

**Valboa**

*Société d'Investissement à Capital Variable*

**Prospectus**

**April 2026**

The Company is registered under part I of the Law of 2010. The Company qualifies as a UCITS. The Company is managed by LBO France Gestion on the basis of freedom of services pursuant to chapter 15 of the Law of 2010.

The Shares (as such term is defined below) have not been registered under the United States Securities Act of 1933 and may not be offered directly or indirectly in the United States of America (including its territories and possessions) to nationals or residents thereof or to persons normally resident therein, or to any partnership or persons connected thereto unless pursuant to any applicable statute, rule or interpretation available under United States law.

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Any information or representation given or made by any person which is not contained herein or in any other document which may be available for inspection by the public should be regarded as unauthorised and should accordingly not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares in the Company shall under any circumstances constitute a representation that the information given in this Prospectus is correct as at any time subsequent to the date of this Prospectus.

All references herein to times and hours are to Luxembourg local time.

Shareholders are informed that their personal data or information given in the subscription documents or otherwise in connection with an application to subscribe for Shares, as well as details of their shareholding, will be stored in digital form or otherwise, and processed by the Company, acting as data controller, in compliance with the provisions of the Data Protection Law (as defined under section “Definition” of this Prospectus) and section “Data Protection” hereof.

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

## **DIRECTORY**

### **Valboa**

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

### **Board of Directors of the Company**

Frédéric Teboul, CFO Venture of LBO France Gestion

Anne Bellavoine, Independent Director

Johan Le Goff, Secrétaire Général – RCCI of LBO France Gestion

### **Management Company**

LBO France Gestion, 24-26 rue Saint Dominique – 75007 Paris, France

### **Board of Directors of the Management Company**

Robert Daussun, Chairman of the Board

Stéphanie Casciola, CEO, Head of Real Estate and Proptech

Marie-Astrid Auriol, Partner, CFO

Sophie Chateau, Partner, Head of Investor Relations

Thomas Boulman, Partner, Head of LBO Mid Cap

Jean-Marie Leroy, Partner, Head of LBO Small Cap

Jacques Franchi, Partner, Chief Investment Officer, Head of Debt

Valéry Huot, Partner, Head of Venture, Digital Health

### **Depositary**

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

### **Administration Agent**

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

### **Principal Placement Agent**

LBO France Gestion, 24-26 rue Saint Dominique – 75007 Paris, France

### **Auditors**

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

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## 1. DEFINITIONS

The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Prospectus.

<b><i>Administration Agent</i></b>	CACEIS Bank, Luxembourg Branch
<b><i>Administration Cooperation Directive</i></b>	Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation
<b><i>Articles</i></b>	the articles of association of the Company, as amended from time to time
<b><i>AML Regulations</i></b>	the Luxembourg law of 27 October 2010 relating to the fight against money-laundering and the financing of terrorism, the law of 19 February 1973 on the sale of medicinal substances and the fight against drug addiction (as amended), the law of 12 November 2004 on the fight against money laundering and terrorist financing (as amended), and associated Grand Ducal, Ministerial and CSSF Regulations and the circulars of the CSSF applicable (especially CSSF Regulation N° 12-02 and CSSF Circular 13/556) as amended, supplemented or replaced from time to time
<b><i>Appendix</i></b>	an appendix to this Prospectus
<b><i>Anti-Dilution Levy</i></b>	the anti-dilution levy which may be applied by the Company in respect of subscriptions and/or redemptions of Shares of a Compartment in accordance with Section 8.2 of this Prospectus
<b><i>Benchmarks Regulation</i></b>	Regulation (EU) 2016/1011 of the European Parliament and of the Council as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as amended from time to time
<b><i>Board of Directors</i></b>	the board of directors of the Company
<b><i>Business Day</i></b>	a full business day on which banks and Eligible Markets are opened in Luxembourg and in France. For the avoidance of doubt, half-closed bank business days in Luxembourg are considered as being closed for business
<b><i>Calculation Day</i></b>	a Business Day on which the net asset value (NAV) per Share is calculated as detailed in the relevant Appendix. The Board of Directors may in its absolute discretion amend the Calculation Day for some or all of the Compartments. In such case the Shareholders of the relevant Compartment will be duly informed and the Appendix will be updated accordingly
<b><i>CFD</i></b>	contract for differences

<b><i>Class</i></b>	within each Compartment, a separate class of Shares with a specific sales or redemption fee structure, fee structure, minimum investment amount, taxation, dividend policy or other feature may be applied
<b><i>Company</i></b>	Valboa
<b><i>Compartment</i></b>	a specific portfolio of assets and liabilities within the Company having its own net asset value and represented by a separate Class or Classes, which are distinguished mainly by their specific investment policy and objective and/or by the currency in which they are denominated. The specifications of each Compartment are described in the relevant Appendix to this Prospectus.
<b><i>CRS</i></b>	Common Reporting Standard
<b><i>CSSF</i></b>	the <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg authority supervising the financial sector
<b><i>CSSF Circular 08/356</i></b>	CSSF Circular 08/356 on the rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments, as amended from time to time
<b><i>CSSF Circular 11/512</i></b>	CSSF Circular 11/512 dated 30 May 2011, as amended by Circular CSSF 18/698 on <ul style="list-style-type: none"> <li>- Presentation of the main regulatory changes in risk management following the publication of CSSF Regulation 10-4 and ESMA clarifications;</li> <li>- Further clarifications from the CSSF on risk management rules;</li> <li>- Definition of the content and format of the risk management process to be communicated to the CSSF</li> </ul>
<b><i>CSSF Circular 14/592</i></b>	CSSF Circular 14/592 on Guidelines of the European Securities and Markets Authority (ESMA) on ETFs and other UCITS issues, as amended from time to time
<b><i>Cut-off Time</i></b>	a deadline (as further specified in the Appendices) before which applications for subscription, redemption, or conversion of Shares of any Class in any Compartment must be received by the Administration Agent in relation to a Calculation Day.
<b><i>Data Protection Law</i></b>	the applicable Luxembourg data protection law and the Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, as may be amended from time to time
<b><i>Depositary</i></b>	CACEIS Bank, Luxembourg Branch
<b><i>Depositary Agreement</i></b>	the agreement between the Company and the Depositary pursuant to which the Depositary was appointed as the depositary of the Company, as the same may be amended from time to time
<b><i>Domiciliary Services Agreement</i></b>	the agreement between the Company and the Administration Agent pursuant to which the Administration Agent was appointed with as the domiciliary agent of the Company, as the same may be amended from time to time

<b><i>Eligible Market</i></b>	a Regulated Market in an Eligible State
<b><i>Eligible State</i></b>	any Member State or any other state in (Eastern and Western) Europe, Asia, Africa, Australia, North and South America and Oceania, as determined by the Board of Directors
<b><i>EUR</i></b>	the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as the same may be amended from time to time
<b><i>FATCA</i></b>	the U.S. Foreign Account Tax Compliance Act, as amended from time to time
<b><i>FATCA Rules</i></b>	the Intergovernmental Agreement (IGA) entered into between the Luxembourg and US Governments on 28 March 2014, the Luxembourg law of 24 July 2015 transposing the IGA, as well as to the extent relevant, provisions of FATCA
<b><i>FATF</i></b>	Financial Action Task Force (also referred to as <i>Groupe d'Action Financière</i> )
<b><i>Feeder Compartment</i></b>	a Compartment which investment policy consists in investing at least 85 % of its assets in units/shares in a Master Fund according to article 77 of the Law of 2010 (under article 58 of the UCITS Directive), by way of derogation from Article 2(2) first indent, Articles 41, 43 and 46, and Article 48(2) third indent of the Law of 2010, as further described in the relevant Appendix
<b><i>Fund Management Agreement</i></b>	the agreement between the Company and the Management Company pursuant to which the Management Company was appointed as the management company of the Company, as the same may be amended from time to time
<b><i>Grand-Ducal Regulation of 8 February 2008</i></b>	the Grand-Ducal Regulation of 8 February 2008 relating to certain definitions of the Law of 2010, as amended from time to time
<b><i>Investment Manager</i></b>	where relevant the investment manager appointed by the Management Company (as the case may be) for a specific Compartment as further detailed in the Appendix
<b><i>KID</i></b>	the key investor information document as defined by Regulation (EU) 1286/2014, as amended from time to time, and the Commission Delegated Regulation (EU) 2017/653, as amended from time to time (collectively referred to as the “PRIIPs Regulation”)
<b><i>Law of 2010</i></b>	the law of 17 December 2010 concerning undertakings for collective investment, as amended from time to time
<b><i>Management Company</i></b>	LBO France Gestion
<b><i>Master Fund</i></b>	a UCITS, or a compartment thereof or a Compartment, as further described in the relevant Appendix into which a Feeder Compartment invests at least 85 % of its assets and which: <ul style="list-style-type: none"> <li>(a) has among its unit-holders, at least one feeder UCITS;</li> <li>(b) is not itself a feeder UCITS; and</li> </ul>

	(c) does not hold units of a feeder UCITS
<b><i>Member State</i></b>	a member state of the European Union. The states that are contracting parties to the agreement creating the European Economic Area other than the member states of the European Union, within the limits set forth by this agreement and related acts, are considered as equivalent to member states of the European Union
<b><i>NDF</i></b>	non deliverable forward
<b><i>OECD</i></b>	the Organisation for Economic Cooperation and Development
<b><i>OECD Member State</i></b>	a member state of the OECD
<b><i>Other UCI</i></b>	an undertaking for collective investment within the meaning of the first and second indent of Article 1 (2) of the UCITS Directive, whether situated in a Member State or not
<b><i>Performance Period</i></b>	in respect of each Class, the performance period as set out in the relevant Appendix
<b><i>Prospectus</i></b>	the prospectus of the Company in accordance with the Law of 2010
<b><i>Reference Currency</i></b>	the reference currency of each Compartment as specified in the relevant Appendix
<b><i>Regulated Market</i></b>	a market within the meaning of Article 4(1)14 of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC and any other market which is regulated, operates regularly and is recognised and open to the public
<b><i>Securities Financing Transaction (“SFTs”)</i></b>	(i) a repurchase transaction; (ii) securities lending and securities borrowing; (iii) a buy-sell back transaction or a sell-buy back transaction as defined under the SFTR
<b><i>Services Agreement</i></b>	the agreement between the Company, the Administration Agent, and the Management Company pursuant to which the Administration Agent was appointed with as the administration agent, transfer agent and registrar of the Company, as the same may be amended from time to time
<b><i>Settlement Day</i></b>	the Business Day on which the consideration for subscription must be fully paid as further specified in each Appendix
<b><i>SFT Agent</i></b>	any person involved in SFTs as agent, broker, collateral agent or service provider and that is paid fees, commissions, costs or expenses out of the Company's assets or any Compartment's assets
<b><i>SFDR</i></b>	Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, as amended from time to time
<b><i>SFTR</i></b>	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, as amended from time to time

<b><i>Shares</i></b>	a share of any Class of any Compartment in the capital of the Company, the details of which being specified in the Appendices
<b><i>Shareholders</i></b>	holders of Shares
<b><i>Subscription Price</i></b>	the net asset value per relevant Share/Class of a Compartment as determined on the applicable Calculation Day plus the applicable subscription fee (if any)
<b><i>Sustainability Factors</i></b>	environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters
<b><i>Sustainability Risks</i></b>	environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investments made by the Compartments
<b><i>UCITS</i></b>	an undertaking for collective investment in transferable securities authorised pursuant to the UCITS Directive
<b><i>UCITS Directive</i></b>	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, as amended from time to time
<b><i>Underlying Asset</i></b>	an asset in which a Compartment may invest in accordance with its investment policy as described in the relevant Compartment's Appendix
<b><i>Valuation Day</i></b>	a Business Day immediately preceding a Calculation Day

The descriptions in the main body of this Prospectus are generally applicable to all Compartments. However, where different descriptions or exceptions appear in the Appendix, the descriptions or exceptions in such Appendix shall prevail. Thus, it is advisable to carefully review the relevant Appendices together with the main body of the Prospectus.

## **2. THE COMPANY**

**Valboa** is an open-ended collective investment company ("*société d'investissement à capital variable*") established under the laws of the Grand Duchy of Luxembourg, with an "umbrella" structure comprising different Compartments each of which may be divided in separate Classes. In accordance with the Law of 2010, a subscription of Shares constitutes acceptance of all terms and provisions of the Prospectus and the Articles.

The Company offers investors, within the same investment vehicle, a choice between several Compartments which are distinguished mainly by their specific investment policy and/or by the currency in which they are denominated. The specifications of each Compartment are described in the relevant Appendix.

The assets and liabilities of each Compartment, as further described under section "Allocation of Assets and Liabilities among the Compartments", shall be segregated from the assets and liabilities of those of the other Compartments, with creditors having recourse only to the assets of the Compartment concerned and where the liabilities cannot be satisfied out of the assets of another Compartment. As between the Shareholders and creditors, each Compartment will be deemed to be a separate entity.

The Board of Directors may, at any time, decide on the creation of further Compartments and in such case, the Appendix will be updated. Each Compartment may have one or more Classes.

## **3. INVESTMENT POLICIES AND RESTRICTIONS**

### **3.0 General Investment Policies for all Compartments**

The provisions of this section apply only insofar as they are compatible with the specific investment policy disclosed in the relevant Appendix.

The Board of Directors determines the specific investment policy and investment objectives of each Compartment, which are described in more detail in the respective Appendix. The investment objectives of the Compartments will be carried out in compliance with the investment and borrowing restrictions set forth in Section "Investment and Borrowing Restrictions".

Each Compartment seeks an above-average total investment return, comprised principally of long-term capital appreciation, by investing in a diversified portfolio of transferable securities or in financial derivative instruments as described in respect of the investment objective and policies in the relevant Appendix. There can be no assurance that the investment objectives of any Compartment will be achieved.

In the general pursuit of obtaining an above-average total investment return as may be consistent with the preservation of capital, efficient portfolio management techniques may be employed to the extent permitted by the investment and borrowing restrictions stipulated by the Board of Directors.

The Compartments may from time to time also hold, on an ancillary basis, cash reserves or include other permitted assets with a short remaining maturity, especially in times when rising interest rates are expected.

Investors are invited to refer to the description of the investment policy of each Compartment in the Appendix for details.

The historical performance of the Compartments will be disclosed in the KID for each Class. Past performance is not necessarily indicative of future results.

### 3.1 Specific Investment Policies for each Compartment

The specific investment policy of each Compartment is described in the Appendix.

### 3.2 Investment and Borrowing Restrictions

The Articles provide that the Board of Directors shall, based upon the principle of spreading of risks, determine the corporate and investment policy of the Company and the investment and borrowing restrictions applicable, from time to time, to the investments of the Company.

The Board of Directors has decided that the following restrictions shall apply to the investments of the Company and, as the case may be and unless otherwise specified for a Compartment in the Appendix, to the investments of each of the Compartments:

I.

- (1) The Company, for each Compartment, may invest in:
  - (a) transferable securities and money market instruments admitted to or dealt in on an Eligible Market;
  - (b) 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 an Eligible Market and such admission is secured within one year of the issue;
  - (c) units of UCITS and/or other UCI, whether situated in a Member State or not, provided that:
    - (i) such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured,
    - (ii) the level of protection for unit holders in such other UCIs is equivalent to that provided for unit holders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive,
    - (iii) the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
    - (iv) no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
  - (d) 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 or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the Luxembourg regulatory authority as equivalent to those laid down in EU law;
  - (e) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Eligible Market and/or financial derivative instruments dealt in over-the-counter ("**OTC derivatives**"), provided that:

- (i) the underlying consists of instruments covered by this section I. (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Compartments may invest according to their investment objective;
  - (ii) the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
  - (iii) the 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 Company's initiative;
- (f) money market instruments other than those dealt in on an Eligible Market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- (i) issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, a third country or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
  - (ii) issued by an undertaking any securities of which are dealt in on Eligible Markets, or
  - (iii) 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, such as, but not limited to, a credit institution which has its registered office in a country which is an OECD Member State and a FATF State.
  - (iv) 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, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (10,000,000 EUR) and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, 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 is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- (2) In addition, the Company may invest a maximum of 10% of the net assets of any Compartment in transferable securities and money market instruments other than those referred to under I. (1) above.
- (3) Under the conditions and within the limits laid down by the Law of 2010, the Company may, to the widest extent permitted by the Regulations (i) create a Compartment qualifying either as a Feeder Compartment or as a Master Fund, (ii) convert any existing Compartment into a Feeder Compartment, or (iii) change the Master Fund of any of its Feeder Compartment.
- (a) A Feeder Compartment shall invest at least 85% of its assets in the units of a Master Fund.
  - (b) A Feeder Compartment may hold up to 15% of its assets in one or more of the following:

- (i) ancillary liquid assets in accordance with paragraph (ii) below;
    - (ii) financial derivative instruments, which may be used only for hedging purposes.
  - (c) For the purposes of compliance with paragraph III (1) (c) below, the Feeder Compartment shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the second indent of under (b) with either:
    - (i) the Master Fund actual exposure to financial derivative instruments in proportion to the Feeder Compartment investment into the Master Fund; or
    - (ii) the Master Fund potential maximum global exposure to financial derivative instruments provided for in the Master UCITS management regulations or instruments of incorporation in proportion to the Feeder UCITS investment into the Master UCITS.
- II. The Company may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets; such restriction may exceptionally and temporarily be exceeded if the Company considers this to be in the best interest of the shareholders.
- III.
- (1)
    - (a) The Company may invest no more than 10% of the net assets of any Compartment in transferable securities and money market instruments issued by the same issuing body.
    - (b) The Company may not invest more than 20% of the net assets of any Compartment in deposits made with the same body.
    - (c) The risk exposure of a Compartment to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. (1) d) above or 5% of its net assets in other cases.
  - (2) Moreover, where the Company holds on behalf of a Compartment investment in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such Compartment, the total of all such investments must not account for more than 40% of the total net assets of such Compartment.
- This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- Notwithstanding the individual limits laid down in paragraph (1), the Company may not combine for each Compartment:
- (a) investments in transferable securities or money market instruments issued by a single body,
  - (b) deposits made with a single body, and/or
  - (c) exposures arising from OTC derivative transactions undertaken with a single body,
  - (d) in excess of 20% of the net assets of each Compartment.

- (3) The limit of 10% laid down in sub-paragraph III. (1) (a) above is increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by a Member State, its local authorities, or by another Eligible State, including the federal agencies of the United States of America, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, or by public international bodies of which one or more Member States are members.
- (4) The limit of 10% laid down in sub-paragraph III. (1) (a) is increased to 25% for bonds that fall under the definition of covered bonds in point (1) of Article 3 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU, and for certain bonds when they are issued before 8 July 2022 by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds issued before 8 July 2022 must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

If a Compartment invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of the Compartment.

- (5) The transferable securities and money market instruments referred to in paragraphs (3) and (4) shall not be included in the calculation of the limit of 40% in paragraph (2).

The limits set out in sub-paragraphs (1), (2), (3) and (4) may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Compartment's net assets;

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with the seventh Council Directive 83/349/EEC of 13 June 1983 based on the Article 54 (3) (g) of the Treaty on consolidated accounts, as amended, or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III. (1) to (5).

The Company may cumulatively invest up to 20% of the net assets of a Compartment in transferable securities and money market instruments within the same group.

- (6) **Notwithstanding the above provisions, the Company is authorised to invest up to 100% of the net assets of any Compartment, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by a Member State, by its local authorities or agencies, or by another OECD Member State, the G20 or Singapore or by public international bodies of which one or more member states of the EU, provided that such Compartment must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Compartment.**

#### IV.

- (1) Without prejudice to the limits laid down in paragraph V, the limits provided in paragraph III. (1) to (5) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Compartment is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an

adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Compartment's investment policy.

- (2) The limit laid down in paragraph (1) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

#### V.

- (1) The Company may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
- (2) The Company may acquire no more than:
  - (a) 10% of the non-voting shares of the same issuer;
  - (b) 10% of the debt securities of the same issuer;
  - (c) 10% of the money market instruments of the same issuer;

These limits under second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the money market instruments or the net amount of the instruments in issue cannot be calculated.

The provisions of paragraph V shall not be applicable to transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more member states of the EU are members.

These provisions are also waived as regards shares held by the Company in the capital of a company incorporated in a non-member state of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the non-member state of the EU complies with the limits laid down in paragraph III. (1) to (5), V. (1) and (2) and VI.

#### VI.

- (1) Unless otherwise provided for in the Appendix for a Compartment, no more than 10% of a Compartment's net assets may be invested in aggregate in the units of UCITS and/or other UCIs referred to in paragraph I. (1) (c).

In the case the restriction of the above paragraph is not applicable to a specific Compartment as provided in its investment policy, (i) such Compartment may acquire units of UCITS and/or other UCIs referred to in paragraph I. (1) (c) provided that no more than 20% of the Compartment's net assets be invested in the units of a single UCITS or other UCI, and (ii) investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net asset of a Compartment.

For the purpose of the application of this investment limit, each Compartment of a UCITS and UCI with multiple Compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various Compartments vis-à-vis third parties is ensured.

- (2) The underlying investments held by the UCITS or other UCIs in which the Company invests do not have to be considered for the purpose of the investment and borrowing restrictions set forth under III. (1) to (5) above.
- (3) When the Company invests in the units of UCITS and/or other UCIs linked to the Company by common management or control, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or UCIs, except for any applicable dealing charge payable to the UCITS and/or UCIs. In the case where a substantial proportion of the net assets are invested in investment funds the Appendix of the relevant Compartment will specify the maximum management fee (excluding any performance fee, if any) charged to the Compartment and each of the UCITS or other UCIs concerned.
- (4) The Company may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the net amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple Compartments, this restriction is applicable by reference to all units issued by the UCITS or other UCI concerned, all Compartments combined.

## VII.

- (1) The Company may not borrow for the account of any Compartment amounts in excess of 10% of the net assets of that Compartment, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Company may acquire foreign currencies by means of back to back loans;
- (2) The Company may not grant loans to or act as guarantor on behalf of third parties.
- (3) This restriction shall not prevent the Company from acquiring transferable securities, money market instruments or other financial instruments referred to in I. (1) (c), (e) and (f) which are not fully paid.
- (4) The Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.
- (5) The Company may acquire movable or immovable property which is essential for the direct pursuit of its business.
- (6) The Company may not acquire either precious metals or certificates representing them.

## VIII.

- (1) The Company needs not comply with the limits laid down in this chapter when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Compartments may derogate from paragraphs III. (1) to (5), IV. and VI. (1) and (2) for a period of six months following the date of their launch.
- (2) If the limits referred to in paragraph (2) are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its Shareholders.
- (3) To the extent that an issuer is a legal entity with multiple Compartments where the assets of the Compartment are exclusively reserved to the investors in such Compartment and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that Compartment, each Compartment is to be considered as a separate issuer for the purpose of the application of the risk spreading rules set out in paragraphs III. (1) to (5), IV. and VI.

- IX. Each Compartment may, subject to the conditions provided for in the Articles as well as this Prospectus, subscribe, acquire and/or hold securities to be issued or issued by one or more Compartments of the Company without the Company being subject to the requirements of the Luxembourg law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own Shares, under the condition however that:
- (1) the target Compartment does not, in turn, invest in the Compartment invested in this target Compartment;
  - (2) no more than 10% of the assets of the target Compartment whose acquisition is contemplated may, pursuant to the Articles be invested in aggregate in units of other target Compartments of the same Company;
  - (3) voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Compartment concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
  - (4) in any event, for as long as these securities are held by the Company, their value will not be taken into consideration of the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 2010.

### **3.3 Financial Derivative Instruments**

As specified in I. (1) (e) above, the Company may in respect of each Compartment invest in financial derivative instruments.

The Company shall ensure that its global exposure relating to derivative instruments does not exceed the total net value of its net assets. The 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.

Each Compartment may invest in financial derivative instruments within the limits laid down in I. (1) (e), provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in clause III. (1) to (5). When a Compartment invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in III. When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this restriction. When a Compartment qualifies as a Feeder Compartment, that Feeder Compartment shall calculate its global exposure related to financial derivative instruments in accordance with section I. (3) (c) above.

The Compartments may use financial derivative instruments for investment purposes and for hedging purposes, within the limits of the Law of 2010. Under no circumstances shall the use of these instruments cause a Compartment to diverge from its investment policy.

### **3.4 Securities Financing Transactions and Total Return Swaps**

The Company and any of its Compartments may employ SFTs for reducing risks (hedging), generating additional capital or income or for cost reduction purposes. Any use of SFTs for investment purposes will be in line with the risk profile and risk diversification rules applicable to the Company and any of its Compartments. Where expressly provided for in its Appendix, a Compartment will be authorised to engage in the following transactions:

- (i) "securities lending" or "securities borrowing" means a transaction by which a counterparty transfers securities subject to a commitment that the borrower will return equivalent securities on a future date or when requested to do so by the transferor, that transaction being considered as securities lending for

the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred;

(ii) "repurchase transaction" means a transaction governed by an agreement by which a counterparty transfers securities or guaranteed rights relating to title to securities where that guarantee is issued by a recognised exchange which holds the rights to the securities and the agreement does not allow a counterparty to transfer or pledge a particular security to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities and a reverse repurchase agreement for the counterparty buying them;

(iii) "buy-sell back transaction" or "sell-buy back transaction" means a transaction by which a counterparty buys or sells securities, commodities, or guaranteed rights relating to title to securities, agreeing, respectively, to sell or to buy back securities or such guaranteed rights of the same description at a specified price on a future date, that transaction being a buy-sell back transaction for the counterparty buying the securities or guaranteed rights, and a sell-buy back transaction for the counterparty selling them, such buy- sell back transaction or sell-buy back transaction not being governed by a repurchase agreement or by a reverse- repurchase agreement within the meaning of item (ii) above.

As at the date of this Prospectus e-identified by the CSSF, none of the Compartments is employing SFTs. Should this evolve in the future, this Prospectus will be updated accordingly beforehand.

The Company and any of its Compartments may further enter into swap contracts relating to any financial instruments or indices, including TRSs. Total return swaps involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments. As such, the use of TRSs or other derivatives with similar characteristics allows gaining synthetic exposure to certain markets or underlying assets without investing directly (and/or fully) in these underlying assets.

The Company or any of its delegates will report the details of any SFT and TRSs concluded to a trade repository or ESMA, as the case may be in accordance with the SFTR. SFTs and TRSs may be used in respect of any instrument that is eligible under article 50 of the UCITS Directive.

The assets that may be subject to SFTs and TRS are limited to equities.

The maximum and expected proportion of assets that may be subject to SFTs and TRSs will be set out for each Compartment in the relevant Appendix.

The counterparties to the SFTs and TRS will be selected on the basis of very specific criteria taking into account notably their legal status, country of origin, and minimum credit rating. These financial counterparties will in any case comply with article 3 of SFTR.

The Company will collateralize its SFTs and TRS pursuant to the provisions set forth hereunder in section "Management of collateral and collateral policy".

As a principle, assets subject to SFTs and TRSs become the property of the counterparty of the Company and the assets of equivalent type will be returned to the Company at the maturity of the transaction. As a consequence, during the life of the transaction, the assets will not be held by the Depositary.

Any collateral posted in favour of the Company or any of its Compartments under a title transfer arrangement should be held by the Depositary. Such collateral may be held by one of the Depositary's correspondents or sub-custodians provided that the Depositary has delegated the custody of the

collateral to such correspondent or sub-custodian and the Depositary remains liable subject to the provisions of the Law, if the collateral is lost by the sub-custodian. Collateral posted in favour of the Company or any of its Compartments under a security interest arrangement (e.g., a pledge) can be held by the Depositary or a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

Collateral received by the Company can be re-used in line with the provisions of the ESMA Guidelines on ETFs and other UCITS issues (ESMA/2014/937), as revised from time to time, released by the CSSF under CSSF Circulars 08/356 and 14/592.

Policy on sharing of return generated by SFTs and TRS:

All revenues arising from efficient portfolio management techniques, net of any direct and indirect operational costs/fees, will be returned to the relevant Compartment. Direct and indirect operational costs and fees may be deducted from the revenues delivered to the Compartment. These costs will not exceed the below percentages of the gross revenues:

securities lending or securities borrowing	N/A
repurchase transaction	N/A
buy-sell back transaction or sell-buy back transaction	N/A
TRS	5%

These fees may be paid to counterparties of the Company such as agents or other intermediaries as defined under article 3 of SFTR and providing services in connection with TRS and SFTs as normal compensation of their services. Details of such amounts and counterparties will be disclosed in the annual report of the Company.

### **3.5 Use of Techniques and Instruments relating to Transferable Securities and Money Market Instruments**

The Company, in order to generate additional revenue for Shareholders, may engage in securities lending transactions subject to complying with the provisions set forth in Article 11 of the Grand-Ducal Regulation of 8 February 2008, CSSF Circular 08/356 and the provisions on efficient management portfolio techniques set forth in CSSF Circular 14/592. As at the date of this Prospectus e-identified by the CSSF, none of the Compartments engages in securities lending transactions. Should this evolve in the future, this Prospectus will be updated accordingly beforehand.

As mentioned in the previous section, all revenues arising from efficient portfolio management techniques, net of any direct and indirect operational costs/fees, will be returned to the Company. In particular, fees and cost may be paid to the Management Company and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation of their services. Such fees may be calculated as a percentage of gross revenues earned by the Company through the use of efficient portfolio management techniques. Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they have with the Depositary Bank or Management

Company – will be available in the annual report of the Company, if applicable, and disclosed in the Appendices. As at the date of this Prospectus e-identified by the CSSF, the Company does not enter into repurchase agreements which consist in the purchase and sale of securities whereby the terms of the agreement entitle the seller to repurchase from the purchaser the securities at a price and at a time agreed amongst the two parties at the conclusion of the agreement. Should this evolve in the future, this Prospectus will be updated accordingly beforehand. As such, the following paragraphs are not applicable as of today.

The Company may act either as purchaser or as seller in repurchase transactions. Its entering in such agreements is however subject to the following rules:

- The Company may purchase or sell securities in the context of a repurchase agreement only if its counterpart is a highly rated financial institution which are experts in this type of transactions and which are subject to prudential supervision rules considered by the Luxembourg regulatory authority as equivalent to those prescribed by EU law.
- During the lifetime of a repurchase agreement, the Company may not sell the securities which are the object of the agreement either before the repurchase of the securities by the counterparty has been carried out or the repurchase period has expired.
- The Company must ensure to maintain the value of purchased securities subject to a repurchase obligation at a level such that it is able, at any time, to meet its obligations to redeem its own Shares.
- The Company must ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered
- When the Company enters into a reverse repurchase agreement, it must ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the Company.
- When the Company enters into a repurchase agreement, it should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.

### **3.6 Management of collateral for OTC derivative transactions and efficient portfolio management techniques**

Where the Company enters into OTC derivative transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure should comply with the following criteria at all times:

- (a) Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of section 3.5.
- (b) Valuation – collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
- (c) Issuer credit quality – collateral received should be of high quality.

- (d) Correlation – the collateral received by the Company must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- (e) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Company receives from a counterparty of efficient portfolio management and OTC derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When the Company is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.

A Compartment may be fully collateralized in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong, provided that the Company receives securities from at least six different issues and that securities from any single issue should not account for more than 30% of the NAV. Should a Compartment be fully collateralized in securities issued or guaranteed by a Member State, the relevant Appendix should identify the Member States, local authorities, or public international bodies issuing or guaranteeing securities which they are able to accept as collateral for more than 20% of their net asset value.

Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

Detailed information regarding the nature of eligible collateral to be received by each Compartment, as well as relevant applicable haircuts is provided in each relevant Appendix.

- (f) Risks linked to the management of collateral, such as operational and legal risks, must be identified, managed and mitigated by the risk management process.
- (g) Where there is a title transfer, the collateral received should be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- (h) Collateral received should be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.
- (i) Non-cash collateral received should not be sold, re-invested or pledged.
- (j) Cash collateral received should only be:
  - (i) placed on deposit with entities prescribed in paragraph I. (1) (d) above;
  - (ii) invested in high-quality government bonds;
  - (iii) used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;
  - (iv) invested in short-term money market funds.
- (k) Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.

### **3.7 Exercise of Voting Rights**

The Company will exercise its voting rights in respect of instruments held by the Company in each Compartment in accordance with the voting policy of the Management Company.

## **4. RISK-MANAGEMENT PROCESS**

The Management Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions in its portfolios and their contribution to the overall risk profile of its portfolios.

In accordance with the Law of 2010 and the applicable regulations, in particular CSSF Circular 11/512, the Management Company uses for each Compartment a risk-management process which enables it to assess the exposure of each Compartment to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material to that Compartment. The Management Company may use the Value-at-Risk (VaR) or commitment approach to monitor and measure the global exposure as further specified for each Compartment in the relevant Appendix.

## **5. RISK WARNINGS**

The following is a general description of a number of risks which may affect the value of Shares. See also the section of the relevant Appendix for information on risks particular to a specific issue of Shares. The description of the risks made below is not, nor is it intended to be, exhaustive. Not all risks listed necessarily apply to each issue of Shares, and there may be other considerations that should be taken into account in relation to a particular issue. What factors will be of relevance to a particular Compartment will depend upon a number of interrelated matters including, but not limited to, the nature of the Shares and the Compartment's Investment Policy.

No investment should be made in the Shares until careful consideration of all these factors has been made.

The Company bears the general risks laid down below. However, each Compartment is subject to specific risks, which the Board of Directors will seek to lower.

Past performance of a specific Compartment is not necessarily a guide to future performance and Shares should be regarded as a medium to long-term investment.

### **5.0 Introduction**

The value of investments and the income from them, and therefore the value of and income from Shares relating to a Compartment can go down as well as up and a Shareholder may not get back the amount invested. Due to the various commissions and fees which may be payable on the Shares, an investment in Shares should be viewed as medium to long term. Short or leveraged funds are associated with higher risks and may better be considered as short to medium term investments. An investment in a Compartment should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Investors should only reach an investment decision after careful consideration with their legal, tax, accounting, financial and other advisers. The legal, regulatory, tax and accounting treatment of the Shares can vary in different jurisdictions. Any descriptions of the Shares set out in the Prospectus, including any Appendix, are for general information purposes only. Investors should recognise that the Shares may decline in value and should be prepared to sustain a total loss of their investment. Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of the Shares.

## 5.1 General risks

*Valuation of the Shares:* the value of a Share will fluctuate as a result of changes in the value of, amongst other things, the Compartment's assets, the Underlying Asset and, where applicable, the financial derivative instruments used to expose the Compartment to the Underlying Asset synthetically.

*Valuation of the Underlying Asset and the Compartment's assets:* the Compartment's assets, the Underlying Asset or the financial derivative instruments used to expose the Compartment to the Underlying Asset synthetically may be complex and specialist in nature. Valuations for such assets or financial derivative instruments will usually only be available from a limited number of market professionals which frequently act as counterparties to the transactions to be valued. Such valuations are often subjective and there may be substantial differences between any available valuations.

*Risks associated with discretionary management:* the Management Company and/or the Investment Manager (if any) has implemented its investment strategies to create well-diversified funds. The securities to which the Compartments are exposed are selected based on the quantitative and systematic models developed by the Management Company and/or Investment Manager (if any) which help to optimise the level of diversification achieved in relation with the benchmark. It can therefore not be excluded that the Management Company and/or the Investment Manager (if any) does not choose the most profitable assets.

*Exchange rates:* although Shares in the Company may be denominated in a particular currency, the Company may invest its assets in securities denominated in a wide range of currencies, some of which may not be freely convertible. The net asset value of the Company as expressed in its Base Currency will fluctuate in accordance with the changes in the foreign exchange rate between that currency and the currencies in which the Company's investments are denominated. The Company may therefore be exposed to a number of risks as follows:

- Conversion into foreign currency or transfer from some markets of proceeds received from the sale of securities cannot be guaranteed.
- The value of the currency in some markets, in relation to other currencies, may decline such that the value of the investment is adversely affected.
- Exchange rate fluctuations may also occur between the trade date for a transaction and the date on which the currency is acquired to meet settlement obligations.
- It may not be possible or practicable to hedge against the consequent foreign exchange/currency risk exposure.

*Interest rates:* fluctuations in interest rates of the currency or currencies in which the Shares, the Compartment's assets and/or the Underlying Asset are denominated may affect financing costs and the real value of the Shares.

*Inflation:* the rate of inflation will affect the actual rate of return on the Shares. An Underlying Asset may reference the rate of inflation.

*Yield:* returns on Shares may not be directly comparable to the yields which could be earned if any investment were instead made in any Compartment's assets and/or Underlying Asset.

*Correlation:* the Shares may not correlate perfectly, nor highly, with movements in the value of Compartment's assets and/or the Underlying Asset.

*Volatility:* the value of the Shares may be affected by market volatility and/or the volatility of the Compartment's assets and/or the Underlying Asset. Stock markets are volatile and can move significantly in response to the issuer, demand and supply, political, regulatory, market and economic developments.

*Credit Risk:* credit risk involves the risk that an issuer of a bond (or similar money-market instruments) held by the Compartment may default on its obligations to pay interest and repay principal and the Compartment will not recover their investment.

*Counterparty risk:* the Company may be subject to the risk of the inability of the counterparty, or any other entities, in or with which an investment or transaction is made, to perform in respect of undertaken transactions, whether due to insolvency, bankruptcy or other causes.

In some markets there may be no secure method of delivery against payment which would minimise the exposure to counterparty risk. It may be necessary to make payment on a purchase or delivery on a sale before receipt of the securities or, as the case may be, sale proceeds. No counterparty of the Company or a Compartment involved in such transactions is subject to the general supervision of the Depository Bank to the extent such counterparty does not hold assets of the Company or a Compartment.

The Compartment may enter into futures, options and swap contracts including CDS or use derivative techniques, each of which involves the risk that the counterparty will fail to respect its commitments under the terms of each contract.

*Liquidity risk:* certain types of securities may be difficult to buy or sell, particularly during adverse market conditions, which may affect their value. The fact that the Shares may be listed on a stock exchange is not an assurance of liquidity in the Shares.

*Repurchase and Reverse Repurchase Agreement Risk:* the use of repurchase and reverse repurchase agreements, if any, by certain Compartments involves certain risks. For example, if the seller of securities to the relevant Compartment under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the said Compartment will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the ability of the relevant Compartment to dispose of the underlying securities may be restricted. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Compartment may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller.

*Leverage:* the Compartment's assets, Underlying Asset and the derivative techniques used to expose the Compartment to the Underlying Assets may comprise elements of leverage (or borrowings) which may potentially magnify losses and may result in losses greater than the amount borrowed or invested by the Compartment.

*Political factors, emerging markets and non-OECD Member State assets:* the performance of the Shares and/or the possibility to purchase, sell, or repurchase the Shares may be affected by changes in general economic conditions and uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and changes in regulatory requirements. Such risks can be heightened in investments in, or relating to, emerging markets or non-OECD Member States. In addition, local custody services remain underdeveloped in many non-OECD and emerging market countries and there is a heightened transaction and custody risk involved in dealing in such markets. In certain circumstances, a Compartment may not be able to recover or may encounter delays in the recovery of some of its assets. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets or non-OECD Member States, may not provide the same degree of investor information or protection as would generally apply to major markets.

*Share subscriptions and repurchases:* provisions relating to the subscription and repurchase of Shares grant the Company discretion to limit the amount of Shares available for subscription or repurchase on any Business Day and, in conjunction with such limitations, to defer or pro rata such subscription or repurchase. In addition, where requests for subscription or repurchase are received after the cut-off deadline, there will be a delay between the time of submission of the request and the actual date of

subscription or repurchase. Such deferrals or delays may operate to decrease the number of Shares or the repurchase amount to be received.

In addition, the application of an anti-dilution levy as described in Section 8.2 may increase the transaction costs borne by subscribing and/or redeeming investors and may result in investors subscribing at a higher effective price or receiving a lower redemption amount.

*Listing:* there can be no certainty that a listing on any stock exchange applied for by the Company will be achieved and/or maintained or that the conditions of listing will not change. Further, trading in Shares on a stock exchange may be halted pursuant to that stock exchange's rules due to market conditions and investors may not be able to sell their Shares until trading resumes.

*Legal and regulatory:* the Company must comply with regulatory constraints or changes in the laws affecting it, the Shares, or the investment restrictions, which might require a change in the investment policy and objectives followed by a Compartment. The Compartment's assets, the Underlying Asset and the derivative techniques used to expose the Compartment to the Underlying Assets may also be subject to change in laws or regulations and/or regulatory action which may affect the value of the Shares. The Company is domiciled in Luxembourg and Investors should note that all the regulatory protections provided by their local regulatory authorities may not apply. Investors should consult their financial or other professional adviser for further information in this area.

*Nominee arrangements:* where an investor invests in Shares via the Principal Placement and Distribution Agent, its sub-distribution or private placement agents and/or a nominee or holds interests in Shares through a clearing agent, such Shareholder will typically not appear on the register of Shareholders of the Company and may not therefore be able to exercise voting or other rights available to those persons appearing on the register.

*Use of derivatives:* under certain conditions and for the purpose of efficient portfolio management, the Company may use options and futures on securities, indices and interest rates, CFDs on transferable securities, currencies or any other type of financial instruments. Also, where appropriate, the Company may hedge market and currency risks using futures, options, CFDs, or forward foreign exchange contracts. In order to facilitate efficient portfolio management and to better replicate the performance of the benchmark, the Company may finally, for a purpose other than hedging, invest in derivative instruments. The Company may only invest within the limits set out in the Prospectus under "Investment Restrictions". Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the Investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Financial futures prices are highly volatile and influenced by a variety of diverse factors including, changing supply and demand relationships, government, fiscal, monetary and exchange control programs and policies, national and international political and economic events and government intervention in certain markets, particularly in the currency and interest rate markets. Futures are also subject to illiquid situations when market activity decreases or when a daily price fluctuation limit has been reached.

Transactions in options also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

The attention of the Shareholders is drawn to the fact, that due to the use of derivative instruments to cover the inherent credit risk of some issuers or to achieve its investment objective, combined with the possibility to effect borrowings, there may be circumstances where the Company's exposure may not entirely be covered by the assets of the Company. The risk associated with the use of the said instruments may not exceed 100% of the net asset value of the relevant Compartment.

*Taxation:* Potential investors' attention is drawn to the taxation risks associated with investing in the Company. Further details relating to the Luxembourg tax legislation are given under the heading "Tax Aspects" in the main part of the Prospectus. However, nothing in this Prospectus may be construed any tax advice and investors should consult their own professional advisers regarding any tax issues in the context of any contemplated investment in the Company.

*FATCA Requirements:* pursuant to FATCA, the Company (or each Compartment) will be required to comply (or be deemed compliant) with extensive new reporting and withholding requirements designed to inform the U.S. Department of the Treasury of U.S.-owned foreign investment accounts. Failure to comply (or be deemed compliant) with these requirements will subject the Company (or each Compartment) to U.S. withholding taxes on certain US-sourced income and (effective 1 January 2017) gross proceeds. Pursuant to an intergovernmental agreement between the United States and Luxembourg, the Company (or each Compartment) may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports U.S. taxpayer information directly to the Luxembourg government. Investors may be requested to provide additional information to the Company to enable the Company (or each Compartment) to satisfy these obligations. Failure to provide requested information or, if applicable, satisfy its own FATCA obligations may subject an investor to liability for any resulting U.S. withholding taxes, U.S. tax information reporting and/or mandatory redemption, transfer or other termination of the investor's investment in its Shares. Detailed guidance as to the mechanics and scope of this new reporting and withholding regime is continuing to develop. There can be no assurance as to the timing or impact of any such guidance on future operations of the Company or its Compartments.

*Fund of funds/duplication of costs:* the Compartments incur costs of its own management and administration comprising the fees paid to the Management Company, the Investment Manager (if any), the Depositary, unless otherwise provided hereinafter and other service providers. It should be noted that, in addition, the Compartments incur similar costs in its capacity as an investor in the funds in which a Compartment invests, which in turn pay similar fees to their manager and other service providers. It is endeavoured to reduce duplication of management charges by negotiating rebates where applicable in favour of the Company with such funds or their managers. Further, the investment strategies and techniques employed by certain funds may involve frequent changes in positions and a consequent portfolio turnover. This may result in brokerage commission expenses which exceed significantly those of the funds of comparable size. The funds may be required to pay performance fees to their manager. Under these arrangements the managers will benefit from the appreciation, including unrealised appreciation of the investments of such funds, but they are not similarly penalised for realised or unrealised losses. As a consequence, the direct and indirect costs borne by the Compartment are likely to represent a higher percentage of the net asset value per Share than would typically be the case with UCITS which invest directly in equity and bond markets (and not through other UCITS/UCI/funds).

## **5.2 Underlying Asset risks**

### **(a) General**

*Underlying Asset calculation and substitution:* in certain circumstances described in the relevant Appendix, the Underlying Asset may cease to be calculated or published on the basis described or such basis may be altered or the Underlying Asset may be substituted. In certain circumstances such as the discontinuance in the calculation or publication of the Underlying Asset or suspension in the trading of any constituents of the Underlying Asset, it could result in the suspension of trading of the Shares or

the requirement for market makers to provide two way prices on the relevant stock exchanges.

*Corporate actions:* securities comprising an Underlying Asset may be subject to change in the event of corporate actions in respect of those securities.

*Tracking error:* the following are some of the factors which may result in the value of the Shares varying from the value of the Underlying Asset: investments in assets other than the Underlying Asset may give rise to delays or additional costs and taxes compared to an investment in the Underlying Asset; investment or regulatory constraints may affect the Company but not the Underlying Asset; the fluctuation in value of a Compartment's assets; where applicable, any differences between the maturity date of the Shares and the Maturity Date of the relevant Compartment's assets; and the existence of a cash position held by a Compartment.

*No investigation or review of the Underlying Asset(s):* none of the Management Company, the Investment Manager (if any) or any of their delegates (if any) or affiliates has performed or will perform any investigation or review of the Underlying Asset on behalf of any prospective investor in the Shares. Any investigation or review made by or on behalf of the Company, the Management Company, the Investment Manager (if any) or any of their delegates (if any) or any of their affiliates is or shall be for their own proprietary investment purposes only.

(b) Certain risks associated with particular Underlying Assets

Certain risks associated with investment in particular Underlying Assets or any securities comprised therein are set out below.

*Shares:* the value of an investment in Shares will depend on a number of factors including, but not limited to, market and economic conditions, sector, geographical region and political events.

*Pooled investment vehicles:* alternative investment funds, mutual funds and similar investment vehicles operate through the pooling of investors' assets. Investments are then invested either directly into assets or are invested using a variety of hedging strategies and/or mathematical modelling techniques, alone or in combination, any of which may change over time. Such strategies and/or techniques can be speculative, may not be an effective hedge and may involve substantial risk of loss and limit the opportunity for gain. It may be difficult to obtain valuations of products where such strategies and/or techniques are used and the value of such products may depreciate at a greater rate than other investments. Pooled investment vehicles are often unregulated, make available only limited information about their operations, may incur extensive costs, commissions and brokerage charges, involve substantial fees for investors (which may include fees based on unrealised gains), have no minimum credit standards, employ high risk strategies such as short selling and high levels of leverage and may post collateral in unsegregated third party accounts.

*Indices:* the compilation and calculation of an index or portfolio will generally be rules based, account for fees and include discretions exercisable by the index provider or investment manager (if any). Methodologies used for certain proprietary indices are designed to ensure that the level of the index reaches a pre-determined level at a specified time. However, this mechanism may have the effect of limiting any gains above that level. Continuous protection or lock-in features designed to provide protection in a falling market may also result in a lower overall performance in a rising market.

*Real estate:* the risks associated with an indirect investment in real estate include, but are not limited to: the cyclical nature of real estate values, changes in environmental, planning, landlord and tenant, tax or other laws or regulations affecting real property, demographic trends, variations in rental income and increases in interest rates.

*Commodities:* prices of commodities are influenced by, among other things, various micro and macro economic factors such as changing supply and demand relationships, weather conditions and other

natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programmes and policies of governments (including government intervention in certain markets) and other events.

*Structured finance securities:* structured finance securities include, without limitation, asset-backed securities and credit-linked securities, which may entail a higher liquidity risk than exposure to sovereign or corporate bonds. Certain specified events and/or the performance of assets referenced by such securities, may affect the value of, or amounts paid on, such securities (which may in each case be zero).

*Master-Feeder Structure:* using a "feeder-master" fund structure, in particular the existence of multiple feeder funds investing in a Master fund, presents certain risks to the investors. Smaller feeder funds may be materially affected by the actions of larger feeder funds. For example, it is expected that a feeder fund may initially, and perhaps for the life of the Master Fund, hold a larger portion of the net asset value of the outstanding interests of the Master Fund. Consequently, if such feeder fund were to redeem from the Master Fund, the remaining feeder funds, including the Feeder Compartment, may experience higher pro rata operating expenses, thereby producing lower returns, and the Master Fund may become less diverse due to redemption by a larger feeder fund, resulting in increased portfolio risk.

*Emerging Markets:* underlying investments in emerging markets involve additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks may include (i) increased risk of nationalisation or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalisation of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realisation of investments, repatriation of invested capital and on the ability to exchange local currencies for the Reference Currency; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of the Compartment's financial instruments with brokers and securities depositories. Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. A Compartment may be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on financial instruments held by the Company or gains from the disposition of such financial instruments.

In emerging markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision which is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The Compartments may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in local courts.

Investments in securities of issuers in emerging markets may be subject to greater risks than investments in securities of issuers from OECD Member States due to a variety of factors including currency controls and currency exchange rates fluctuations, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations, expropriation, confiscatory taxation and potential difficulties in enforcing contractual obligations. There may be less publicly available information about issuers in certain countries and such issuers may not be subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of most OECD issuers. In certain countries, securities of local issuers are less liquid and more volatile than securities of comparable issuers of more mature economies and subject to lower levels of government supervision than those on the OECD. The investments in such markets may be considered speculative and subject to significant custody and clearance risks and delay in settlement.

*Others:* Underlying Asset(s) may include other assets which involve substantial financial risk such as distressed debt, low quality credit securities, forward contracts and deposits with commodity trading advisors (in connection with their activities).

### **5.3 Risk of investing in a Master Fund**

*Liquidity and valuation risk:* when a Compartment is a Feeder Compartment, it is intended that the Feeder Compartment will invest substantially all of its assets in the Master Fund save for a residual cash amount which may be required from time to time for dealing liquidity purposes and payment of costs and expenses of the Feeder Fund. The net asset value of the Feeder Compartment will mainly depend on the net asset value of the Master Fund. Consequently, the net asset value per Share may be determined only after the net asset value of the Master Fund has been determined, and the number of Shares to be issued to, exchanged or redeemed from, an investor in the Feeder Compartment may not be determined until the net asset value per share of the Master Fund is determined. The determination of the net asset value per Share may be suspended upon a suspension of the calculation of the net asset value per share of the Master Fund or any other suspension or deferral of the issue, redemption and/or exchange of shares in the Master Fund. The rules applied to calculate the net asset value per Share, presume the Feeder Compartment's ability to value its investment in the Master Fund. In valuing such investment holdings, the Feeder Compartment may rely on financial information provided by the Management Company and the administrator of the Master Fund.

*Operational and legal risks:* the main operational and legal risks associated with any Feeder Compartment's investment in the Master Fund include, without being limited to, the Feeder Compartment's access to information on the Master Fund, coordination of dealing arrangements between the Feeder Compartment and the Master Fund, the occurrence of events affecting such dealing arrangements, the communication of documents from and to the Master Fund to and from the Feeder Compartment, the coordination of the involvement of the respective depositary and auditor of the Feeder Compartment and the Master Fund and the identification and reporting of investment breaches and irregularities by the Master Fund. Such operational and legal risks will be mitigated and managed by the Management Company, the Depositary and the independent auditor, as applicable, in coordination with the depositary, the administrator and the auditor of the Master Fund. A number of documents and/or agreements are in place to that effect, including (1) internal conduct of business rules established by the Management Company, (2) an information sharing agreement between the Depositary and the depositary of the Master Fund (if applicable), and (3) an information exchange agreement between the Independent auditor of the Company and the auditor(s) of the Master Fund (if applicable).

*Concentration risk and market risk:* given the feeder nature of the Feeder Compartment, it will naturally be concentrated in the Master Fund. Therefore, concentration risks and market risks will mainly occur at the level of the Master Fund. In this respect, investors should carefully read the risks associated with an investment in the Master Fund, as described in the prospectus of the Master Fund.

*Investment management risk:* the investment performance of the Feeder Fund is substantially dependent on the investment performance of the Master Fund and, therefore, on the services provided by certain

individuals to the Master Fund. In the event of the death, incapacity, departure, insolvency or withdrawal of these individuals, the performance of the Master Fund and, consequently, the Feeder Fund, may be adversely affected.

#### **5.4 Risks relating to the use of SFTs**

##### **(i) Counterparty risk**

The Company and any of its Compartments may enter into repurchase agreements and reverse repurchase agreements as a buyer or as a seller subject to the conditions and limits set out in section “SFTs and TRS”. If the other party to a repurchase agreement or reverse repurchase agreement should default, the Company or the relevant Compartment might suffer a loss to the extent that the proceeds from the sale of the underlying securities and/or other collateral held by the Company or the relevant Compartment in connection with the repurchase agreement or reverse repurchase agreement are less than the repurchase price or, as the case may be, the value of the underlying securities. In addition, in the event of bankruptcy or similar proceedings of the other party to the repurchase agreement or reverse repurchase agreement or its failure otherwise to perform its obligations on the repurchase date, the Company or the relevant Compartment could suffer losses, including loss of interest on or principal of the security and costs associated with delay and enforcement of the repurchase agreement or reverse repurchase agreement.

The Company and any of its Compartments may enter into securities lending transactions subject to the conditions and limits set out in the section relating to Efficient Portfolio Management Techniques and section relating to the use of SFTs. If the other party to a securities lending transaction should default, the Company or the relevant Compartment might suffer a loss to the extent that the proceeds from the sale of the collateral held by the Company or the relevant Compartment in connection with the securities lending transaction are less than the value of the securities lent. In addition, in the event of the bankruptcy or similar proceedings of the other party to the securities lending transaction or its failure to return the securities as agreed, the Company or the relevant Compartment could suffer losses, including loss of interest on or principal of the securities and costs associated with delay and enforcement of the securities lending agreement.

##### **(ii) Operational risk**

The risks arising from the use of repurchase agreements, reverse repurchase agreements and securities lending transactions will be closely monitored and techniques (including collateral management) will be employed to seek to mitigate those risks. Although it is expected that the use of repurchase agreements, reverse repurchase agreements and securities lending transactions will generally not have a material impact on the Company' or the relevant Compartment's performance.

##### **(iii) Liquidity risk**

The use of such techniques may have a significant effect, either negative or positive, on the Company' or the relevant Compartment 's NAV. The use of such techniques may although have an impact on the ability of the Company to meet redemption requests, security purchases or, more generally, reinvestment.

##### **(iv) Legal risk**

The use of SFT's and their consequences for the Company, are substantially affected by legal requirements. No assurance can be given that future legislation, administrative rulings or court decisions will not adversely affect the Company. Furthermore, certain transactions are entered into on the basis of complex legal documents. Such documents may be difficult to enforce or may be the subject of a dispute as to interpretation in certain circumstances. Whilst the rights and obligations of the parties to a legal document may be governed by Luxembourg law, in certain circumstances (for example insolvency proceedings) other legal systems may take priority which may affect the enforceability of existing transactions.

#### **(v) Custody risk**

The Company's assets are held in custody by the Depository Bank, which exposes the Company to custodian risk. This means that the Company is exposed to the risk of loss of assets placed in custody as a result of insolvency, negligence or fraudulent trading by the Depository Bank.

#### **5.6 Risk relating to the use of TRSs**

Because it does not involve physically holding the securities, synthetic replication through total return (or unfunded swaps) and fully-funded swaps can provide a means to obtain exposure to difficult-to-implement strategies that would otherwise be very costly and difficult to have access to with physical replication. Synthetic replication therefore involves lower costs than physical replication. Synthetic replication however involves counterparty risk. If the Compartment engages in TRSs, there is the risk – beyond the general counterparty risk – that the counterparty may default or not be able to meet its obligations in full. Where the Company and any of its Compartment enters into TRSs on a net basis, the two payment streams are netted out, with Company or each Compartment receiving or paying, as the case may be, only the net amount of the two payments. Total return swaps entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to TRSs is limited to the net amount of the difference between the total rate of return of a reference investment, index or basket of investments and the fixed or floating payments. If the other party to a TRS defaults, in normal circumstances the Company or relevant Compartment's risk of loss consists of the net amount of total return payments that the Company or Compartment is contractually entitled to receive.

#### **5.7 Other risks**

*Potential conflicts of interest:* the Management Company, the Investment Manager (if any), their delegates (if any), the sales agents, the Administration Agent, and the Depository may from time to time act as management company, investment manager or adviser, sales agent, administration agent, registrar or custodian in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of any Compartment.

The Management Company, the Investment Manager (if any) and their delegates (if any) will enter into all transactions on an arm's length basis. The directors of the Management Company, the directors of the Investment Manager (if any), their delegates (if any) and any affiliate thereof, members, and staff may engage in various business activities other than their business, including providing consulting and other services (including, without limitation, serving as director) to a variety of partnerships, corporations and other entities, not excluding those in which the Company invests.

In the due course of their business, the above persons and entities may have potential conflicts of interest with the Company or Compartment. Any kind of conflict of interest is to be fully disclosed to the Board of Directors. In such event, each person and entities will at all times endeavour to comply with its obligations under any agreements to which it is party or by which it is bound in relation to the Company or any Compartment.

The directors of the Management Company, the directors of the Investment Manager (if any), the directors of their delegates (if any) and their members will devote the time and effort necessary and appropriate to the business of the Company.

Although it is aimed to avoid such conflicts of interest, the Management Company, the Investment Manager (if any), their delegates (if any) and their members will attempt to resolve all nonetheless arising conflicts in a manner that is deemed equitable to all parties under the given circumstances so as to serve the best interests of the Company and its Shareholders.

*Allocation of shortfalls among Classes of a Compartment:* the right of holders of any Class to participate in the assets of the Company is limited to the assets (if any) of the relevant Compartment and all the assets comprising a Compartment will be available to meet all of the liabilities of the Compartment,

regardless of the different amounts stated to be payable on the separate Classes (as set out in the relevant Appendix). For example, if on a winding-up of the Company, the amounts received by the Company under the relevant Compartment's assets (after payment of all fees, expenses and other liabilities which are to be borne by the relevant Compartment) are insufficient to pay the full redemption amount payable in respect of all Classes of the relevant Compartment, each Class of the Compartment will rank *pari passu* with each other Class of the relevant Compartment and the proceeds of the relevant Compartment will be distributed equally amongst the Shareholders of that Compartment pro rata to the amount paid up on the Shares held by each Shareholder. The relevant Shareholders will have no further right of payment in respect of their Shares or any claim against any other Compartment or any other assets of the Company. This may mean that the overall return (taking account of any dividends already paid) to Shareholders who hold Shares paying dividends quarterly or more frequently may be higher than the overall return to Shareholders who hold Shares paying dividends annually and that the overall return to Shareholders who hold Shares paying dividends may be higher than the overall return to Shareholders who hold Shares paying no dividends. In practice, cross liability between Classes is only likely to arise where the aggregate amounts payable in respect of any Class exceed the assets of the Compartment notionally allocated to that Class, that is, those amounts (if any) received by the Company under the relevant Compartment's assets (after payment of all fees, expenses and other liabilities which are to be borne by such Compartment) that are intended to Company payments in respect of such Class or are otherwise attributable to that Class. In these circumstances, the remaining assets of the Compartment notionally allocated to any other Class of the same Compartment may be available to meet such payments and may accordingly not be available to meet any amounts that otherwise would have been payable on such other Class.

*Consequences of winding-up proceedings:* if the Company fails for any reason to meet its obligations or liabilities, or is unable to pay its debts, a creditor may be entitled to make an application for the winding-up of the Company. The commencement of such proceedings may entitle creditors (including the Swap Counterparty) to terminate contracts with the Company and claim damages for any loss arising from such early termination. The commencement of such proceedings may result in the Company being dissolved at a time and its assets (including the assets of all Compartments) being realised and applied to pay the fees and expenses of the appointed liquidator or other insolvency officer, then in satisfaction of debts preferred by law and then in payment of the Company's liabilities, before any surplus is distributed to the Shareholders of the Company. In the event of proceedings being commenced, the Company may not be able to pay the full amounts anticipated by the relevant Appendix in respect of any Class or Compartments.

## **5.8 Sustainability Risks**

Investors should note that Sustainability Risks generally vary by asset class, geographic scope, sectors and industries.

Sustainability Risks are principally linked to climate-related events resulting from climate change (*i.e.* Physical Risks) or to the society's response to climate change (*i.e.* Transition Risks), which may result in unanticipated losses that could affect Compartment' investments and financial condition.

Social events (*e.g.* inequality, inclusiveness, labour relations, investment in human capital, accident prevention, changing customer behaviour, *etc.*) or governance shortcomings (*e.g.* recurrent significant breach of international agreements, bribery issues, products quality and safety, selling practices, *etc.*) may also translate into Sustainability Risks.

Irrespective of whether the Compartments actively promote ESG characteristics and/or Sustainability Factors, they remain exposed to Sustainability Risks.

Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the

long-term risk-adjusted returns, as further described under section “Sustainability Related Disclosures” of the Prospectus.

## **6. SUSTAINABILITY RELATED DISCLOSURES**

Pursuant to the SFDR, the Company is required to disclose the manner in which Sustainability Risks are integrated into the investment decision process implemented with respect to the Compartments as well as the results of the assessment of the likely impacts of Sustainability Risks on the returns of each Compartment.

Unless otherwise indicated in the corresponding Compartments’ Appendix, the Compartments do not actively promote ESG characteristics. They remain exposed to Sustainability Risks which are integrated into the investment decision making and risk monitoring for all the Compartments to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns.

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

This section describes how sustainability risks are integrated in the investment decision process while the specific assessment of the likely impact of Sustainability Risks must be conducted at Compartment level. Further details and specific information are provided in the relevant Compartment’s Appendix.

More information on the incorporation of Sustainability Risks and opportunities into day-to-day business operations, are to be found on <https://www.lbofrance.com>.

### **Integration of Sustainability Risks**

Except to the extent that more restrictive rules are provided for in connection with a specific Compartment under the relevant Appendix, the investment policy of all Compartments shall comply with the rules laid down hereafter in relation to the integration of Sustainability Risks.

Evaluating Sustainability Risks is an integral part of each Compartment’s investment process as, in the Management Company’s view; Sustainability Risks can materially affect a company’s financial performance, competitiveness and overall risk profile.

The Management Company considers Sustainability Risks as part of its broader analysis of individual issuers, using inputs from the Management Company’s team of ESG analysts to help identify exposure to Sustainability Risks, prepare for company engagement and collaborate on new research inputs. The factors which will be considered by the Management Company will vary depending on the security in question, but typically include ownership structure, board structure and membership, capital allocation track record, management incentives, labour relations history, and climate risks.

In assessing these risks, the Management Company draws upon a wide variety of internal and external research to assess any potential impact on the value of the assets over the time horizon of the Company.

The Investment Manager (if any) will also explicitly manage the Compartment’s potential exposure to climate-type risks and other sustainability risks as defined under section “Risk Warning” of the Prospectus.

## **7. TAXONOMY DISCLAIMER**

Where a Compartment is not identified as subject to the disclosure requirements of Article 8 or Article 9 of the SFDR, such Compartment is subject to Article 7 of the Regulation (EU) 2020/852 (the

“**Taxonomy Regulation**”) and must disclose that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

As at the date of this Prospectus e-identified by the CSSF, the investments underlying the Compartments which are not identified as subject to the disclosure requirements of Article 8 or Article 9 of the SFDR, if any, do not take into account the EU criteria for environmentally sustainable economic activities.

## **8. ISSUE, REDEMPTION AND CONVERSION OF SHARES**

Shares will be issued in registered form.

As further described in each relevant Appendix, the Company may create within each Compartment issue different Classes whose assets will be commonly invested pursuant to the specific investment policy of the relevant Compartment.

A distinct fee structure, currency of denomination, dividend policy, minimum holding amount, eligibility requirements or other specific feature may apply. The Company may notably issue Shares reserved to retail investors and Shares reserved to institutional investors. The range of available Classes and their features are described in the relevant Appendices.

Shares of a Compartment may be listed on the Luxembourg Stock Exchange or any other Regulated Market at the discretion of the Board of Directors and may be cleared through Clearstream Banking or Euroclear or other central depositories.

### **8.1 Subscription, Redemption and Conversion Requests**

Unless otherwise provided for a specific Compartment in the relevant Appendix, requests for subscription, redemption and conversion of Shares should be sent to one of the sub-distribution and private placement agents or to the Company at its registered address in Luxembourg. Requests may also be accepted by facsimile transmission, or at the discretion of the Company by other means of telecommunication. An application form can be obtained from the Company.

Unless otherwise specified in the Appendix for any Compartment, requests for subscriptions, redemptions and conversions from or to any Compartment will be dealt with on the relevant Calculation Day, subject to the cut-off time specified in the relevant Appendix.

Requests received after such time will be accepted on the next Calculation Day. As a result, requests for the subscription, redemption and conversion of Shares shall be dealt with on an unknown net asset value basis before the determination of the net asset value for that day.

The Company does not permit market timing (as set out in CSSF Circular 04/146) or related excessive, short-term trading practices.

The Company has the right to reject any request for the subscription or conversion of Shares from any investor engaging in such practices or suspected of engaging in such practices and to take such further action as it may deem appropriate or necessary.

Subscription, redemption and conversion of Shares of a given Compartment shall be suspended whenever the determination of the net asset value per Share of such Compartment is suspended by the Company.

The Management Company may enter into an agreement with the distribution agent giving the distribution agent the power to sub delegate the distribution pursuant to which they agree to act as or appoint nominees for investors subscribing for Shares through their facilities. In such capacity the distributor or sales agent may effect subscriptions, conversion and redemptions of Shares in the nominee name on behalf of individual investors and request the registration of such transactions on the register of Shareholders of the Company in the nominee name.

The appointed nominee maintains its own records and provides the investor with individualised information as to its holdings of Shares in the Company. Except where local law or custom prohibits the practice, investors may invest directly in the Company and not avail themselves of a nominee service.

Unless otherwise provided by local law, any Shareholder holding shares in a nominee account with a distributor has the right to claim, at any time, direct title to such Shares.

## **8.2 Anti-Dilution Levy**

To protect the interests of Shareholders from the dilution effects of potential large subscription or redemptions in any Compartment, the Management Company may activate an anti-dilution levy (the “ADL”).

The ADL is applied to subscription or redemption orders and paid into the assets of the relevant Compartment. The purpose of the ADL is to ensure that the liquidity costs incurred by the Compartment resulting from such transactions are borne by the Shareholders whose subscriptions or redemptions give rise to those costs, rather than by existing and/or remaining Shareholders.

The ADL should reflect the estimated costs associated with the purchase or sale of assets required to meet subscription or redemption requests, including explicit transaction costs and, where appropriate, pursuant to the investment strategy of the Compartment, implicit transaction costs such as bid-ask spreads or market impact, which shall be estimated on a best effort basis.

The Management Company may implement the ADL where on a Valuation Day, the aggregate net subscriptions or redemptions in Shares of a Compartment exceed three percent (3%) of the Net asset value of that Compartment.

Where such threshold is exceeded:

- in the case of net subscriptions, the ADL may be charged to subscribing investors;
- in the case of net redemptions, the ADL may be deducted from the redemption proceeds payable to redeeming investors.

The anti-dilution levy to be applied is not expected to exceed two percent (2%) of the subscription or redemption orders. However, the Management Company may decide to go beyond this limit or any other limit set forth in exceptional circumstances (such as, but not limited to, higher market volatility) to protect Shareholders’ interests. A periodical review will be undertaken in relation to market conditions to ensure that the ADL appropriately reflects the estimated liquidity costs and ensures fair treatment of Shareholders.

Any amount collected through the application of the ADL shall be accrued entirely by the relevant Compartment.

The decision to apply an anti-dilution levy and the determination of its level shall be taken by the Management Company in accordance with its liquidity risk management framework and applicable regulatory requirements.

## **8.3 Deferral of Redemptions and Conversion**

If the total requests for redemption and conversion out of a Compartment on any Calculation Day exceed 10% (or a lower percentage, where expressly provided for in the Appendix) of the total value of Shares in issue of that Compartment, the Company may decide that redemption and conversion requests

in excess of 10% (or a lower percentage, where expressly provided for in the Appendix) shall be deferred until the next Calculation Day. On the next Calculation Day, or Calculation Days until completion of the original requests, deferred requests will be dealt with in priority to later requests.

#### **8.4 Settlements**

Subscriptions will generally be settled in cash. Payment of the Subscription Price must be made in cleared funds on the second Business Day from the relevant Calculation Day, unless otherwise indicated in the relevant Appendix.

However on an exceptional basis the Board of Directors may agree to issue shares as consideration for a contribution in kind of securities, in compliance with the conditions set forth by Luxembourg law, which may in particular provide for the obligation to deliver a valuation report from the auditor of the Company ("*réviseur d'entreprises agréé*") and provided that such securities comply with the investment objectives and policies of the relevant Compartment. Subscription in kind may be accepted in lieu, or in addition to cash payments. All costs and expenses related to the organisation of the contribution in kind of securities shall be borne by the relevant investor(s).

If, on the Settlement Day as determined in the Appendix, banks are not open for business, or an interbank settlement system is not operational, in the country of the currency of the relevant Class, then settlement will be on the next Business Day on which those banks and settlement systems are open.

Confirmation of completed subscriptions, redemptions and conversions will normally be dispatched on the Business Day following the execution of the transaction.

No redemption payments will be made until the original application form and relevant subscription monies have been received from the Shareholder and all the necessary anti-money laundering checks have been completed. Redemption proceeds will be paid on receipt of faxed instructions where such payment is made into the account specified by the Shareholder in the original application form submitted. However, any amendments to the Shareholder's registration details and payment instructions can only be effected upon receipt of original documentation.

#### **8.5 Minimum Subscription and Holding Amounts**

A minimum initial and subsequent subscription amount and minimum holding amounts for each Class may be set forth, as further detailed in the Appendices to the Prospectus. The Company has the discretion, from time to time, to waive or reduce any applicable minimum subscription and/or holding amounts.

The right to transfer, redeem or convert Shares is subject to compliance with any conditions (including any minimum subscription or holding amounts and eligibility requirements) applicable to the Class from which the redemption or conversion is being made, and also the Class into which the conversion is to be effected.

The Board of Directors may also, at any time, decide to compulsorily redeem all Shares from Shareholders whose holding is less than the minimum holding amount specified in the relevant Appendix or who fail to satisfy any other applicable eligibility requirements set out above. In such case the Shareholder concerned will receive one month's prior notice so as to be able to increase its holding above such amount or otherwise satisfy the eligibility requirements.

If a redemption or conversion request would result in the amount remaining invested by a Shareholder falling below the minimum holding amount of that Class, such request will be treated as a request to redeem or convert, as appropriate, the Shareholder's total holding in that Class. If the request is to transfer Shares, then that request may be refused by the Company.

The Company may restrict or prevent the ownership of Shares in the Company by any person, firm or corporate body, if in the opinion of the Company such holding (i) may be detrimental to the Company, (ii) if it may result in a breach of any law or regulation, whether Luxembourg or foreign, (iii) if as a result thereof the Company may become exposed to tax disadvantages or other financial disadvantages that it would not have otherwise incurred or (iv) if such person, firm or corporate body would not comply with the eligibility criteria of a given Class. Such persons, firms or corporate bodies to be determined by the Board of Directors.

If the Company becomes aware that a Shareholder is holding Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Company or the Shareholders or would otherwise be detrimental to the interests of the Company or that the Shareholder has become or is a US Person, the Company may, in its sole discretion, redeem the Shares of the Shareholder. "US Person" shall have the meaning given in Regulation S under the U.S. Securities Act of 1933, as amended, and shall mean any national, citizen or resident of the United States of America or of any of its territories or possessions or areas subject to its jurisdiction or any person who is normally resident therein (including the estate of any such person or corporations or partnerships created or organised therein).

Shareholders are required to notify the Company immediately in the event that they are or become US Persons or hold Shares for the account or benefit of US Persons or hold Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Company or the Shareholders or otherwise be detrimental to the interests of the Company.

Where it appears that a person who should be precluded from holding Shares, either alone or in conjunction with any other person, is a beneficial owner of Shares, the Company may compulsorily redeem all Shares so owned in accordance with the provisions of the Articles.

## **8.6 Issue of Shares**

Subscriptions for Shares can be made in relation to any day that is a Calculation Day for the relevant Compartment. Shares will be allotted at the subscription price of the relevant Class i.e. the net asset value per Share of such Class determined on the applicable Calculation Day for which the request has been accepted plus the applicable subscription fee, if any. Any subscription request shall be irrevocable.

If any sale commissions applied in relation to any particular Compartment, it will be disclosed in the relevant Appendix. The Company might be entitled to receive the sale commission (if any).

Failure to make good settlement by the Settlement Day as determined in the Appendix, may result in the Management Company bringing an action against the defaulting investor or its financial intermediary or deducting any costs or losses incurred by the Company against any existing holding of the applicant in the Company. In all cases any money returnable to the investor will be held by the Company without payment of interest pending receipt of the remittance.

Payment for Shares must be received by the Company in the reference currency of the relevant Class. Requests for subscriptions in any other major freely convertible currency will be accepted.

Investors are advised to refer to the terms and conditions applicable to subscriptions, which may be obtained by contacting the Company.

The Company may also limit the distribution of a given Class or Compartment to specific countries.

The Company may also restrict the distribution of the Company's Shares by distributors or agents who have not been approved.

The Company may also restrict or prevent the ownership of Shares by any person, firm or corporation, if such ownership may be against the interests of the Company or of the majority of Shareholders or of any Compartment or Class therein.

Where it appears that a person who should be precluded from holding Shares, either alone or in conjunction with any other person, is a beneficial owner of Shares, the Company may compulsorily redeem all Shares so owned in accordance with the provisions of the Articles.

The Company may, in its absolute discretion, delay the acceptance of any subscription for Shares of a Class restricted to institutional investors until such date as it has received sufficient evidence of the qualification of the investor as an institutional investor.

### **8.7 Anti-Money Laundering Procedures**

Pursuant to international rules and AML Regulations, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment must in principle ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The registrar agent may require subscribers to provide any document it deems necessary to effect such identification.

This identification procedure must be complied with by the Administration Agent, acting as registrar and transfer agent (or the relevant competent agent of registrar and transfer agent) in the case of direct subscriptions to the Company, and in the case of subscriptions received by the Company from any intermediary resident in a country that does not impose on such intermediary an obligation to identify investors equivalent to that required under AML Regulations.

In case of delay or failure by a subscriber to provide the documents required, the application for subscription (or, if applicable, for redemption) will not be accepted. Neither the undertakings for collective investment nor the registrar agent have any liability for delays or failure to process deals as a result of the subscriber providing no or only incomplete documentation.

### **8.8 Redemption of Shares**

Requests for the redemption of Shares can be made in relation to any Calculation Day for the relevant Compartment. Redemptions will be carried out at the redemption price of the relevant Class, i.e. the net asset value per Share of such Class determined on the applicable Calculation Day on which the request has been accepted less the applicable redemption fee, if any. Any redemption request shall be irrevocable.

The Company may carry out any authentication procedures that it considers appropriate relating to a redemption request. This aims to mitigate the risk of error and fraud for the Company, its agents or Shareholders. Where it has not been possible to complete any authentication procedures to its satisfaction, the Company may delay the processing of payment instructions until authentication procedures have been satisfied.

This will not affect the Calculation Day on which the redemption request is accepted and the redemption to be applied. The Company shall not be held responsible to the Shareholder or anyone if it delays execution or declines to execute redemption instructions in these circumstances.

The Board of Directors may, upon request of one or more Shareholders, decide at its full discretion and provided that this does not affect the rights of the remaining Shareholders, to redeem the Shares in all or in part in kind in lieu of paying the redemption price in cash. In the case of several Shareholders redeeming in kind, assets transferred from the Compartments shall be distributed on a *pro rata* basis. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other holders of Shares of the relevant Class or Classes

and the valuation used shall be confirmed by a special report of the auditor of the Company. The costs of any such transfers shall be borne by the transferee. The short fall, if any, shall be satisfied in cash. All stamp duties, transfer and registration fees shall be paid by the redeeming Shareholder(s).

Redemption payments will normally be paid in the reference currency of the Class by bank transfer on the second Business Day from the relevant Calculation Day, unless otherwise indicated in the relevant Appendix. The Company is not responsible for any delays or charges incurred at any receiving bank or settlement system. A Shareholder may request, at its own cost and subject to the Company's prior approval that their redemption proceeds be paid in a currency other than the reference currency of the relevant Class.

If, in exceptional circumstances, redemption proceeds cannot be paid within the period specified above, payments will be made as soon as reasonably practicable thereafter (not exceeding, however, 10 Business Days) at the redemption price calculated on the relevant Calculation Day, it being understood that the Board of Directors will always ensure the overall liquidity of the Company.

If any redemption fee is applied in relation to any particular Compartment or Class, it will be disclosed in the relevant Appendix. The Company may be entitled to receive the redemption fee (if any).

Shares redeemed by the Company become null and void.

### **8.9 Conversion of Shares**

Subject to any provision under this Prospectus and its Appendices, Shareholders have the right to convert all or part of their Shares of any Class of a Compartment into Shares of another Class of that or another Compartment, by applying for conversion in the same manner as for the subscription and redemption of Shares. Conversions within the Company are permitted provided that the Shareholder satisfies the eligibility requirements and minimum holding amounts set out in the Appendix such other conditions applicable to the contemplated Classes.

Conversion may be requested on a common Calculation Day for the original Class and the contemplated Class. The number of Shares issued upon conversion will be based upon the redemption price of the original Class and the net asset value of the contemplated Class, plus a conversion charge (if any), as disclosed in the relevant Appendix. The Company is entitled to any charges arising from conversions and any rounding adjustment. Any conversion request shall be irrevocable.

### **8.10 Transfer of Shares**

Subject to the restrictions described herein, Shares are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to the relevant Class.

The transfer of Shares may normally be carried out by delivery to the relevant distributor, sales agent or the Company of an instrument of transfer in appropriate form. On the receipt of the transfer request, and after reviewing the endorsement(s), signature(s) may be required to be certified by an approved bank, stock broker or public notary.

The right to transfer Shares is subject to the minimum investment and holding requirements as detailed above and in the Appendix.

Shareholders are advised to contact the relevant distributor, sales agent or the Company prior to requesting a transfer to ensure that they have the correct documentation for the transaction.

## **9. DIVIDEND POLICY**

With respect to capitalisation Classes, the Board of Directors intends to recommend at the annual general meeting the reinvestment of their net assets.

Distributions may take place either in the form of a distribution of dividends or through redemption of Shares according to the rules defined in the Appendices.

With respect to distribution Classes, the Board of Directors may decide to distribute interim dividends in the form of cash in the reference currency of the Class.

No distribution will be made to the extent that it would lead the capital of the Company to fall below EUR 1,250,000.

Distribution proceeds unclaimed after five years from the date of declaration will lapse and revert to the relevant Compartment.

## **10. MANAGEMENT AND ADMINISTRATION**

The Directors of the Company are responsible for its management and supervision including the determination of investment policies.

### **10.0 Management Company**

Pursuant to the Fund Management Agreement, the Company appointed LBO France Gestion as its management company.

Under the Fund Management Agreement, the Management Company provides investment management services, administrative agency, registrar and transfer agency services and marketing, distribution services to the Company, subject to the overall supervision and control of the Board of Directors.

LBO France Gestion is incorporated as a French SAS within the Registre de Commerce et des Sociétés under number 418 354 502. LBO France Gestion is authorised and supervised by the Autorité des Marchés Financiers since February 26, 1998 and it obtained its extension of authorization on 5 April 2024, covering, in accordance with its Articles, management of UCITS.

The Management Company acts as the management company of the Company under the principle of freedom to provide services established by the UCITS Directive and the Law of 2010. Consequently, the Management Company will comply with the applicable laws and regulations of France, being the 'home Member State' of the Management Company, with respect to its organisation, including delegation arrangements, risk management procedures, prudential rules and supervision, administrative procedures and control mechanisms, the management of conflicts of interest and reporting requirements. The Management Company will comply with Luxembourg laws and regulations with respect to the constitution and functioning of the Company.

The Fund Management Agreement is concluded for an indefinite period of time and may be terminated by either party upon ninety (90) days prior written notice or forthwith by notice in writing in the specific circumstances provided in such agreement.

The Management Company shall at all times act in the best interests of the Shareholders and according to the provisions set forth by the Law of 2010, the Prospectus and the Articles.

In fulfilling its responsibilities set forth by the Law of 2010 and the Fund Management Agreement, the Management Company is permitted to delegate all or a part of its functions to third parties, provided that it retains responsibility and oversight over such delegates. The appointment of third parties is subject to the approval of the Company and the CSSF. The Management Company's liability shall not be affected by the fact that it has delegated its functions to third parties.

Third parties to whom such functions have been delegated by the Management Company will be remunerated directly by the Company (out of the assets of the relevant Compartment), except as otherwise provided in the relevant Appendix. The Management Company shall also ensure compliance

of the Company with the investment restrictions and oversee the implementation of the investment policy of each Compartment.

The Management Company will receive periodic reports from the Company's service providers in relation to the services which they provide. The Management Company shall also submit its own report to the Board of Directors on a periodic basis and inform the Board of Directors without delay of any non-compliance of the Company with the investment restrictions of each Compartment.

The Management Company may act as the management company of other open-ended collective investment schemes. The names of these other collective investment schemes are available upon request.

In consideration of its services, the Management Company is entitled to receive fees (the “**Management Company Fee**”) as indicated in the relevant Appendix. These fees shall be calculated based on the net asset value of the Compartment and shall be paid monthly in arrears, except otherwise indicated in the relevant Appendix.

In accordance with the 2014/91/UE Directive, the Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that does not encourage risk taking which is inconsistent with the risk profile and the Articles of the Company.

The Management Company’s remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company and the Company and its investors and includes measures to avoid conflicts of interest.

The Management Company’s remuneration policy and practices include fixed and variable components of salaries and discretionary pension benefits and apply to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company or of the Company.

If and to the extent applicable, the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Company managed by the Management Company in order to ensure that the assessment process is based on the longer-term performance of the Company and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period.

The details of the Management Company’s remuneration policy are available in the annual financial statements of the Company. A paper copy of the remuneration policy will be made available free of charge to the investors of the Company upon request to the Management Company.

(a) Conflicts of Interest

For the purpose of identifying the types of conflict of interest that arise in the course of providing services and activities and whose existence may damage the interest of the Company, the Management Company will take into account, by way of minimum criteria, the question of whether the Management Company or a relevant person, or a person directly or indirectly linked by way of control to the Management Company, is in any of the following situations, whether as a result of providing collective portfolio management activities or otherwise:

- (i) the Management Company or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the Company;
- (ii) the Management Company or that person has an interest in the outcome of a service or an activity provided to the Company or another client or of a transaction carried out on

behalf of the Company or another client or, which is distinct from the Company interest in that outcome;

- (iii) the Management Company or that person has a financial or other incentive to favour the interest of another client or group of clients over the interests of the Company;
- (iv) the Management Company or that person carries on the same activities for the Company and for another client or clients which are not UCITS; and
- (v) the Management Company or that person receives or will receive from a person other than the Company an inducement in relation to collective portfolio management activities provided to the Company, in the form of monies, goods or services, other than the standard commission or fee for that service.

When identifying any potential types of conflict of interests, the Management Company will take into account

- (i) the interests of the Management Company, including those deriving from its belonging to a group or from the performance of services and activities, the interests of the clients and the duty of the Management Company towards the Company, as well as
- (ii) the interests of two or more managed UCITS.

The summary description of the strategies referred to in that paragraph will be made available to the investors on request.

(b) Best Execution

The Management Company will act in the best interests of the Company when executing decision to deal on behalf of the Company in the context of the portfolio management of the Compartments. For that purpose the Management Company will take all reasonable steps to obtain the best possible results for the Company, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature, or any other consideration relevant to the execution of the order (best execution).

The relative importance of such factors will be determined by reference to the following criteria:

- (i) the objectives, investment policy and risks specific to the Company,
- (ii) the characteristics of the order.

### **10.1 The Investment Manager(s)**

For the definition of the investment policy and the management of some of the Company's Compartments, the Management Company may be assisted by one or several investment managers (the "**Investment Manager(s)**"). Where relevant further information will be provided in the relevant Appendix.

### **10.2 Administration Agent**

Pursuant to the Services Agreement, the Management Company appointed CACEIS Bank, Luxembourg Branch as administration agent of the Company.

Pursuant to the Domiciliary Services Agreement, the Company appointed CACEIS Bank, Luxembourg Branch as its domiciliary agent.

These agreements have been concluded for an indefinite duration and may be terminated by either party in writing with three (3) months' notice for the Services Agreement and not less than six (6) months prior to the date upon which such termination becomes effective regarding the Domiciliary Services Agreement.

In its capacity as Administration Agent, CACEIS Bank, Luxembourg Branch shall notably perform the three main functions of a UCI administrator, i.e. the calculation and publication of the net asset value per Shares for each existing Class or Compartment, the registrar function and the client communication function. In case one or several of these main functions are delegated, the name of the appointed entities will be indicated under section “Directory” of the Prospectus.

In its capacity as the transfer and registration agent of the Company, CACEIS Bank, Luxembourg Branch shall in particular execute subscription, redemption and conversion applications and keep and maintain the register of Shareholders of the Company. In such capacity it is also responsible for supervising anti-money laundering measures under the AML Regulations. CACEIS Bank, Luxembourg Branch may request documents necessary for identification of investors.

For its services under the Services Agreement and the Domiciliary Services Agreement, CACEIS Bank, Luxembourg Branch shall receive remuneration as further described in the relevant Appendix.

CACEIS Bank, Luxembourg Branch may outsource, for the performance of its activities, IT and operational functions related to its activities as UCI administrator, in particular as registrar and transfer agent activities including shareholders and investor services, with other entities of the group CACEIS or of the Credit Agricole group, located in Europe or in third countries, and notably in United Kingdom, Canada and Malaysia. In this context, CACEIS Bank, Luxembourg Branch may be required to transfer to the outsourcing provider data related to the investor, such as name, address, date and place of birth, nationality, domicile, tax number, identity document number (in case of legal entities: name, date of creation, head office, legal form, registration numbers on the company register and/or with the tax authorities and persons related to the legal entity such as investors, economic beneficiaries and representatives), etc..

In accordance with Luxembourg law, CACEIS Bank, Luxembourg Branch has to disclose a certain level of information regarding the outsourced activities to the Management Company, which will communicate this information to the investors. Management Company will communicate to the investors any material changes to the information disclosed in this paragraph prior to their implementation. The list of countries where the group CACEIS is located is available on the Internet site [www.caceis.com](http://www.caceis.com). The Shareholders’ attention is drawn to the fact that this list could change over time.

### **10.3 Depositary**

CACEIS Bank, Luxembourg Branch, acts as a branch of CACEIS Bank, a public limited liability company (*société anonyme*) incorporated under the laws of France, having its registered office located at 89-91 rue Gabriel Péri – 92120 Montrouge, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Paris. It is an authorised credit institution supervised by the European Central Bank (“ECB”) and the *Autorité de contrôle prudentiel et de résolution* (“ACPR”). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg. CACEIS Bank, Luxembourg Branch, acting as a branch of CACEIS Bank, is acting as Depositary of the Company in accordance with the Depositary Agreement and the relevant provisions of the Law of 2010 and applicable laws and regulations.

Investors may consult upon request at the registered office of the Company, the Depositary Agreement to have a better understanding and knowledge of the limited duties and liabilities of the Depositary.

The Depositary has been entrusted with the custody and/or, as the case may be, recordkeeping of the Compartments' assets, and it shall fulfil the obligations and duties provided for by Part I of the Law of

2010. In particular, the Depositary shall ensure an effective and proper monitoring of the Company' cash flows.

In due compliance with applicable laws and regulations the Depositary shall:

- (i) ensure that the sale, issue, re-purchase, redemption and cancellation of shares of the Company are carried out in accordance with the applicable national law and regulations or the Articles;
- (ii) ensure that the value of the Shares is calculated in accordance with applicable laws and regulations, the Articles and the procedures laid down in the UCITS Directive;
- (iii) carry out the instructions of the Company, unless they conflict with applicable laws and regulations, or the Articles;
- (iv) ensure that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits; and
- (v) ensure that Company's income is applied in accordance with applicable laws and regulations and the Articles.

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

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

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

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

concerned Shareholders of the Company, or (ii) refuse to carry out the activity giving rise to the conflict of interest.

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

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

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

## **11. CHARGES & EXPENSES**

The Company shall bear the following expenses:

- all taxes which may be payable on the assets, income and expenses chargeable to the Company;
- standard brokerage fees and bank charges originating from the Company's business transactions;
- all fees due to the Board of Directors;
- all fees due to the Management Company, the Investment Manager (if any) and the Principal Placement Agent, the Administration Agent and the Depositary as further described in the relevant Appendix;
- all fees due to the auditor of the Company;
- all fees due to the legal advisors or similar administrative charges, incurred by the Company, the Management Company and the Depositary for acting on behalf of the Shareholders;
- all reasonable expenses of the Board of Directors, the Management Company, the Administration Agent and the Depositary;
- all expenses connected with publications and the supply of information to Shareholders, in particular the cost of printing global certificates and proxy forms for general meetings for the Shareholders, the cost of publishing the issue and redemption prices, and also the cost of printing, the distribution of the annual and semi-annual reports, the Prospectus as well as the KID, including translation costs;
- all expenses involved in registering and maintaining the registration of the Company with all governmental agencies and stock exchanges;
- all fees due to any sub-paying agent, to representatives in foreign countries and any other agents,
- the costs related to extraordinary measures, in particular any expertise or trial aiming at the protection of the Shareholders' interests.

Any costs incurred by the Company, which are not attributable to a specific Compartment, will be charged to all Compartments in proportion to their net assets. Each Compartment will be charged with all costs or expenses directly attributable to it.

## 12. TAXATION

### 12.0 The Company

Under current law and practice, the Company is not liable to any Luxembourg income tax, nor are dividends paid by the Company liable to any Luxembourg withholding tax.

However, any Class available to all investors is liable in Luxembourg to a "*taxe d'abonnement*" of 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the total net asset value of each Class at the end of the relevant quarter.

Any Class reserved to institutional investors is liable in Luxembourg to a "*taxe d'abonnement*" of 0.01% per annum of their net assets. Such tax being payable quarterly and calculated on the total net asset value of each Class at the end of the relevant quarter.

For Compartments whose exclusive policy is the investment in money market instruments, qualify for the reduced "*taxe d'abonnement*" of 0.01% per annum.

No tax is payable in Luxembourg on realised or unrealised capital appreciation of the assets of the Company. Although the Company's realised capital gains, whether short- or long-term, are not expected to become taxable in another country, the Shareholders must be aware and recognise that such a possibility, though quite remote, is not totally excluded.

The regular income of the Company from some of its securities as well as interest earned on cash deposits in certain countries may be liable to withholding taxes at varying rates, which normally cannot be recovered.

As a result of recent developments in EU law concerning the scope of the VAT exemption for management services rendered to investment funds, VAT on some of the fees paid out of the assets of the Company to remunerate service providers might be applied.

### 12.1 Shareholders

#### (a) Taxation of Luxembourg resident shareholders

##### (i) Individual shareholders

Dividends and other payments derived from the Shares by resident individuals shareholders, who act in the course of the management of either their private wealth or their professional / business activity, are subject to income tax at the progressive ordinary rate with a top effective marginal rate for the year 2014 of 40% per cent for a taxable income of more than EUR 100.000 (class 1 and 1a taxpayers) / EUR 200.000 (class 2 taxpayers, i.e. household of 2 persons). The maximum aggregate income tax rate will thus be of 42.8% (including the solidarity surcharge of 7%) for a taxable income ranging from EUR 100,000 to EUR 150,000 for class 1 and 1a taxpayers (or EUR 200,000 to EUR 300,000 for class 2 taxpayers) and 43.6% (including the solidarity surcharge of 9%) for a taxable income exceeding EUR 150,000 for class 1 and 1a taxpayers (or EUR 300,000 for class 2 taxpayers). Under current Luxembourg tax laws, 50 per cent of the gross amount of dividends received by resident individuals from (i) a fully-taxable Luxembourg resident company limited by share capital (*société de capitaux*), (ii) a company limited by share capital (*société de capitaux*) resident in a State with which Luxembourg has concluded a double tax treaty and liable to a tax corresponding to Luxembourg corporate income tax or (iii) a company resident in a EU Member State and covered by Article 2 of the EU Parent-Subsidiary Directive is exempt from income tax.

Capital gains realised on the disposal of the Shares by resident individual shareholders, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative gains and are subject to income tax at ordinary rates if the Shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. A participation is deemed to be substantial where a resident individual shareholder holds, either alone or together with his spouse/partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than ten per cent of the share capital of the Company. Capital gains realised on a substantial participation more than six months after the acquisition thereof are subject to income tax according to the half-global rate method, (i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on the substantial participation). A shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the Shares.

Capital gains realised on the disposal of the Shares by resident individual shareholders, who act in the course of their professional / business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

(ii) Luxembourg resident corporate shareholders

Dividends and other payments derived from the Shares by a Luxembourg fully-taxable resident company are subject to corporate income tax and municipal business tax at the aggregate rate of 29.22% (for the municipality of Luxembourg-city).

Capital gains realised by a Luxembourg fully-taxable resident company on the Shares are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

The Shares are subject to net wealth tax in the hands of a Luxembourg fully-taxable resident company (levied annually at the rate of 0.5%, computed on the net asset value of the Luxembourg company as at 1 January of each year).

(iii) Tax exempt shareholders

A shareholder who is either (i) an undertaking for collective investment subject to the Law of 2010, (ii) a specialised investment fund governed by the law of 13 February 2007, or (iii) a family wealth management company governed by the law of 11 May 2007, is exempt from income tax in Luxembourg. Dividends derived from and capital gains realised on the Shares are thus not subject to income tax in their hands.

(b) Taxation of Luxembourg non-residents shareholders

Non-resident shareholders who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Shares are attributable are not liable to any taxation in Luxembourg in relation to the holding, sale, redemption or transfer of the Shares, subject to the application of the Council Directive 2003/48/EC regarding the taxation of savings income (see section 11.2 (d) below).

Dividends received by a Luxembourg permanent establishment or permanent representative, as well as capital gains realised on the Shares, are subject to Luxembourg income tax at ordinary rates.

(c) Inheritance tax and gift tax

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

(d) The CRS

The Company may be subject to the OECD Standard for Automatic Exchange of Financial Account Information in Tax matters and its CRS as set out in the CRS Law.

Under the terms of the CRS Law, the Company is likely to be treated as a 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 Umbrella Fund documentation, the Company 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 investors as per the CRS Law (the “Reportable Persons”) and (ii) Controlling Persons (as defined below of certain non-financial entities which are themselves Reportable Persons. This information, as exhaustively set out in Annex I of the CRS Law (the “Information”), will include Personal Data related to the Reportable Persons, namely: the name, residence address, TIN(s), the date and place of birth, the country of tax residence(s), the phone number, the account number (or functional equivalent), standing instructions to transfer funds to an account maintained in a reportable jurisdiction, the account balance or value, the total gross amount of interest, the total gross amount of dividends, the total gross amount of other income generated with respect to the assets held in the account, the total gross proceeds from the sale or redemption of property paid or credited to the account, the total gross amount of interest paid or credited to the account, the total gross amount paid or credited to the Subscriber with respect to the account, as well as any other information required by applicable laws.

The Company’s ability to satisfy its reporting obligations under the CRS Law will depend on each Shareholder providing the Company with the Information, along with the required supporting documentary evidence. In this context, Shareholders are hereby informed that, as further described under section “Data Protection” of this Prospectus, as data controller, the Company will process the Information for the purposes as set out in the CRS Law. Failure to do so within the prescribed timeframe may trigger a notification of the account to the Luxembourg tax authorities. The Shareholders undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Company.

For the purposes of this section, “Controlling Person” means the natural persons who exercise control over an entity. In the case of a trust, the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term "Controlling Persons" must be interpreted in a manner consistent with the global standards against money laundering and terrorist financing issued by the Financial Action Task Force, known as the Financial Action Task Force Recommendations.

Shareholders 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. The Information may be disclosed by the Luxembourg tax authorities, under their own responsibility, to foreign tax authorities.

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. The Information may also be processed by the Recipients and/or Sub-Recipients.

Similarly, Shareholders undertake to inform the Company within thirty (30) days of receipt of these statements should any included Personal Data be not accurate or incomplete. Shareholders further undertake to immediately inform the Company of, and provide the Company with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

Any Shareholder that fails to comply with the Company's Information or documentation requests may be held liable for penalties imposed on the Company and attributable to such Shareholder's failure to provide the Information or subject to disclosure of the Information by the Company to the Luxembourg tax authorities.

As further described under section "Data Protection" of this Prospectus, each Shareholder has a right to exercise his/her rights as regards the CRS Personal Data. The Company may take such action as it considers necessary in accordance with applicable law in relation to an investor's holding to ensure that any withholding tax payable by the Company, and any related costs, interest, penalties and other losses and liabilities suffered by the Company, the Administration Agent, the Management Company or any other investor, or any agent, delegate, employee, director, officer or affiliate of any of the foregoing persons, arising from such investor's failure to provide the requested information to the Company, is economically borne by such investor.

## 12.2 FATCA

### (a) General Rules and Legal background

FATCA is part of the U.S. Hiring Incentives to Restore Employment Act. It is designed to prevent U.S. tax payers from avoiding U.S. tax on their income by investing through foreign financial institutions and offshore funds.

FATCA applies to so called Foreign Financial Institutions ("**FFIs**"), which notably include certain investment vehicles ("**Investment Entities**"), among which a UCITS.

According to the FATCA Rules, FFIs, unless they can rely under ad-hoc lighter or exempted regimes, need to report to the IRS certain holdings by/ and payments made to a/ certain U.S. investors b/ certain U.S. controlled foreign entity investor, c/ non U.S. financial institution investors that do not comply with their own obligations under FATCA and d/clients that are not able to document clearly their FATCA status. Investors not properly documented or not complying with their FATCA obligations may also suffer a 30% withholding tax on so called "withholdable payments"

On 24 March 2014, the Luxembourg and U.S. governments entered into a Model I IGA which aims to coordinate and facilitate the reporting obligations under FATCA with other U.S. reporting obligations of Luxembourg financial institutions.

According to the terms of the IGA, Reporting Luxembourg FFIs will have to report to the Luxembourg tax authorities instead of directly to the IRS. Information will be communicated onward by the Luxembourg authorities to the IRS under the general information exchange provisions of the U.S. Luxembourg income tax treaty.

For the purposes of this section, "Controlling Person" means the natural persons who exercise control over an entity. In the case of a trust, the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate

effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term "Controlling Persons" must be interpreted in a manner consistent with the Financial Action Task Force Recommendations.

Additionally, each Compartment is responsible for the processing of Personal Data and each Shareholder has notably a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Compartments are to be processed in accordance with the Data Protection Law. The Shareholder is informed that the information provided by him/her by the time of his/her subscription, including name, date and place of birth, contact details (including postal or email address), account number (or functional equivalent), account balance or value, and U.S. tax identification number, the total gross amount of interest, the total gross amount of dividends, the total gross amount of other income generated with respect to the assets held in the account, the total gross proceeds from the sale or redemption of property paid or credited to the account, the total gross amount of interest paid or credited to the account, the total gross amount paid or credited to the Shareholder with respect to the account, standing instructions to transfer funds to an account maintained in the U.S., and any other relevant information in relation to the Shareholders or their Controlling Persons for the purposes of the FATCA Law may be provided to the Luxembourg Tax or Authority who in turn may provide it to the US tax authorities (the "FATCA Personal Data").

The FATCA Personal Data will be reported by the Company to the Luxembourg tax authorities. The Luxembourg tax authorities, under their own responsibility, will in turn pass on the FATCA Personal Data to the US Internal Revenue Service in application of the FATCA Law.

The Shareholders undertake to inform their Controlling Persons, if applicable, of the processing of their FATCA Personal Data by the Umbrella Fund. The Shareholders are further informed that the FATCA Personal Data related to Reportable Persons within the meaning of the FATCA Law will be disclosed to the Luxembourg tax authorities annually for the purposes set out in the FATCA 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. FATCA Personal Data may also be processed by the Recipients and/or Sub-Recipients.

As further described under section "Data Protection" of this Prospectus, each Shareholder has a right to exercise his/her rights as regards the FATCA Personal Data.

(b) Other parties

Additional intergovernmental agreements similar to the IGA have been entered into or are under discussion by other jurisdictions with the U.S. Investors holding investments via distributors or custodians that are not in Luxembourg or in another IGA country should check with such distributors or custodians as to the distributor's or custodian's intention to comply with FATCA. Additional information may be required by the Company, custodians or distributors from certain investors in order to comply with their obligations under FATCA or under an applicable IGA.

The foregoing is only a summary of the implications of FATCA, is based on the current interpretation thereof and does not purport to be complete in all respects.

Investors should contact their own tax adviser regarding the application of FATCA to their particular circumstances.

## **13. GENERAL INFORMATION**

### **13.0 Organisation**

The Company is an investment company organised as a *société anonyme* under the laws of the Grand Duchy of Luxembourg and qualifies as a *société d'investissement à capital variable* subject to Part I of

the Law of 2010. The Company was incorporated in Luxembourg on 22 May 2015. The Company is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under number B 197.170. The Articles were published in the Luxembourg legal gazette (*RESA* (formerly (*Mémorial C*), *Recueil électronique des Sociétés et Associations* (“RESA”)) on 4 June 2015.

The minimum capital of the Company required by Luxembourg law is 1,250,000 EUR.

### **13.1 The Shares**

Fractional entitlements to Shares will be rounded up to 4 decimal places, unless otherwise provided in the relevant Appendix. Subject to the restrictions described herein, Shares in each Compartment are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to each Class of the relevant Compartment. The rules governing such allocation are set forth under "Allocation of Assets and Liabilities among the Compartments".

The Shares, which are of no par value and which must be fully paid upon issue, carry no preferential or pre-emptive rights and each one is entitled to one vote at all meetings of Shareholders.

Should the Shareholders, at an annual general meeting, decide any distributions in respect of distribution Shares (if issued) these will be paid within one month of the date of the annual general meeting. Under Luxembourg law, no distribution may be decided as a result of which the net assets of the Company would become less than the minimum provided for under Luxembourg law.

### **13.2 Meetings**

The annual general meeting of shareholders will be held within four (4) months of the end of each financial year in Luxembourg in order to approve the financial statements of the Fund for the previous financial year. The annual general meeting of shareholders will be held at the registered office of the Fund, or at such alternative location in Luxembourg as may be specified in the convening notice of such meeting. Each Share confers the right to one vote. The vote on the payment of a dividend on a particular Class requires a separate majority vote from the meeting of Shareholders of the Class concerned. Any change in the Articles affecting the rights of a Compartment must be approved by a resolution of both the general meeting of the Company and the Shareholders of the Compartment concerned.

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

### **13.3 Reports and Accounts**

c The annual and semi-annual reports shall be made available at the registered offices of the Company, the Depositary, the representatives and paying agents during ordinary office hours. The Company's accounting year ends on 31 December each year. The base currency of the Company is the EUR (the “**Base Currency**”). The aforesaid reports will comprise consolidated accounts of the Company expressed in EUR as well as individual information on each Compartment expressed in its Reference Currency.

### **13.4 Allocation of assets and liabilities among the Compartments**

For the purpose of allocating the assets and liabilities between the Compartments, the Board of Directors has established a pool of assets for each Compartment in the following manner:

1. the proceeds from the issue of each Share of each Compartment are to be applied in the books of the Company to the pool of assets established for that Compartment and the assets and liabilities and income and expenditure attributable thereto are applied to such pool subject to the provisions set forth hereafter;
2. where any asset is derived from another asset, such derivative asset is applied in the books of the Company to the same pool as the asset from which it was derived and on each revaluation of an asset, the increase or diminution in value is applied to the relevant pool;
3. where the Company incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool;
4. in the case where any asset or liability of the Company cannot be considered as being attributable to a particular pool, such asset or liability is allocated to all the pools in equal parts or, if the amounts so justify, pro rata to the net asset values of the relevant Compartments;
5. upon the payment of dividends to the holders of Shares in any Compartment, the net asset value of such Compartment shall be reduced by the amount of such dividends.

If there have been created within each Compartment different Classes, the rules shall *mutatis mutandis* apply for the allocation of assets and liabilities amongst Classes.

### **13.5 Determination of the net asset value**

The net asset value per Shares of each Compartment shall be expressed in its Reference Currency. The net asset value shall be determined by the Administration Agent on each Calculation Day and on any such day that the Board of Directors may decide from time to time by dividing the net assets of the Company attributable to each Class by the number of outstanding Shares of that Class.

Where applicable, the Subscription Price and/or Redemption Price may be adjusted by the application of an Anti-Dilution Levy as described in Section 8.2.

The Administration Agent calculates the net asset value per Share in each Compartment on the Calculation Day as defined in the Appendix. In order to avoid market timing in their units, and prevent arbitrage opportunities, where the Compartment is a Feeder Compartment, the Calculation Day shall be the same day as the Calculation Day of the Master Fund.

The calculation of the net asset value of the Shares of any Compartment and the issue, redemption, and conversion of the Shares of any Compartment may be suspended in the following circumstances, in addition to any circumstances provided for by law:

- during any period (other than ordinary holidays or customary weekend closings) when any market or stock exchange is closed which is the principal market or stock exchange for a significant part of the Compartment's investments, or in which trading is restricted or suspended,
- during any period when an emergency exists as a result of which it is impossible to dispose of investments which constitute a substantial portion of the assets of the Compartment, or it is impossible to transfer money involved in the acquisition or disposal of investments at normal rates of exchange, or it is impossible to fairly determine the value of any assets in the Compartment,
- during any breakdown in the means of communication normally employed in determining the price of any of the Compartment's investments or the current prices on any stock exchange,
- when for any reason beyond the control of the Board of Directors, the prices of any investment held by the Compartment cannot be reasonably, promptly or accurately ascertained, or,

- during any period when remittance of money which will or may be involved in the purchase or sale of any of the Compartment's investments cannot, in the opinion of the and/or the Board of Directors, be effected at normal rates of exchange;
- when calculating the net asset value of a UCITS/UCIs in which the Company has invested a substantial portion of the assets of one or more Compartments or one or more classes is suspended or unavailable, or where the issue, redemption or conversion of shares or units of such UCITS or other UCI is suspended or restricted;
- in the event of the publication of the convening notice to a general meeting of Shareholders at which a resolution to wind up or merge the Company or one or more Compartment(s) is to be proposed or;
- during any period when in the opinion of the Directors of the Company there exist circumstances outside the control of the Company where it would be impracticable or unfair towards the Shareholders to continue dealing in Shares of any Compartment.

Furthermore, a Feeder Compartment may temporarily suspend the redemption, reimbursement or subscription of its Shares, when its master UCITS temporarily suspends the redemption, reimbursement or subscription of its shares/units, whether this be at its own initiative or at the request of its competent authorities, for a period identical to the period of suspension imposed on the master UCITS.

The suspension of the calculation of the net asset value and of the issue, redemption, and conversion of shares shall be published in a daily newspaper in Luxembourg and in another newspaper generally available in jurisdictions in which the Company is registered.

The value of the assets of each Compartment is determined as follows:

- I. The assets of the Company contain the following:
  1. all fixed-term deposits, money market instruments, cash in hand or cash expected to be received or cash contributions including interest accrued;
  2. all debts which are payable upon presentation as well as all other money claims including claims for purchase price payment not yet fulfilled that arise from the sale of investment fund Shares or other assets;
  3. all investment fund Shares;
  4. all dividends and distributions due in favour of the Company, as far as they are known to the Company;
  5. all interest accrued on interest-bearing securities that the Company holds, as far as such interest is not contained in the principal claim;
  6. all financial rights which arise from the use of derivative instruments;
  7. the provisional expenses of the Company, as far as these are not deducted, under the condition that such provisional expenses may be amortised directly from the capital of the Company;
  8. all other assets of what type or composition, including prepaid expenses.

The value of such assets is fixed as follows:

1. Investment funds are valued at their net asset value.
2. Liquid assets are valued at their nominal value plus accrued interest.

3. Fixed term deposits are valued at their nominal value plus accrued interest. Fixed term deposits with an original term of more than 30 calendar days can be valued at their yield adjusted price if an arrangement between the Company and the bank, with which the fixed term deposit is invested has been concluded including that the fixed term deposits are terminable at any time and the yield adjusted price corresponds to the realisation value. Other money market instruments with a residual maturity of no more than 12 months are valued as follows (linear valuation): the determining rate for these investments will be gradually adapted during repayment starting from the net acquisition price and keeping the resulting return constant. If there are notable changes in market conditions, the bias for valuation of money market instruments will be adapted to new market returns.
  4. Commercial papers are valued at their nominal value plus accrued interest. Commercial papers with an original term of more than 90 calendar days can be valued at their yield adjusted price if an arrangement between the Company and the bank, with which the commercial paper is invested has been concluded including that the commercial papers are terminable at any time and the yield adjusted price corresponds to the realisation value.
  5. Securities or financial instruments admitted for official listing on a Regulated Market are valued on the basis of the last available closing price at the time when the valuation is carried out. If the same security is quoted on a Regulated Markets, the quotation on the principal market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be made in good faith by the Board of Directors or their delegate.
  6. Unlisted securities or financial instruments are valued on the basis of their probable value realisation as determined by the Board of Directors or their delegate using valuation principles which can be examined by the auditor of the Company, in order to reach a proper and fair valuation of the total assets of each Compartment.
  7. Any other assets are valued on the basis of their probable value realisation as determined by the Board of Directors or their delegate using valuation principles which can be examined by the auditor of the Company, in order to reach a proper and fair valuation of the total assets of each Compartment.
  8. OTC derivative financial instruments must be value at their «fair value» in accordance with CSSF Circular 08/356.
  9. Units or shares of the Master Fund will be valued at their last determined and available net asset value.
  10. In the event that it is impossible or incorrect to carry out a valuation in accordance with the above rules owing to particular circumstances, the Board of Directors or their delegate shall be entitled to use other generally recognised valuation principles which can be examined by an auditor, in order to reach a proper valuation of the total assets of each Compartment.
- II. The liabilities of the Company contain the following:
1. all loans, bills of exchange and other sums due, including deposits of security such as margin accounts, etc. in connection with the use of derivative instruments; and
  2. all administrative expenses that are due or have been incurred, including the costs of formation and registration at the registration offices as well as legal fees, auditing fees, all fees owed to the Management Company, the Administration Agent, the Investment Manager (if any), the Depositary and all other representatives and agents of the Company, the costs of mandatory publications, the Prospectus and the KID, conclusions of transactions and other documents which are made available to the Shareholders. If the fee rates agreed between the Company and the employed service providers (such as the Management Company, the Administration Agent, Depositary or Investment

Manager (if any)) for such services deviate with regard to individual Classes, the corresponding varying fees shall be charged exclusively to the respective Class; and

3. all known liabilities, whether due or not, including dividends that have been declared but not yet been paid; and
4. a reasonable sum provided for taxes, calculated as of the day of the valuation as well as other provisions and reserves approved by the Board of Directors; and
5. all other liabilities of the Company, of whatever nature, vis-à-vis third parties; however, each Compartment shall be exclusively responsible for all debts, liabilities and obligations attributable to it.

For the purpose of valuing its liabilities, the Company may include all administrative and other expenses of a regular or periodic nature by valuing these for the entire year or any other period and apportioning the resulting amount proportionally to the respective expired period of time. The method of valuation may only apply to administrative or other expenses which concern all of Shares equally.

For the purpose of valuation within the scope of this chapter, the following applies:

1. Shares that are redeemed in accordance with the provisions under "Issue, redemption and conversion of shares" above shall be treated as existing Shares and shall be posted until immediately after the point in time set by the Board of Directors for carry out the valuation; from this point in time until the price is paid, they shall be treated as a liability of the Company; and
2. All investments, cash in hand and other assets of any fixed assets that are not in the denomination of the Class concerned shall be converted at the exchange rate applicable on the day of the calculation of net asset value, taking into consideration their market value; and
3. On every Calculation Day, all purchases and sales of securities which were contracted by the Company on this very Calculation Day must be included in the valuation to the extent possible.

### **13.6 Liquidation / Merger of Compartments**

The Board of Directors may decide to liquidate any Compartment if, in its reasonable judgement, the protection of the interests of Shareholders require so. This will be the case when 1/ net assets of the Compartment have not reached or later on, have decreased to an amount which does not allow such a Compartment to be operated in an economically efficient manner; or 2/ a change in the economic or political situation relating to the Compartment concerned would justify such liquidation.

The decision of the liquidation will be notified to the Shareholders concerned prior to the effective date of the liquidation and the notification will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors otherwise decides in the interests of the Shareholders of the Compartment concerned, the latter may continue to request redemption or conversion of their Shares on the basis of the applicable net asset value, taking into account the estimated liquidation expenses. Formation expenses will be fully amortized.

Assets which could not be distributed to their beneficiaries upon the close of the liquidation of the Compartment will be deposited with the *Caisse de Consignation* on behalf of their beneficiaries.

In accordance with the provisions of the Law of 2010 applying to a Compartment qualifying as Feeder Compartment, the Feeder Compartment shall be liquidated upon the Master Fund being either liquidated, divided into two or more UCITS or merged with another UCITS, unless the CSSF approves either (a) the investment of at least 85 % of the assets of the Feeder Compartment into units of another master Fund, or (b) the Feeder Compartment's conversion into a UCITS which is not a feeder UCITS within the meaning of the Law of 2010.

Termination of a Compartment for other reasons than those mentioned in the preceding paragraphs, may be effected only upon prior approval by the Shareholders of the Compartment to be terminated, at a duly convened Compartment's Shareholders meeting which may be validly held without quorum and may decide by a simple majority of the Shareholders of the relevant Compartment present or represented.

The Board of Directors may decide to merge any Compartment into another Compartment or into another UCITS or a compartment within such UCITS (whether established in Luxembourg or another Member State or whether such UCITS is incorporated as a company or is a contractual type fund) in compliance with the procedures laid down in the Law of 2010.

Any merger will be carried out in accordance with the provisions and requirements of the Law of 2010 which governs all the consequences arising therefrom.

### **13.7 Liquidation of the Company**

The Company is incorporated for an unlimited period. Dissolution and liquidation shall normally be decided upon by an extraordinary general meeting of Shareholders.

Such a meeting must be convened by the Board of Directors within 40 calendar days if:

- the net assets of the Company become less than two thirds of the minimum capital required by the Law of 2010. In this case the meeting, for which no quorum shall be required, shall decide on the dissolution by a simple majority of Shares represented at the meeting;
- the net assets of the Company fall below one quarter of the minimum capital, in which case the dissolution may be resolved by Shareholders holding one quarter of the Shares at the meeting.

In the event of dissolution of the Company, liquidation shall be carried out by one or several liquidators appointed by the meeting of Shareholders. Liquidators will proceed to the liquidation of the Compartment(s) portfolio in the best interests of the Shareholders and Shareholders will receive the net proceeds of liquidation. The net liquidation proceeds of each Compartment shall be distributed to the Shareholders of the relevant Compartment in proportion to their respective holdings.

At the close of liquidation, the proceeds of liquidation corresponding to liquidation proceeds that could not be repaid, will be kept in escrow at the Caisse de Consignation in Luxembourg. Amounts not claimed within the prescribed period are liable to be forfeited in accordance with the provisions of Luxembourg law.

### **13.8 Material Contracts**

The following material contracts have been entered into:

1. the Fund Management Agreement;
2. the Depositary Agreement;
3. the Domiciliary Services Agreement; and
4. the Services Agreement.

### **13.9 Documents**

Copies of the agreements mentioned above are available for inspection, and copies of the Articles, the current Prospectus, the KIDs and the latest financial reports may be obtained free of charge during

normal office hours at the registered office of the Company in Luxembourg and on the Management Company's website at <https://www.lbofrance.com>.

### 13.10 Complaints Handling

Shareholders may file complaints free of charge with the Management Company in an official language of their home country.

Shareholders can access the complaints handling procedure upon request at the registered office of the Management Company and on the Management Company's website at <https://www.lbofrance.com>.

### 13.11 Data Protection

Shareholders are informed that their personal data or information given in the subscription documents or otherwise in connection with an application to subscribe for Shares, as well as details of their shareholding, will be stored in digital form or otherwise, and processed by the Company, acting as data controller, in compliance with the provisions of the Data Protection Law (as defined under section "Definition" of this Prospectus) and section "Data Protection" hereof.

The data processed includes the name, contact details (including postal and/or e-mail address), banking details and invested amount in the Company, related either to him/herself when the Shareholder is a natural person or in relation to the Shareholder's representatives and/or beneficial owners when the Shareholder is a legal person (the "Personal Data"). Shareholders may, at their discretion, refuse to communicate the Personal Data to the Company. In this event however the Company may reject their request for shareholding in the Company.

The Personal Data is processed in order to enter into and perform the subscription in the Company (i.e. the performance of a contract, or in order to take pre-contractual steps at the Shareholder's request), for the legitimate interests of the Company and to comply with the legal obligations imposed on the Company. In particular, Shareholders are informed that Personal Data contained in the application form and arising from the business relationship with the Company may be stored, modified or used in any other way, in compliance with the provisions of the Data Protection Law, by the Company and on behalf of the Company for the purpose of (i) administering and developing the business relationship with the Shareholders, (ii) maintaining the register of Shareholders; (iii) processing subscriptions, redemptions and conversions of interests and payments of dividends or interests to Shareholders; of (iv) performing controls on late trading and market timing practices; and (v) complying with applicable anti-money laundering rules as well as other applicable regulations like FATCA and the CRS Law.

The "legitimate interests" referred to above are:

- the processing purposes described in point (i) of the above paragraph of this data protection section;
- meeting and complying with the Company's accountability requirements and regulatory obligations globally; and
- exercising the business of the Company in accordance with reasonable market standards.

To this end, Shareholders are informed that Personal Data may be transmitted by the Company to other entities, acting as data recipients (the "**Recipients**"), including the Management Company, the Administration Agent, the Investment Manager (if any), the Depositary, the Principal Paying Agent, the Auditors, the Legal Advisors, financial advisers working with the Company, as well as other companies being appointed to support the business relationship.

The Personal Data may also be transferred to third-parties such as courts, governmental or regulatory agencies, including tax authorities, in accordance with applicable laws and regulations. In particular,

Personal Data may be disclosed to the Luxembourg tax authorities, which in turn may, acting as data controller, disclose it to foreign tax authorities.

The Recipients may, under their own responsibility, disclose the Personal Data to their agents and/or delegates (the “Sub-Recipients”), which shall process the Personal Data for the sole purposes of assisting the Recipients in providing their services to the Company and/or assisting the Recipients in fulfilling their own legal obligations.

The Company may transfer Personal Data outside of the European Economic Area, namely Canada, which data protection laws provide an adequate level of protection.

The Recipients and Sub-Recipients may, as the case may be, process the Personal Data as data processors (when processing the Personal Data upon instructions of the Company), or as distinct data controllers (when processing the Personal Data for their own purposes, namely fulfilling their own legal obligations).

In accordance with the provisions of the Data protection Law, Shareholders have a right to (i) request information about their Personal Data and access such data at any time, (ii) request their correction in cases where such data is inaccurate and incomplete, (iii) restrict the use of his/her/its Personal data, (iv) object to the processing of his/her/its Personal Data, (v) ask for erasure of his/her/its Personal Data, and (vi) ask for data portability.

In relation thereto, the Shareholder may exercise the above rights by letter addressed to the data controller at the following address:

LBO France Gestion - GDPR manager: Frédéric Teboul  
24-26 rue Saint Dominique – 75007 Paris – France  
[InfoRGPD@lbofrance.com](mailto:InfoRGPD@lbofrance.com)

The Shareholder also has a right to lodge a complaint with the Luxembourg data protection Authority (the “**CNPD**”), or if the Shareholder resides in another EU Member State, with any locally competent supervisory authority.

Shareholders are informed that their Personal Data shall not be retained for longer than necessary for the purpose of its processing, subject to statutory periods of limitation.

## **APPENDICES TO THE PROSPECTUS - COMPARTMENTS**

The Compartments are the following:

- Valboa – Engagement



## **APPENDIX I**

### **Valboa – Engagement**

#### **1. Currency**

The net asset value per Share of this Compartment is EUR

#### **2. Profile of the typical investor**

The Compartment is suitable to investors who wish to invest primarily in French equity markets and, where applicable, to benefit from tax advantages linked to the PEA (*Plan d'Épargne en Actions*). The Compartment is eligible for PEA and can serve as a support for life insurance contracts.

Class C shares are intended for all investors. Class I shares are intended for institutional investors as defined by Luxembourg law or guidelines or recommendations issued by the CSSF from time to time (“**Institutional Investors**”).

The Compartment will be indirectly exposed to a minimum of 60% in French equities.

The amount that it is reasonable for investors to invest in this Compartment depends on their individual circumstances. To determine this, investors must take into account their personal wealth, current and future needs, investment horizon, but also their desire to take risks or, on the contrary, to favor a prudent investment. It is also strongly recommended to sufficiently diversify its investments so as not to expose them solely to the risk of this Compartment.

This Compartment may not be appropriate for investors who plan to withdraw their money within 5 years.

All investments involve risk. It is not possible to guarantee against loss resulting from an investment in the Compartment, nor can there be any assurance that the Compartment's investment objectives will be achieved. Future returns of the Compartment are not guaranteed. Investors assume the risk of receiving a lower amount than the original investment.

#### **3. Investment Objectives and Policy**

##### **3.0 Investment objective**

###### ***Feeder Compartment***

The investment objective of the Compartment is to achieve an annualised performance net of management fees of more than 6.2 % for Class C Shares and 6.7% for Class I Shares.

Due to its own costs, the Feeder Compartment's management objective differs from that of its Master Fund and its performance will therefore be lower than that of the Master Fund's Class of Shares F.

## ***Master Fund***

The investment objective of the Master Fund is to achieve an annualised performance, net of management fees, of more than 8.4% for F units over the recommended investment period, i.e. five years, by implementing discretionary management based on private equity analysis techniques to build up a portfolio of equities and other instruments (stock-picking) issued by companies which, in the opinion of the Management Company, are either abnormally undervalued or have strong growth potential. These companies will be selected on the basis of an analysis combining financial profitability and compliance with non-financial criteria. The investment process is based on the financial and extra-financial analysis of issuers using internal models developed by LBO FRANCE GESTION and, in particular, its own methods of valuation, determining forecast cash flow, analysing the financial strength of issuers and taking into account sector risks and market expectations. The Master Fund will aim to achieve a target equity exposure of around 90%. In the absence of investment ideas consistent with the strategy, equity exposure may be limited to 75%.

### **3.1 Investment policy**

#### ***Feeder Compartment***

The Compartment is a feeder fund (the “**Feeder Compartment**” or the “**Compartment**”) of the French master fund VALBOA Développement (the “**Master Fund**”), a *fonds commun de placement*.

At least 85% of the Compartment will be permanently invested in the Class of Shares F of the Master Fund. The remaining portion, up to 15%, will consist of ancillary liquid assets.

The Master Fund (Class of Shares F) promotes environmental, social and governance (ESG) criteria within the meaning of Article 8 of the Regulation (EU) 2019/2088 known as the ‘Disclosure’ Regulation or ‘SFDR’. As such, the Compartment promotes environmental, social and governance (ESG) characteristics and is subject to Sustainability Risks as further described below under section “Sustainability Risks Likely Impacts”. The Compartment classifies as Article 8 SFDR as it promotes a combination of ESG characteristics, although no reference benchmark has been designated for the purpose of attaining the environmental or social characteristics. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities, in the context of the Taxonomy Regulation, and as a consequence thereof, the “do no significant harm” principle does not apply to the investments underlying this Compartment. Further information with regard to the strategy implemented to promote ESG characteristics is available in the ESG annex to the Compartment’s Appendix (the “**ESG Annex**”).

All investments made by the Compartment will comply with the exclusion list being further described in the ESG Annex.

#### ***Master Fund***

The Master Fund’s strategy consists in investing, on a minority basis, in listed Small & Midcap companies, primarily in France but also in markets of other Eurozone member states, G20 countries, or the European Economic Area, using private equity methods. French equities will represent at least 60% of the Master Fund’s assets. Total equities outside of France will not exceed 10% of the net assets.

The Master Fund will apply private equity analysis techniques in selecting its exposures to build a portfolio of equities and other instruments issued by companies deemed to be significantly undervalued or with high growth potential, as assessed by the Management Company. The objective is to unlock value in undervalued assets through an active, constructive, long-term minority shareholder approach. The Master Fund's portfolio will be built on a long-only basis, seeking capital appreciation through increases in the market value of the securities it holds.

The Master Fund's strategy is to invest, without leverage or hedging, in a limited number of companies with the aim of making them:

- i. more transparent and visible, by supporting their financial and non-financial communications;
- ii. more attractive, by proposing improvements in strategy, operational performance, and financial management, including the integration of ESG criteria for greater sustainability;
- iii. more efficient, using a private equity approach in investment analysis, mid-term fundamentals, and value creation levers, acting as a stable shareholder.

The investment universe (initial universe) comprises all French-listed companies with a market capitalization of less than EUR 10,000,000,000 (ten billion euros) at the time of investment, regardless of their business sector.

The universe for issuers of debt securities and money market instruments used in the Master Fund's cash management consists of French public and private issuers.

#### *ESG Criteria*

The security selection process begins with a negative screening that excludes companies involved in the production of controversial weapons in line with international conventions, companies exposed to thermal coal or tobacco activities, and companies that significantly violate one of the ten principles of the United Nations Global Compact (UNGC), in accordance with LBO France Gestion's exclusion policy available on its website. This negative screening helps mitigate sustainability risks.

Next, a pre-investment analysis considers ESG performance using a proprietary analysis framework. This analysis relies on information published by issuers and, when available, ESG performance assessments from third parties. Environmental, social, and governance (ESG) criteria are part of the management process, although their weight in the final decision is not pre-defined.

The Management Company will then identify financial, operational, and extra-financial issues in portfolio companies that may be addressed through traceable engagement and dialogue actions. These actions aim to maximize additional stock market appreciation by supporting the financial and extra-financial improvement of companies. In this phase, engagement with an issuer involves raising awareness to improve a financial or non-financial indicator.

The ESG criteria followed in the shareholder engagement policy will include:

- **Environmental:** Greenhouse gas emission intensity

- **Social:** Gender diversity within the company
- **Governance:** Independence of governance bodies

The Management Company will conduct regular reviews of the ESG performance of the Master Fund's assets using its proprietary methodology. It will rely on issuer disclosures, publicly available ESG controversy data, and third-party ESG ratings where available.

The Master Fund promotes environmental, social, and governance (ESG) characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR). The integration of sustainability risks into the investment process is outlined in the ESG policy available on [www.lbofrance.com](http://www.lbofrance.com).

ESG criteria contribute to investment decisions without being the determining factor. According to AMF Position-Recommendation DOC-2020-03, the extra-financial approach implemented by the Master Fund is considered non-binding in its investment strategy.

The "do no significant harm" principle only applies to underlying investments that consider the European Union criteria for environmentally sustainable economic activities. The remaining underlying investments of this financial product do not take into account EU criteria for environmentally sustainable economic activities.

### 3.2 Portfolio composition of the Master Fund

The Master Fund's portfolio will be composed, at all times, of at least 90% of its net assets in assets and financial instruments selected based on the identification stages of securities meeting the aforementioned non-financial criteria.

The Master Fund's portfolio will be diversified and composed of the following categories of assets and financial instruments:

- **Equities:**
  - The Master Fund will be exposed to at least 60% of its net assets in shares of French Small & Midcap companies with a market capitalization below EUR 10 billion at the time of investment.
  - The Master Fund may also seize investment opportunities in companies with a capitalization under EUR 10 billion listed in other Eurozone, G20, or EEA countries.
  - Exposure to non-euro-denominated securities is limited to 10% of the net assets.
  - Equities will be selected based on the identification process aligned with the aforementioned non-financial criteria.
- **Equity-linked instruments:** The Master Fund may invest up to 25% of its net assets in convertible bonds, warrants, and other instruments giving access to equity of listed Midcaps, primarily in France, but within this same 25% limit, up to 10% of net assets may be invested in such instruments in other Eurozone, G20, or EEA countries. Instruments will be selected using the same non-financial criteria.

- **Current account advances and participatory loans:** These and securitized assets based on participatory loans are not permitted.
- **Units or shares of UCITS or AIFs:** Up to 10% of the Master Fund’s net assets may be invested in UCITS or AIFs established in France or another EU Member State. These may be managed or promoted by the Management Company or an affiliated entity. These units or shares will not be subject to ESG analysis.
- **Deposits, cash, debt securities, and money market instruments:** For cash management purposes, up to 25% of the Master Fund’s net assets may be invested in these instruments. Cash will be held only on an ancillary basis, below 10% of assets. Each of deposits, debt securities, and money market instruments will be limited to 25% of assets. The private/public debt split will not be predetermined and will be based on market opportunities. Similarly, the Management Company will determine the maturity and duration of fixed-income securities based on management goals and market conditions. The Master Fund will invest in securities with a maturity of less than one year and rated at least Investment Grade by recognized agencies or deemed equivalent by internal analysis. Selection will follow the non-financial criteria previously outlined. Exposure to interest-rate instruments outside France is capped at 10% of net assets.
- **Derivatives:** The Master Fund will not use financial derivatives, whether traded on regulated or organized markets, French or foreign, or over-the-counter.
- **Securities embedding derivatives:** The Master Fund will not use such instruments as defined in AMF Position-Recommendation DOC-2012-19, except for convertible bonds, warrants, and other equity-linked instruments used solely for equity exposure under the investment strategy.
- **Temporary purchases or sales of securities:** The Master Fund will not engage in such transactions.
- **Collateral agreements:** The Master Fund will not use financial collateral arrangements.
- **Cash borrowing:** The Master Fund may borrow cash up to 10% of its net assets to manage temporary imbalances between purchases/sales or to meet significant redemption requests.

### 3.3 Master Feeder specificities

A number of documents and agreements must be in place to the effect of coordinating interactions between the Feeder Compartment and the Master Fund, in accordance with the relevant provisions of the UCITS Directive:

- The Management Company shall establish internal conduct of business rules (the “**Internal Rules of Conduct**”) describing, especially, the appropriate measures to mitigate conflicts of interest that may arise between the Feeder Compartment and the Master Fund, the basis of investment and divestment by the Feeder Compartment, standard dealing arrangements, events affecting dealing arrangements and standard arrangements for the audit report. The Internal Rules of Conduct can be obtained free of charge upon request made to the Management Company.

- The Depositary and the depositary of the Master Fund must enter into an agreement in order to share information regarding the Master Fund, except if the depositary of the Feeder Fund and the Master Fund is the same entity. This agreement describes, especially, the documents and categories of information to be routinely shared between both depositaries or available upon request, the manner and timing of transmission, the coordination of involvement of each depositary in operational matters in view of their duties under their respective national law, the coordination of accounting year-end procedures, reportable breaches committed by the Master Fund, the procedure for *ad hoc* requests for assistance, and particular contingent events reportable on *ad hoc* basis.
- The auditor of the Feeder Compartment and the auditors of the Master Fund must enter into an agreement in order to share information regarding the Master Fund, except if the auditor of the Feeder Fund and the Master Fund is the same entity. This agreement describes, especially, the documents and categories of information to be routinely shared between auditors or available upon request, the manner and timing of transmission of information, the coordination of involvement of each auditor in accounting year-end procedures of the Feeder Compartment and the Master Fund, reportable irregularities identified in the Master Fund and standard arrangements for *ad hoc* requests for assistance.

The Feeder Compartment is invested in the Class of Shares F of the Master Fund. The fees, charges and expenses that Class of Shares F associated with such investment are described in the Master Fund prospectus. The prospectus of the Master Fund as well as the annual and semi-annual report are available, free of charge, upon request to the Management Company.

#### Tax implication of the investment into the Master Fund for the Company

The investment into the Master Fund has no specific Luxembourg tax impact.

#### **4. Risk considerations linked to the investment policy of the Compartment**

Investments will be mainly made, at the level of the Master Fund, in financial instruments selected by the Management Company. These instruments will be subject to the evolutions and uncertainties of the markets.

The Compartment will also be subject to specific risks associated with its investment into the Master Fund as well as specific risks incurred at the level of the Master Fund and its investments. Those risks are:

- Capital and performance risk
- Equity risk
- Small caps risk
- Liquidity risk
- Risk inherent in discretionary management
- Interest rate risk
- Currency risk

- Credit risk
- Convertible bond risk
- Counterparty risk
- Risk related to the occurrence of an economic or financial crisis, or exceptional events
- Sustainability risk

If the Master Fund invests in a particular asset category, investment strategy or financial or economic market, the Feeder Compartment will then become more susceptible to fluctuations in value resulting from adverse economic conditions affecting the performance of that particular asset category, investment strategy or financial or economic market.

**Accordingly, prior to making any investment in the Feeder Compartment, prospective investors are advised to thoroughly review the section “Risk of investment in a Master Fund” of this Prospectus.**

The Compartment is a UCITS classed as "French Shares". The investor is therefore mainly exposed to the risks below, which are not exhaustive:

#### **4.0 Capital and performance risk**

The investor is warned that the performance of the UCITS may not be in line with its objectives and that its capital may not be fully returned to him, as the Compartment does not benefit from any guarantee or protection of the invested capital.

#### **4.1 Equity risk**

The Compartment is invested or exposed to one or more equity markets that may experience significant fluctuations. The attention of the investor is drawn to the fact that changes in the value of the portfolio and / or market risk will result in a significant decrease in the net asset value of the Compartment.

#### **4.2 Small caps risk**

The Compartment is exposed to companies whose capitalization size may be small. These companies, because of their specific characteristics, may present risks for investors. This can lower the net asset value more sharply and more quickly.

#### **4.3 Liquidity risk**

The liquidity risk represents the price decrease that the UCITS should potentially accept in order to sell certain assets for which there is insufficient demand in the market. Positions in small capitalization companies may be particularly difficult to liquidate quickly, which may affect the value of the UCITS.

#### **4.4 Risk of concentration**

The momentary exposure of the portfolio to a limited number of sectors, geographical areas, currencies, can cause significant losses in the event of adverse events in the exposed area.

#### **4.5 Risk inherent to discretionary management**

Discretionary management is based on a selection of securities decided by the Management Company and on the anticipation of the evolution of the different markets. There is a risk that the Compartment may not be invested at all times in the best performing stocks and markets.

#### **4.6 Interest Rate Risk**

Due to its composition, the Compartment may be subject to interest rate risk. This risk arises from the fact that, in general, the price of debt securities falls when rates rise. The net asset value will fall in the event of an increase in interest rates.

#### **4.7 Credit Risk**

In the case of a downgrade of private or sovereign issuers (e.g. rating by financial rating agencies), or their default, the value of debt securities or money market instruments may decline; the net asset value of the UCITS will fall accordingly.

#### **4.8 Sustainability Risks Likely Impacts**

The portfolio of the Compartment is highly diversified; hence the Management Company believes that the Compartment will be exposed to a broad range of Sustainability Risks, which will differ depending on the nature of each asset class.

Some markets and sectors will have greater exposure to Sustainability Risks than others. For instance, the energy sector is known as a major Greenhouse Gas (GHG) producer and may be subject to greater regulatory or public pressure than other sectors and thus, greater risk. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Compartment.

In light of the Compartment's investment strategy and risk profile, the likely impacts of Sustainability Risks on the Compartment's returns are expected to be low.

### **5. Risk Management**

In accordance with the Law of 2010 and the applicable regulations, in particular Circular CSSF 11/512, the Compartment is subject to a risk management process, which enables it to assess its exposure to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material for the Compartment. The Management Company will employ a process for accurate and independent assessment of the value of any OTC derivative instruments.

## 6. Calculation of global exposure

As part of its risk management process and in view of the long-only strategy that is indirectly pursued through the Master Fund, the global exposure of the Compartment is measured and controlled by the Commitment Approach.

The global exposure of the Compartment does not exceed 100% of its total net assets on average.

## 7. Management of collateral

Not applicable.

## 8. Shares and fees

<b>Valboa – Engagement</b>		
<b>Class</b>	<b>Class C</b>	<b>Class I</b>
<b>Launch Date</b>	30 December 2009	28 March 2013
<b>ISIN code</b>	LU1885494549	LU1885494622
<b>Investor Type</b>	All investors	Institutional Investors
<b>Subscription Fee</b>	Maximum 4%	None
<b>Conversion Fee</b>	None	
<b>Redemption Fee</b>	None	
<b>Management Company Fee of the Feeder Compartment</b>	1.95% incl. VAT	1.5% incl. VAT
<b>Total of Management Fee of the Feeder Compartment and the Master Fund</b>	1.95% incl. VAT	1.5% incl. VAT
<b>Performance Fee of the Feeder Compartment</b>	15% incl. VAT beyond hurdle of 6.20%	15% incl. VAT beyond hurdle of 6.70%
<b>Performance Fee of the Master Fund</b>	None	None
<b>Maximum Administration, Domiciliary and</b>	Maximum 0.25% incl. VAT including 0.05% for CSSF subscription tax	Maximum 0.20% incl. VAT including 0.01% for CSSF subscription tax

<b>Depository Fee<sup>1</sup> of the Feeder and the Master Fund</b>		
<b>Total Maximum Administration, Domiciliary and Depository Fee<sup>2</sup> of the Feeder and the Master Fund</b>	0.45% incl. VAT	0.40% incl. VAT
<b>NAV Currency</b>	EUR	EUR
<b>Reference Currency</b>	EUR	EUR
<b>NAV Frequency</b>	Each Business Day	
<b>Hedging</b>	None	None
<b>Dividend Policy</b>	Capitalisation	
<b>Minimum Subscription Amount</b>	1 share	500,000 EUR

## 9. Cut-off Time

11:00 a.m. Luxembourg time on the day before each applicable Valuation Day.

## 10. Subscription of Shares

Applications must be received by the Company no later than the Cut-off Time.

Payment of the Subscription Price must be made in cleared funds on the first Business Day from the relevant Calculation Day.

Any taxes and duties levied in connection with the subscription of Shares in certain countries (if any) shall be charged to the concerned investors.

## 11. Redemption of Shares

Redemption requests must be received by the Company no later than the Cut-off Time.

Shareholders of the Feeder Compartment are hereby informed of the existence of a redemption

<sup>1</sup> Including Director fees, audit fees, UCITS taxes, other legal fees, insurance fees, other charges

<sup>2</sup> Including Director fees, audit fees, UCITS taxes, other legal fees, insurance fees, other charges

capping mechanism (“**Gates**”) on the Master Fund (Class of Shares F). This mechanism allows the Management Company of the Master Fund not to fully execute redemption orders centralized on the same net asset value (NAV) date in exceptional circumstances and if it is in the best interests of the Shareholders.

If this mechanism is triggered at the level of the Master Fund, the Feeder Compartment will also activate the Gates mechanism under the same terms and conditions as the Master Fund.

As such, the Management Company will execute, at the level of the Feeder Compartment, at least the portion of redemption orders corresponding to the portion executed by the Management Company at the level of the Master Fund (being the same Management Company on both side).

Comprehensive information concerning the Gates is set forth in the prospectus of the Master Fund.

## **12. Conversion of Shares**

Conversion requests must be received by the Company no later than the Cut-off Time.

## **13. Net Asset Value**

The net asset value per Share of the Compartment is calculated each Calculation Day, dated as of the Valuation Day, based on the closing prices of the preceding Valuation Day.

The net asset value per Share will be rounded to 2 decimal places.

Fractional entitlements to Shares will be rounded to 2 decimal places.

## **14. Performance Fee**

The Compartment is subject to a performance fee of 15% (the “**Performance Fee**”) for class I and C Shares above hurdle defined by:

- For Class I Shares : 6.20%
- For Class C Shares : 6.70%

(being together referred to as the “**Hurdle**”).

The crystallisation of any Performance Fee for the Compartment will occur, where applicable, at the end of each period from 1 January of each year to 31 December of the same year (the “**crystallization period**”). The Performance Fee shall be crystallised annually and will be crystallised for the first time at the end of a crystallisation period which is at least twelve months from the date of the creation of any class of Shares.

The accrued Performance Fee (if any) will be paid to the Management Company within ten (10) Business Days of the end of each crystallisation period.

The reference period is the time horizon of five (5) crystallisation periods, on a rolling basis (the “**Reference Period**”).

If the performance of the assets of a share class of the Compartment over a given financial year, net of management fees but before Performance Fee provision, exceeds the “Hurdle”, LBO FRANCE GESTION will receive from the Compartment, on the last net asset value (NAV) calculation date of that financial year, a Performance Fee equal to 15% including VAT of the assets of the Compartment’s share class exceeding the Hurdle.

The Performance Fee is only payable to LBO FRANCE GESTION if the NAV at the last NAV calculation date of a financial year is higher than the NAV that previously gave rise to the payment of a Performance Fee over the Reference Period of the past five financial years (or, if none of the financial years in the reference period gave rise to the payment of a Performance Fee, the last NAV calculated prior to the reference period).

From the date on which the Compartment is converted into a feeder fund (the “**Feeder Compartment**”) of the VALBOA Développement (the “**Master Fund**”):

- the Performance Fee provisions for each share class will be crystallised. For the remainder of the financial year, Performance Fee will be provisioned according to the new method, without impact on previously accrued provisions.
- any underperformance of the Compartment relative to the Hurdle over the Reference Period will be offset before any Performance Fee become payable.

The Performance Fee is subject to a daily provision or a reversal of provision limited to the existing accrual. Such a provision may only be booked if the NAV, after accounting for any potential Performance Fee provision, is higher than the NAV that previously gave rise to the payment of a Performance Fee.

A detailed description of the method used to calculate the Performance Fee is available to Shareholders upon request from LBO FRANCE GESTION.

The Performance Fee is calculated net of all costs and accrued in the calculation of the net asset value per Share, on the basis of the number of Shares currently in issue, including Shares which fall to be redeemed and excluding Shares which fall to be issued.

If a Share is redeemed (or converted) other than at the end of a crystallisation period, the Performance Fee calculated in respect of such Shares as at the Valuation Day as of which such share is redeemed (or converted) shall be crystallized and become payable to the Management Company.

Any refund of this Performance Fee is not contemplated, even if the Net Asset value per share falls down again the Performance Fee has been paid.

The Performance Fee in respect of each crystallisation period will be calculated by reference to the Net Asset Value before deduction for any accrued Performance Fee.

**Where a Performance Fee is payable out of the Compartment, it shall be calculated upon the increase in the net asset value per Share calculated at the end of the relevant crystallisation period. Net realised and unrealised capital gains plus net realised and unrealised capital losses**

as at the end of the relevant crystallisation period will be taken into consideration. As a result, the Performance Fee may be paid on unrealised gains which may subsequently never be realised.

Crystallisation Period	Compartment's net performance	Hurdle Rate	Overperformance / Underperformance of the current year	Underperformance to claw back (during 5-year Reference Period)	Performance Fee payment	5-year Reference Period Initiation	Underperformance to claw back (during 5-year Reference Period)
1	7.50%	7.00 %	0.50%	0.00%	Yes	0	0.00%
2	0.50%	7.00 %	-6.50%	-6.50%	No	1	-6.50%
3	8.30%	7.00 %	1.30%	-5.65%	No	2	-5.65%
4	4.30%	7.00 %	-2.70%	-8.98%	No	3	-8.98%
5	11.50%	7.00 %	4.50%	-4.50%	No	4	-4.50%
6	6.00%	7.00 %	-1.00%	-6.08%	No	5	-6.08%
7	6.40%	7.00 %	-0.60%	0.00%	No	4	0.08%
8	8.20%	7.00 %	1.20%	0.00%	Yes	5	1.66%
9	11.00%	7.00 %	4.00%	0.00%	Yes	5	10.78%
10	9.60%	7.00 %	2.60%	0.00%	Yes	5	8.20%

## ESG Annex

### Valboa – Engagement

#### Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Valboa – Engagement

Legal entity identifier: 549300V3C91S10XGAW147

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### What environmental and/or social characteristics are promoted by this financial product?

#### LBO France's ESG and climate policy

In accordance with its commitments as a signatory to the PRI and as a member of France Invest, and the requirements of the SFDR Regulation, in particular art. 3, LBO France

implements an ESG and climate policy, accessible to the public on the Management Company's website at the following address: <https://www.lbofrance.com/esg>

The environmental and social (E/S) characteristics promoted by the Compartment consist of primarily investing in companies with superior ESG profiles based on a best-in-class approach while excluding companies involved in certain controversial activities as further described below.

No reference benchmark has been designated for the purpose of attaining the E/S characteristics promoted by the financial product.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

In order to measure the attainment of the above ESG characteristics, LBO France will monitor the following indicators:

- Percentage of issuers covered by an ESG rating methodology (90% minimum)
- Average portfolio ESG rating and issuer-level ESG rating
- The share of investments involved in the excluded activities described below
- The share of the investment universe excluded due to the application of the Company's exclusion criteria

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable as this financial product will not contemplate sustainable investments.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

Not applicable.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### **Does this financial product consider principal adverse impacts on sustainability factors?**

- Yes  
 No

This financial product considers principal adverse impacts on sustainability factors. Adverse impacts are analysed according to their materiality for each investment. Materiality analyses take into account each investment's sector, its value chain, its location, and the availability and robustness of ESG and climate data. Negative impacts are taken into account in LBO France’s investment process using different methods:

- Application of the LBO France exclusion list which covers:
  - Certain sectors and activities (see the full list in the exclusion policy available in LBO France’s ESG and Climate Policy: <https://www.lbofrance.com/esg>)
  - Investments in companies that are in serious breach of the United Nations Global Compact Principles, not respecting the fundamental ILO Conventions;
  - Corruption and money-laundering practices and activities that violate the rights of indigenous and/or vulnerable groups.
- Conducting a pre-investment ESG and climate analysis
- Reporting of ESG and climate indicators, including Principal Adverse Impacts as defined in Annex 1 of Delegated Regulation (EU) 2022/1288.



### **What investment strategy does this financial product follow?**

All investments made by this Compartment will comply with the following exclusion list:

- Exposure to thermal coal;

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- Production and distribution of fossil fuels;
- Production and distribution of Tobacco products;
- Production of controversial weapons in accordance with international conventions;
- Pornography and adult entertainment.

For equity assets, the investment strategy is as follows:

The first step of the strategy starts with applying an ESG analysis to the investment universe in order to rank its issuers. Rating methodologies use third party ESG provider and proprietary methodology if unavailable. Any issuer of the universe will also be rated relying on the Gaia Rating (EthiFinance) database. In case of an issuer not covered by Gaia Rating, the Management Company will produce a proprietary rating whose methodology may differ from EthiFinance. The rating methodology of LBO France is built from issuer disclosures (Universal Registration Document) and if necessary from enquiries sent to the issuer. The rating is computed on three pillars: Environment, Social and Governance.

The subsequent steps are part of the standard investment process. In particular, the third step of the strategy will combine financial and extra-financial approach. The implementation of such last step requires managements and boards to be open-minded and willing to engage in a constructive dialogue to create long term value. Engagement means working in a constructive manner to realize value-enhancement potential in operations, corporate strategy/organizational structure, financial management and corporate governance.

The ESG criteria are applied on an ongoing basis on the same process for investment and divestment validated by the weekly Investment Committee.

For bonds assets, the investment strategy is as follows:

An ESG analysis is applied to the considered bond issuers (listed companies on the Paris stock exchange). Only issuers with an ESG rating (provided by Gaia/Ethifinance) higher than the lowest rating of the best 80% rated in the investment universe (listed companies on the Paris stock exchange) will be included.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements are the following:

- Enforcement of the above exclusion list;
- An ESG analysis rate of 90% of issuers (by number);
- The ESG analysis will exclude 20% of issuers with the worst rating from the investment universe

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy is 20%.

- **What is the policy to assess good governance practices of the investee companies?**

The ESG ratings that will be taken into consideration integrate best-in-class approach with regard to governance practices - thus guaranteeing the good governance of the companies forming part of the portfolio.



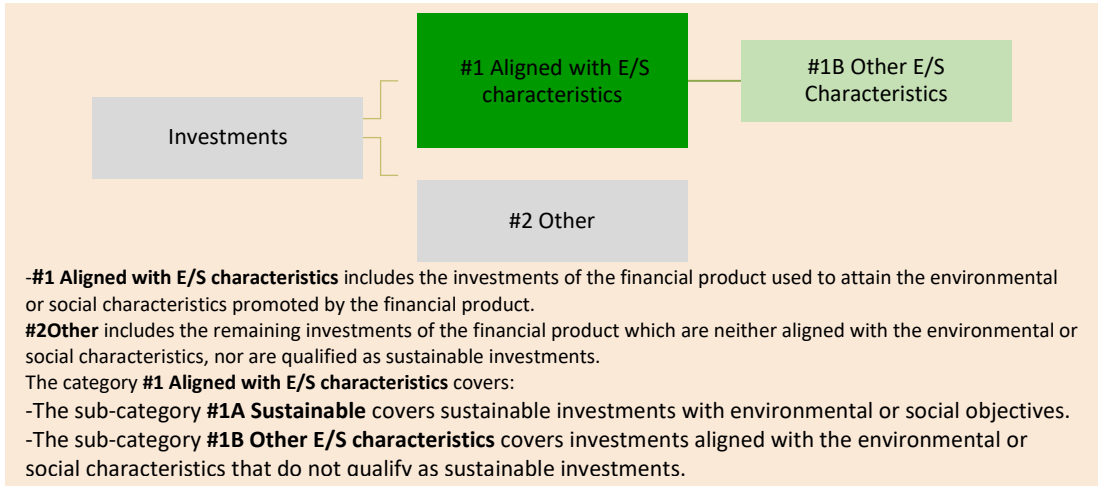
**What is the asset allocation planned for this financial product?**

A minimum of 90% of the Compartment will be invested in issuers aligned with the E/S characteristics promoted (#1). The remaining (<10%) such as UCITS funds will not be aligned with the E/S characteristics promoted (#2 Other).

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Compartment promotes environmental and social characteristics, but does not commit to making any sustainable investments, accordingly the minimum

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

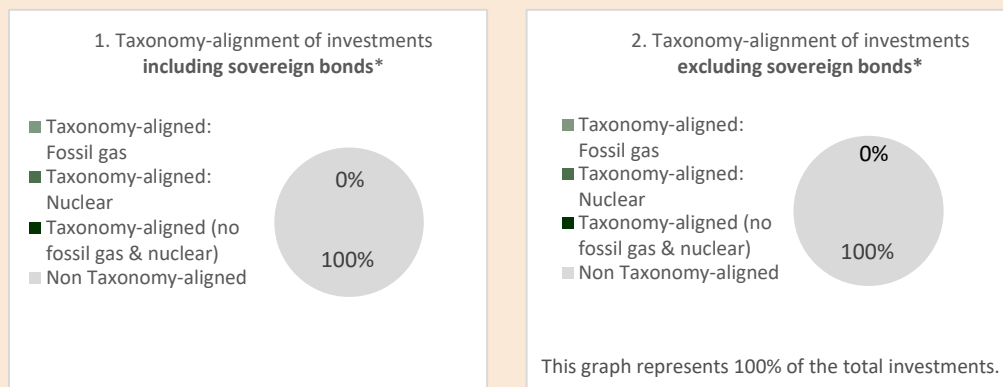
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

share of Taxonomy-aligned investments is 0%.


● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

- Yes:
  - In fossil gas
  - In nuclear energy
- No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

The Compartment does not commit to making any sustainable investments, including in transitional and enabling activities, accordingly the minimum share of Taxonomy-aligned investments is 0%.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Compartment does not commit to a minimum share of sustainable investments.

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



### What is the minimum share of socially sustainable investments?

Not applicable.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Investments in the “Other” category are monetary instruments used for treasury purposes. They are mostly composed of fixed income securities from government and corporate issuers in the eurozone area and money market funds managed by EU AIFMs.

As such, they apply minimum environmental and social safeguards consistent with the environmental, social, and governance standards of countries in the eurozone area.

For monetary funds, LBO France will review the ESG commitments and environmental and social safeguards enforced by corresponding EU AIFMs.

The unscreened investments (maximum 10%) fall under the scope of #2 Other.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

This Compartment refers to a market benchmark without ESG characteristics.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable.

- **How does the designated index differ from a relevant broad market index?**

Not applicable.

- **Where can the methodology used for the calculation of the designated index be found?**

Not applicable.



### Where can I find more product specific information online?

More product-specific information can be found on the website: <https://www.lbofrance.com/france-engagement/>

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.