fees are deducted from the investment management fee before calculating the proportion of the management fee payable to the Investment Manager.

8. Fees

In addition to the management fee as set out in Part A of the Prospectus, an investment management fee is payable to the Management Company in compensation for the performance of the investment management function. Such a fee is payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

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

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

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

<i>Classes of Units</i>	<i>Investment management fee</i>	<i>Sales charge</i>
C Cap (EUR)	1.20 % per annum	up to a maximum of 3 %
I Cap (EUR)	0.70 % per annum	up to a maximum of 1 %

9. Subscription price

The subscription price (the “**Subscription Price**”) shall be equal to the Net Asset Value per each Class of Units of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

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

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

10. Redemptions

The redemption price equals the Net Asset Value per each Class of Units on the relevant Valuation Day. Currently no exit fee applies. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

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

11. Conversions

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

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

12. Reference currency

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

13. Frequency of Calculation and Valuation Day

The Net Asset Value of the Sub-Fund will be determined, per each Class of Units, under the full responsibility of the board of directors of the Management Company on each Business Day in Luxembourg (“**Valuation Day**”).

14. Publication of the Net Asset Value

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