

**FCS GLOBAL FUNDS SICAV P.L.C.**

(a collective investment scheme organised as a multi-fund (umbrella) investment company with variable share capital under the laws of the Republic of Malta and licensed by the Malta Financial Services Authority under the Investment Services Act (Chapter 370 of the Laws of Malta)) and qualifying as a “Maltese UCITS”)

**PROSPECTUS**

**This Prospectus may not be distributed unless accompanied by, and must be read in conjunction with, the Supplement for the Shares of the Fund being offered.**

Dated 4<sup>th</sup> March, 2015

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## **IMPORTANT INFORMATION**

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**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

### **Authorisation**

The Company is an investment company with variable share capital (SICAV) incorporated in terms of the Companies Act (Chapter 386 of the Laws of Malta) on the 20<sup>th</sup> April 2012. The Company is licensed by the Malta Financial Services Authority (MFSA) in terms of Article 6 of the Investment Services Act (Chapter 370 of the Laws of Malta) as a collective investment scheme and qualifies as a 'Maltese UCITS' in terms of the Investment Services Act (Marketing of UCITS) Regulations (Legal Notice 241 of 2011, as may be amended from time to time). This authorisation by the MFSA however, does not constitute a warranty by the MFSA as to the performance of the Company or its Funds and the MFSA shall not be liable for the performance or default of the Company or its Funds. Authorisation of the Company or its Funds is not an endorsement or guarantee of the Company or its Funds by the MFSA nor is the MFSA responsible for the contents of this Prospectus.

The Company is structured as a multi-fund (umbrella) company, which may issue separate classes of groups of classes of shares constituting distinct Funds (the Funds), with the assets and liabilities of each Fund constituting separate patrimonies pursuant to the Companies Act (Investment Companies with Variable Share Capital) Regulations (Legal Notice 241 of 2006, as amended) (the SICAV Regulations). The Funds currently established under the umbrella company are "FCS Navigator Fund", and "FCS World Equities Fund". All Shares of each Class comprised in a Fund will rank *pari passu* save as provided for in the relevant Supplement. On the introduction of any new Fund or any new Class of Shares of an existing Fund (for which prior MFSA approval is required), the Company will prepare and the Directors will issue a new Supplement or update the existing Supplement setting out the relevant details of each such Fund or new Class of Shares. A separate portfolio of assets will be maintained for each Fund (and accordingly not for each Class of Shares) and will be invested in accordance with the investment objective and policy applicable to such Fund. Particulars relating to individual Funds and the Classes of Shares available therein are set out in the relevant Supplement.

Pursuant to the SICAV Regulations, the assets and liabilities of each individual Fund comprised in the Company constitute, for all intents and purposes of law, a patrimony separate from the assets and liabilities of each other Fund so that the assets of one Fund will be available exclusively for the creditors and holders of Shares in that Fund only, save for the portion of the liabilities of the Company which by virtue of the Articles or by virtue of the terms of issue of Shares in any Fund or by virtue of or as described in this Prospectus, are attributable to and to be paid out of the assets of one or more Fund/s in the proportion established therein. Accordingly, the liabilities incurred in respect of such Fund (including such proportion of the liabilities of the Company which by virtue of this Prospectus, the Articles or the terms of issue of the Shares constituting that Fund are attributable to such Fund) will be paid solely out of the assets forming part of its patrimony and the creditors in respect thereof shall have no claim or right of action against the other assets of other Funds or of the Company, even in case of insufficiency of assets of such Fund to meet its liabilities (in which case the proportion of liabilities of such Fund in excess of the assets will not be allocated to other Funds).

## **Responsibility**

The Directors (whose names appear under the heading “Management of the Company – Directors of the Company” below), accept responsibility for the information contained in this Prospectus and each relevant Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus (as complemented, modified or supplemented by the relevant Supplement), when read together with the relevant Supplement, is in accordance with the facts as at the date of the relevant Supplement and does not omit anything likely to affect the import of such information.

## **General**

This Prospectus describes the Company and provides general information about offers of Shares in the Company’s Fund/s. You must also refer to the relevant Supplement which is separate to this document. Each Supplement sets out the terms of issue of the Shares in the Fund and details of the Fund to which the Supplement relates as well as risk factors and other information specific to the relevant Fund.

You should not take any action in respect of any Shares unless you have received a copy of the relevant Supplement. Save as disclosed in the relevant Supplement, the information in the Supplement complements, supplements and modifies the information contained in this Prospectus with specific details and terms of the relevant Shares issued. However, should there be any inconsistency between the contents of this Prospectus and any Supplement, the contents of the relevant Supplement will, to the extent of any such inconsistency, prevail. This Prospectus and any relevant Supplement should both be carefully read in their entirety before any investment decision with respect to Shares of any Class is made.

Distribution of this Prospectus and the relevant Supplement is not authorised in any jurisdiction unless accompanied by the most recent annual report and subsequent semi-annual report available at the time and the relevant KIID(s).

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Articles, a copy of which is attached to this Prospectus as Appendix II.

This Prospectus and any relevant Supplement will be governed by and construed in accordance with Maltese law.

## **Selling Restrictions**

Distribution of this Prospectus is not authorised unless accompanied by a copy of the Supplement and the KIIDs” (Key Investor Information Documents) for the relevant Fund or one or more Classes comprised in a Fund (provided that you will only receive one copy of the Prospectus irrespective of the number of Supplements you may receive). This Prospectus may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised. In particular the Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or the securities laws of any state or political subdivision of the United States and may not, except in a transaction which does not violate U.S. securities laws, be directly or indirectly offered or sold in the United States or to any U.S. Person. The Company will not be registered under the United States Investment Company Act of 1940 as amended.

Shares may not be acquired or held by, or transferred to, any U.S. Persons (unless permitted under certain exceptions under the laws of the United States) or by any person who does not clear such money laundering checks as the Directors may determine or by any person who appears to be in breach of any law or requirement of any country or government authority or by virtue of which such person is not qualified to hold such Shares or by any person or

persons in circumstances (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which, in the opinion of the Directors, might result in the Company incurring any liability to taxation or suffering any other pecuniary legal or material administrative disadvantages or being in breach of any law or regulation which the Company might not otherwise have incurred, suffered or breached or any individual under the age of 18 (or such other age as the Directors may think fit) or of unsound mind.

This Prospectus and any Supplement may be translated into other languages. Any such translation shall only contain the same information and have the same meanings as the English language document. To the extent that there is any inconsistency between the English language document and the document in another language, the English language document shall prevail except to the extent (but only to the extent) required by the laws of any jurisdiction where the Shares are sold so that in an action based upon disclosure in a document of a language other than English, the language of the document on which such action is based shall prevail.

### **Suitability of Investment**

**You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities to which you might be (or become) subject under the laws of the countries of your incorporation, citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of Shares.**

**The value of and income from Shares in the Company may go up or down and you may not get back the amount you have invested in the Company. Shares constituting each Fund are described in a Supplement to this Prospectus for each such Fund, each of which is an integral part of this Prospectus and is incorporated herein by reference with respect to the relevant Fund. See the section of this Prospectus headed “Risk Factors” and the section of the relevant Supplement headed “Specific Risk Factors” for a discussion of certain risks that should be considered by you.**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this Prospectus are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Marketing Rules**

Any information given, or representations made, by any dealer, salesman or other person which are not contained in this Prospectus, the relevant Supplement, the KIID (Key Investor Information Document) or in any reports and accounts of the Company forming part of this Prospectus must be regarded as unauthorised and accordingly must not be relied upon. Neither the delivery of this Prospectus or the relevant Supplement nor the offer, issue or sale of Shares shall under any circumstances constitute a representation that the information contained in this Prospectus or the relevant Supplement is correct as of any time subsequent to the date of this Prospectus or the relevant Supplement. This Prospectus or the relevant Supplement will from time to time be updated and intending subscribers should enquire with the Administrator as to the issue of any later Prospectus or Supplement or as to the issue of any reports and accounts of the Company.

### **Definitions**

Defined terms used in this Prospectus shall have the meanings attributed to them in the Definitions section below.

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**TABLE OF CONTENTS**

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	<b>Page</b>
IMPORTANT INFORMATION .....	2
TABLE OF CONTENTS .....	6
DEFINITIONS .....	7
EXECUTIVE SUMMARY .....	17
FUNDS .....	20
RISK FACTORS .....	30
MANAGEMENT OF THE COMPANY .....	55
SHARE DEALINGS .....	65
FEES AND EXPENSES .....	88
TAXATION.....	92
GENERAL INFORMATION .....	96
APPENDIX I.....	105
Markets	105

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## **DEFINITIONS**

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**Account Holder** means any investor who maintains an account with a Clearing System for the purpose of investing in the Shares;

**Accounting Period** means the accounting period of the Company, with 31<sup>st</sup> December of each year being the accounting reference date, unless otherwise determined by the Directors and agreed to by the MFSA. The first accounting period will end the 31<sup>st</sup> of December 2012.

**Administration Agreement** means the administration agreement dated 27<sup>th</sup> February, 2015 between the Investment Manager, the Company and the Administrator as amended, supplemented or otherwise modified from time to time;

**Administrator's Fees** means the administrator's fees defined as such in the section headed "Fees and Expenses";

**Administrative Expenses** means the administrative expenses defined as such in the section headed "Fees and Expenses";

**Administrator** means FCS Asset Management Ltd. or any successor thereto duly appointed by the Investment Manager in respect of the Funds;

**Affiliate** means any person which in relation to the person concerned is (i) a holding company, (ii) a subsidiary of any such holding company; (iii) a subsidiary or (iv) controlled directly or indirectly by the person concerned and "control" of an entity for this purpose means the power, direct or indirect, to direct or cause the direction of the management and policies of such entity whether by contract or otherwise and, in any event and without limitation of the foregoing, any entity owning more than 50% of the voting securities of a second entity shall be deemed to control that second entity;

**Anti-Dilution Levy** means a provision for market spreads (the difference between the prices at which assets are valued and/or bought or sold), duties and charges and other dealing costs relating to the acquisition or disposal of Fund Assets in the event of receipt for processing of large subscription or repurchase requests (as determined at the discretion of the Directors) including subscriptions and/or repurchases which would be effected as a result of requests for exchange of Shares from one Fund into Shares of another Fund;

**Annual Income Allocation Date** means the date of each year as specified in the Supplement of each Fund as the date on or before which, in respect of each Accounting Period, an allocation of income of the Fund is to be made;

**Application Form** means the application form for subscription for Shares;

**Approved Collateral** means collateral provided by an Approved Counterparty in connection with an FDI which satisfies the requirements imposed in the MFSA Rules and Licence Conditions.

**Approved Counterparty** means a counterparty who:

- i. are not the Manager or Custodian of the Scheme; and
- ii. form part of a group whose head office or parent company is licensed, registered or based in Malta, any member of the OECD, the EU or the EEA and is subject to prudential

supervision in accordance with provisions equivalent to Directive 93/6/EEC or Directives 73/239/EEC and 79/267/EEC as amended; and

iii. have a credit rating of at least A (Standards & Poor's) or A2 (Moody's) or such other rating acceptable to MFSA.

In the case of OTC transactions, such counterparty shall satisfy the Manager or the Scheme that it has:

- agreed to value the transaction at least weekly; and
- will close out the transaction at the request of the Manager or the Scheme at fair value.

**Articles** means the articles of association of the Company as amended from time to time in accordance with the Licence Conditions;

**Associated Person** means a person who is connected with a Director if, and only if, he or she is:

- (i) that Director's spouse, parent, brother, sister or child;
- (ii) a person acting in his capacity as the trustee of any trust, the principal beneficiaries of which are the Director, his spouse or any of his children or any body corporate which he controls; or
- (iii) a partner of that Director.

A company will be deemed to be connected with a Director if it is controlled by that Director;

**Auditor** means the auditor for the time being of the Company, as indicated in this Prospectus in the part "Officers and Service Providers";

**Authority** or **MFSA** means the Malta Financial Services Authority or any successor regulatory authority responsible for authorising and supervising the Company;

**Banking Day** means a day (other than a Saturday or Sunday) on which commercial banks are open and settle payments in Malta;

**Base Currency** means, in relation to any Fund, such currency as is specified as such in the Supplement for the relevant Fund;

**Business Day** unless otherwise specified in any of the Supplements business day means any day that is not a Saturday or a Sunday and not a national or bank holiday in Malta.

**Class(-es)** means the class or classes of Shares comprised in a Fund, where specific features with respect to preliminary, exchange or repurchase charge, minimum subscription amount, dividend policy, investor eligibility criteria or other specific features may be applicable to each Class. The details applicable to each Class will be described in the Supplement relevant to the Fund to which such Class belongs;

**Clearing System** means Clearstream, Luxembourg, Euroclear or any other Clearing System approved by the Directors;

**Clearstream, Luxembourg** means Clearstream Banking, société anonyme;

**Companies Act** means the Companies Act (Chapter 386 of the Laws of Malta), including any regulations issued pursuant thereto, insofar as they apply to investment companies with variable share capital;

**Collateral** means assets delivered or otherwise provided as defined under the relevant credit



support annex for a Fund and which constitute acceptable collateral in terms of the Licence Conditions;

**Company** means FCS Global Funds SICAV p.l.c.;

**Connected Person** means the persons defined as such in the section headed “Risk Factors – Potential Conflicts of Interest”;

**Custodian** means Sparkasse Bank Malta p.l.c. or any successor thereto duly appointed with the prior approval of the MFSA as the custodian of the Funds;

**Custodian’s Fees** means the Custodian’s fees defined as such in the section headed “Fees and Expenses”;

**Custodian Agreement** means the custodian agreements dated 19<sup>th</sup> September, 2014 between the Company and the Custodian in respect of the existing Funds, as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Licence Conditions;

**Dealing Day** means, in respect of each Fund, each Business Day on which subscriptions for, repurchases of and exchanges of relevant Shares can be made as specified in the Supplement for the relevant Fund provided that there shall be at least two Dealing Days in each Month;

**Dealing Deadline** means, in relation to any application for subscription, repurchase or exchange of Shares of a Fund, the day and time specified in the Supplement for the relevant Fund by which such application must be received by the Administrator on behalf of the Company in order for the subscription, repurchase or exchange of Shares of the Fund to be made by the Company on the relevant Dealing Day;

**Debt Securities** means any debt securities issued by Approved Counterparties and purchased by or on behalf of the Company in respect of a Fund as further described in the relevant Supplement;

**Derivative Contract** means any FDI entered into by or on behalf of the Company with an Approved Counterparty in respect of a Fund as further described in the relevant Supplement;

**Directive** means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as amended, supplemented, consolidated or otherwise modified from time to time;

**Directors** mean the board of directors of the Company for the time being, including any committee thereof, each member of the board, a **Director**;

**Director’s Fees** means the Directors fees defined as such in the section headed “Fees and Expenses”;

**Distribution Date** means, where applicable, the date(s) of each year as specified in the Supplement for the relevant Fund upon which income allocated to the Shares shall be distributed to Shareholders, in accordance with the MFSA Rules;

**Distributor** means any distributor duly authorised under the applicable laws and regulations, appointed in accordance with the Distribution Agreement as the distributor of any or all of the Funds;

**Distribution Agreement** means any distribution agreement between the Investment Manager and the Distributor as amended, supplemented or otherwise modified from time to time;

**EEA Member States** means the member states of the European Economic Area, the current members being the EU Member States, Iceland, Liechtenstein and Norway;

**EU Member States** means the member states of the European Union, the current members being Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, The Netherlands and the United Kingdom;

**Euro** or **€** means the lawful currency of the Member States forming part of the euro area, the current members being Austria, Belgium, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, The Netherlands, Portugal, Spain, Cyprus, Malta, Slovakia and Slovenia;

**Exchange Charge** means the charge, if any, payable on the exchange of Shares from one Fund into Shares of another Class within the same Fund or in another Fund as is specified in the Supplement for the relevant Fund;

**Euroclear** means Euroclear Bank S.A./N.V.;

**Extraordinary Expenses** means the extraordinary expenses defined as such in the section headed "Fees and Expenses";

**FDI** means a financial derivative instrument (including an OTC derivative) in which a UCITS is permitted to invest in accordance with the Regulations and the Licence Conditions, which satisfies the criteria applicable to financial derivative instruments as set out in the MFSA Rules;

**Fixed Fee(s)** means the fees detailed in the section headed "Fees and Expenses";

**Fund** means a Fund of the Company, represented by a class or group of classes of shares in the Company constituting a distinct Fund, the assets and liabilities of which constitute a patrimony separate from the assets and liabilities of each other Fund in terms of the SICAV Regulations, and the term 'Funds' shall (unless the context otherwise requires) include the Fund/s established on the date of this Prospectus, details of which are set out in the respective Supplement for each Fund, and any other Fund which the Company may establish thereafter from time to time with the prior approval of the Authority;

**Fund Assets** means the Transferable Securities and/or the Derivative Contracts and/or the Other Financial Instruments invested in by the Company in respect of a Fund, as further described in the relevant Supplement;

**Funded Swap** means a swap where the Fund pays to the Approved Counterparty the full swap notional equal to the net proceeds of any issue of Shares in exchange for the performance or the payout of the Underlying;

**Index** means such index (if any) as specified in the Supplement for the relevant Fund, which satisfies the criteria applicable to financial indices as set out in the MFSA Rules;;

**Index Sponsor** means a properly authorized entity selected by the Investment Manager as may be described in the relevant Supplement;

**Initial Issue Date** means the initial issue date of the Shares in any Class of Shares of a Fund as specified in the relevant Supplement;

**Initial Issue Price** means the price (excluding any Preliminary Charge) per Share at which Shares are initially offered in a Fund during the Initial Offer Period as specified in the Supplement for the relevant Fund;

**Initial Offer Period** means the period during which Shares in a Fund are initially offered at

the Initial Issue Price as specified in the Supplement for the relevant Fund;

**Investment Account** means (i) a separate temporary investment account or (ii) a separate disinvestment account as described in further detail under “Subscription for Shares” and “Repurchase of Shares”;

**Investment Manager** means, unless specifically stated in the Supplement for the relevant Fund, FCS Asset Management Ltd. or any successor thereto duly appointed with the prior approval of the MFSA in accordance with the requirements of the Licence Conditions;

**Investment Management Agreements** means the investment management agreements with respect to each sub-fund dated 23<sup>rd</sup> April 2012 between the Company and the Investment Manager as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Licence Conditions;

**Investment Management Fee** means the investment management fee detailed as such in the section headed “Fees and Expenses”;

**Investment Restrictions** means the restrictions detailed under the heading “Investment Restrictions” under the section entitled “Funds”;

**KIID** means the key investor information document related to the relevant Fund or one or more Classes comprised in a Fund;

**Luxembourg Stock Exchange** means The Luxembourg Stock Exchange Limited;

**Licence Conditions** means the standard licence conditions laid down in the relevant MFSA Rules, including any specific licence conditions which may be imposed on the Company and / or the Funds, as the case may be, in terms of the collective investment scheme licence issued to the Company in respect of the Funds by the MFSA as may be supplemented or amended by the MFSA from time to time;

**Market Maker** means any person defined as such in the section headed “Risk Factors – Potential Conflicts of Interest”;

**Regulated Markets** means the stock exchanges and regulated markets set out in Appendix I;

**Member State** shall include EU Member States and EEA Member States;

**Memorandum** means the Memorandum of incorporation of the Company as per the license conditions.

**MFSA Rules** means the Investment Services Rules issued by the MFSA from time to time as applicable to the Company and / or the Funds, as the case may be, as may be supplemented or amended by the MFSA from time to time;

**MiFID** means 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, as amended, supplemented, consolidated or otherwise modified from time to time;

**Minimum Additional Investment Amount** means such minimum cash amount or minimum number of Shares as the case may be (if any) as the Directors may from time to time require to be invested in any Fund by each Shareholder (after investing the Minimum Initial Investment Amount) and as specified in the Supplement for the relevant Fund;

**Minimum Fund Size** means such amount (if any) as the Directors may consider for each Fund and as set out in the Supplement for the relevant Fund;

**Minimum Initial Investment Amount** means such minimum initial cash amount or minimum number of Shares as the case may be (if any) as the Directors may from time to time require to be invested by each Shareholder as its initial investment for Shares of each Class in a Fund either during the Initial Offer Period or on any subsequent Dealing Day and as specified in the Supplement for the relevant Fund;

**Minimum Repurchase Amount** means such minimum number or minimum value of Shares of any Class as the case may be (if any) which may be repurchased at any time by the Company and as specified in the Supplement for the relevant Fund;

**Minimum Shareholding** means such minimum number or minimum value of Shares of any Class as the case may be (if any) which must be held at any time by a Shareholder which shall be greater at all times than the Minimum Repurchase Amount and as specified in the Supplement for the relevant Class of Shares within a Fund;

**Moody's** means Moody's Investors Service;

**Money Market Instruments** means financial instruments normally dealt in on the money markets which are liquid, have a value which can be accurately determined at any time and which are admitted to trading or dealt in on a regulated market in accordance with the MFSA Rules; or are not admitted to trading; and which satisfy the criteria applicable to money market instruments as set out in the MFSA Rules;

**Month** means a calendar month;

**Net Asset Value** or **NAV** means, in respect of a Fund, a Class or the Shares comprised in a Fund, the amount determined in accordance with the principles set out in the "Calculation of Net Asset Value/Valuation of Assets" section below as the Net Asset Value of the Fund, the Net Asset Value per Class or the Net Asset Value per Share;

**Non-Member State** means a country which is not an EU Member State or EEA Member State;

**OECD Member States** means the member states of the Organisation for Economic Co-operation and Development, the current members being Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea (Republic), Luxembourg, Mexico, The Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States;

**OTC derivative** means an FDI which is dealt in "over-the-counter";

**Other Administrative Expenses** means the other administrative expenses defined as such in the section headed "Fees and Expenses";

**Other Financial Instruments** means any financial instruments or securities or deposits issued or provided by or with an Approved Counterparty, other than Debt Securities or Derivative Contracts that the Company may invest in from time to time in respect of a Fund;

**Preliminary Charge** means the charge, if any, payable to the Distributor on subscription for Shares as described under "Share Dealings – Subscription for Shares – Subscription Price" and specified in the relevant Supplement;

**Prospectus** means this document in its entirety (including any future updates thereto that may be issued by the Company from time to time) and, unless the context otherwise requires, including also the Supplements issued by the Company from time to time (even where not so specifically stated to be included);

**Register** means the register in which are listed the names of the Shareholders or of any class or classes of shareholders of the Company from time to time;

**Repurchase Form** means the form for the request for repurchase of Shares;

**Regulations** mean the Investment Services Act (Marketing of UCITS) Regulations (Legal Notice 241 of 2011, as may be amended from time to time);

**Repurchase Charge** means the charge, if any, to be deducted from the Repurchase Price, which Shares may be subject to, as described under “Share Dealings - Repurchase of Shares” and as specified in the relevant Supplement;

**Repurchase Price** means the price at which Shares are redeemed or repurchased (before deduction of any Repurchase Charge or other charges, expenses or taxes), as described under “Share Dealings - Repurchase of Shares – Repurchase Price”;

**Repurchase Proceeds** means the Repurchase Price less the Repurchase Charge and any charges, costs, expenses or taxes, as described under “Share Dealings – Repurchase of Shares”;

**Service Providers** means, in respect of each Fund, the Investment Manager, the Custodian, the Administrator, the Distributor and any other service provider appointed by the Company or the Investment Manager in respect of the Fund, or any of them as the context may require;

**Setting Up Costs** means the costs defined as such in the section headed “Fees and Expenses”;

**Settlement Date** means, in respect of receipt of monies for subscription for Shares or dispatch of monies for the repurchase of Shares, the date specified in the Supplement for the relevant Fund. In the case of repurchases of Shares this date will be no more than ten Banking Days after the relevant Dealing Deadline, or if later, the receipt of completed repurchase documentation;

**Share** means a share without any nominal value assigned to it and forming part of a class of shares constituting or comprised in any Fund of the Company, having the rights provided for or described under the Articles, the relative terms of issue of such share and this Prospectus including the Supplement for such Fund, and where the context so permits or requires the Class of shares to which such share belongs;

**Shareholders** means holders of Shares, and each a **Shareholder**;

**SICAV Regulations** means the Companies Act (Investment Companies with Variable Share Capital) Regulations (Legal Notice 241 of 2006, as amended);

**Standard & Poor’s** means Standard & Poor’s Corporation;

**Sub-Distributor** means any sub-distributor appointed by the Distributor as a sub-distributor of Shares in any or all of the Funds (subject to the conditions of the Distribution Agreement entered into with the Distributor);

**Subscriber Shares** means the shares subscribed to by the subscriber(s) to the initial Articles of Association of the Company at the time of incorporation of the Company or their successors or additional subscriber shares issued thereafter, constituting one or more separate classes of shares in the Company and denominated as Subscriber Shares, which do not constitute and are not comprised in a distinct Fund of the Company, and carrying such voting rights in the Company and having such other rights or restrictions (if any) provided for or described under the Articles and this Prospectus;

**Supplement** means the latest updated version of any supplement to the Prospectus issued by the Company in relation to a Fund and containing information specific to such Fund, from time to time, and **Supplements** means (unless the context otherwise requires) each and all such Offering Supplements issued in respect of each and all the Funds established by the

Company;

**Transaction Fees** means the fees defined as such under the section headed "Fees and Expenses";

**Transferable Securities** means:

- (i) shares in companies and other securities equivalent to shares in companies ;
- (ii) bonds and other forms of securitised debt;
- (iii) any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, excluding the techniques and instruments referred to in Article 51 of the Directive; and such other instruments as specified in the MFSA Rules,

which satisfy the criteria applicable to transferable instruments as set out in the MFSA Rules;

**Transfer Registration Form** means the form for the request for the registration of the transfer or transmission of Shares;

**UCITS** means an undertaking for collective investment in transferable securities (including any investment compartment thereof) established within the territory of an EU Member State or EEA Member State:

- (i) the sole object of which is the collective investment in transferable securities and/or in other financial instruments of capital raised from the public and which operates on the principle of risk-spreading; and
- (ii) the shares or units of which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of that undertaking's assets;

and which is authorised in accordance with the Directive:

**Underlying** means, with respect to the those funds that, in accordance to their respective Offering Supplements are linked to an underlying performance, the underlying asset, portfolio comprising a basket of assets or securities, a certain investment strategy consisting in trading in particular securities or assets, of a derivative instrument in which a particular Fund might invest directly or indirectly or be linked to it through the use of a derivative instrument or other financial instrument;

**Underlying Securities** means, in respect of each Underlying, those Transferable Securities, FDIs and Other Financial Instruments selected by the Index Sponsor as constituting the Underlying. Where available and published, details of those Underlying Securities for an Index may be found in the relevant Supplement;

**United States** and **U.S.** means the United States of America (including the States, the District of Columbia and the Commonwealth of Puerto Rico), its territories, possessions and all other areas subject to its jurisdiction;

**U.S. Dollars, Dollars** and **\$** means the lawful currency of the United States;

**U.S. Person** means (i) a natural person who is a resident of the United States; (ii) a corporation, partnership or other entity, other than an entity organised principally for passive investment, organised under the laws of the United States and which has its principal place of business in the United States; (iii) an estate or trust, the income of which is subject to United States income tax regardless of the source; (iv) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business in the United States; (v) an entity organised principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who qualify as U.S. persons or otherwise as qualified eligible persons represent in the aggregate

10% or more of the beneficial interests in the entity, and that such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the U.S. Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. Persons; or (vi) any other "U.S. Person" as such term may be defined in Regulation S under the U.S. Securities Act of 1933, as amended, or in regulations adopted under the U.S. Commodity Exchange Act of 1922, as amended; and

**Valuation Point** means the time on any Business Day by reference to which the Net Asset Value of a Fund, the Net Asset Value per Class and the Net Asset Value per Share are calculated as specified in the Supplement for the relevant Fund provided that there shall be at least two Valuation Points in every Month.

Unless otherwise expressly defined for any specific purpose or part/s hereof or unless the context otherwise requires, in the Prospectus:

- (i) words importing any gender include all other genders; words importing the singular number only include the plural number and *vice versa*;
- (ii) words which import the whole are to be treated as including reference to any part of the whole; words importing individuals include legal persons and *vice versa*;
- (iii) references to the Prospectus or to any other document are to be construed as reference to the Prospectus or to that other document as modified, amended, varied, supplemented, or replaced from time to time;
- (iv) any reference to an Appendix, Annex, section, part or heading is to the relevant Appendix, Annex, section, part or heading of this Prospectus;
- (v) reference to any international, European or other regional or local statute or statutory provision (including any subordinate legislation), Directive, Regulation or other legislative instrument includes any statute or statutory provision, Directive, Regulation or legislative instrument which amends, extends, consolidates or replaces the same, or which has been amended, extended, consolidated or replaced by the same, and includes any orders, legislation, instruments or other subordinate legislation made under the relevant statute or statutory provision, Directive, Regulation or legislative instrument; and
- (vi) any phrase introduced by the words "including", "include", "in particular" or any similar expression is to be construed as illustrative only and shall not be construed as limiting the generality of any preceding words.

The headings in the Prospectus are included for convenience only and are to be ignored in its construction.





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## **EXECUTIVE SUMMARY**

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This section is a brief overview of certain of the important information set out in this Prospectus. It is not a complete description of all of the important information to be considered in connection with an investment in the Shares of a Fund and should be read in conjunction with, and is subject to the full provisions set out in this Prospectus and the Supplement relating to the relevant Fund.

### **Company**

The Company is an investment company with variable capital incorporated in Malta on the 20<sup>th</sup> April 2012 in terms of the Companies Act (Chapter 386 of the Laws of Malta). The Company is licensed (in respect of the Fund/s as on the date hereof) as a collective investment scheme by the MFSA in terms of Article 6 of the Investment Services Act (Chapter 370 of the Laws of Malta) and qualifies as a 'Maltese UCITS' pursuant to the Regulations.

### **Funds**

The Company is structured as a multi-fund (umbrella) company, which may issue separate Classes of groups of Classes of Shares constituting distinct Funds, with the assets and liabilities of each Fund constituting separate patrimonies pursuant to the SICAV Regulations. All Shares of each Class comprised in a Fund will rank *pari passu* save as provided for in the relevant Supplement. On the introduction of any new Fund (for the Company requires a licence granted by the MFSA) or any new Class of Shares in an existing Fund (for which prior MFSA approval is required and which must be issued in accordance with the requirements of the Licence Conditions), the Company will prepare and the Directors will issue a Supplement or update the existing Supplement setting out the relevant details of each such Fund or new Class of Shares. A separate portfolio of assets will be maintained for each Fund (and accordingly not for each Class of Shares) and will be invested in accordance with the investment objective and policies applicable to such Fund. Particulars relating to individual Funds and the Classes of Shares available therein are set out in the relevant Supplement.

### **Investment Objective and Policies**

Details of the specific investment objective and policies for each Fund will be formulated by the Directors at the time of creation of the Fund and will be referred to the Supplement.

There is no guarantee that any of the investment objectives will be met.

### **Classes of Shares**

The Directors may decide to create within each Fund different Classes of Shares. All Classes of Shares comprised in the same Fund will be commonly invested in accordance with such Fund's investment objective but may differ with regard to their fee structure, Minimum Initial Investment Amount, Minimal Additional Investment Amount, Minimum Shareholding, Minimum Repurchase Amount, dividend policy (including the dates and payments of any dividends), investor eligibility criteria or other particular feature(s) as the Directors will decide. A separate Net Asset Value per Share will be calculated for each issued Class of Shares in relation to each Fund. The different features of each Class of Shares available relating to a Fund are described in detail in the relevant Supplement.

The Company reserves the right to offer only one or several Classes of Shares for purchase by investors in any particular jurisdiction in order to conform to local law, custom or business practice. The Company also

reserves the right to adopt standards applicable to certain classes of investors or transactions in respect of the purchase of a particular Class of Shares.

**Dividend Policy**

All Funds and share Classes are issued as accumulation shares, and therefore no dividends will be paid in respect thereof and the entire net profits (if any) attributable to such Class will be accumulated within the Net Asset Value of, and reflected in the price of, Shares of such Class where applicable.

**Risk Factors**

An investment in a Fund involves a number of risks, including a possible loss of the amount invested. Moreover, there can be no guarantee or assurance that a Fund will achieve its investment objective. A more detailed description of certain risk factors relevant to investors in the Funds is set out under “Risk Factors” and the section of the relevant Supplement headed “Risk Factors”.

**Subscription of Shares**

Shares will be offered for subscription during the Initial Offer Period at the Initial Issue Price plus the Preliminary Charge (if applicable) as described in “Subscription for Shares”. Subsequent subscriptions will be made at the Net Asset Value per Share of the relevant Class plus the Preliminary Charge (if applicable) as described in “Subscription for Shares”.

**Repurchase of Shares**

Shares will be repurchased at the applicable Net Asset Value per Share of the relevant Class less the Repurchase Charge (if applicable) as described in “Repurchase of Shares”.

**Exchanges of Shares**

Exchanges of Shares of any Class of any Fund may be made into Shares of another Class which are being offered at that time (such Class being of the same Fund or a different Fund) to the extent authorised in the relevant Supplement(s) and as described under “Exchange of Shares”.

**Dealing Fees**

**(a) Preliminary Charge**

Shares may be subject to a Preliminary Charge which will be calculated on the Initial Issue Price or the Net Asset Value per Share as described under “Share Dealings - Subscription for Shares – Subscription Price”.

**(b) Repurchase Charge**

Shares may be subject to a Repurchase Charge which will be calculated on the Net Asset Value per Share as described under “Share Dealings – Repurchase of Shares – Repurchase Price”.

**(c) Exchange Charge**

An Exchange Charge of up to 2% of the Repurchase Price of the Shares being exchanged into Shares of another Class (within the same Fund and/or in another Fund) may be charged by the Company on the exchange of Shares, as is specified in the Supplement for the relevant Fund.

**Other Fees and Expenses**

Information on fees and expenses for each Fund can be found under the heading “Fees and Expenses” of this Prospectus and the relevant Supplement.

**Reports and Accounts**

The Company’s year end is 31 December of each year. The first year end shall be 31<sup>st</sup> December 2012.

The Scheme shall submit half-yearly and annual reports to the MFSA and such other information, returns and reports as the MFSA may from time to time request. The accounting information provided in the annual report shall be audited by a qualified auditor approved by the MFSA. The auditor's report, including any qualifications thereto shall be reproduced in full in the annual report. The half-yearly and annual reports shall be published and submitted to the MFSA within two and four months respectively of the end of the period concerned.

Such reports and accounts will contain (amongst others) a statement of the Net Asset Value of each Fund and of the Company's assets and liabilities and of the composition of the Funds' portfolio as at the Company's year end or the end of such semi-annual period.

The Scheme shall also submit to the MFSA, on the following email address [fundreporting@mfsa.com.mt](mailto:fundreporting@mfsa.com.mt), any statistical returns which may be required by the Central Bank of Malta to fulfil European and other relevant reporting obligations.

The Scheme shall also submit, together with its annual report, a report on its derivatives positions. The report shall include the following information – as at the year end of the Scheme – for every derivatives position of the Scheme:

- i. details of the underlying risks;
  - ii. relevant quantitative limits and how these are monitored and enforced;
- and
- iii. methods for estimating risks.

The MFSA may request the submission of any additional information, returns and reports for statistical purposes and the Scheme shall be bound to provide such additional information, returns and reports on the request of MFSA.

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## **FUNDS**

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The Company comprises or will comprise one or more segregated Funds, each represented and constituted by a different class or group of classes of Shares, and constituting separate patrimonies in terms of the SICAV Regulations.

### **Funds**

The Company is a multi-fund (umbrella) company in terms of the SICAV Regulations. Pursuant to the SICAV Regulations, the assets and liabilities of each individual Fund comprised in the Company shall for all intents and purposes of law constitute a patrimony separate from the assets and liabilities of each other Fund of the Company so that the assets of one Fund shall be available exclusively for the creditors and holders of Shares in that Fund only, save for the portion of the liabilities of the Company which by virtue of the Articles or by virtue of the terms of issue of Shares in any Fund or by virtue of or as described in this Prospectus are, or are to be, attributable to and to be paid out of the assets of one or more Fund/s in the proportion established therein. Accordingly, the liabilities incurred in respect of such Fund (including such proportion of the liabilities of the Company which by virtue hereof or of the Articles or by virtue of the terms of issue of the Shares constituting that Fund are, or are to be, attributable to such Fund) shall be paid solely out of the assets forming part of its patrimony and the creditors in respect thereof shall have no claim or right of action against the other assets of other Funds or of the Company, even in case of insufficiency of assets of such Fund to meet its liabilities (in which case the proportion of liabilities of such Fund in excess of the assets will not be allocated to other Funds).

In terms of Maltese law, the legal status of each Fund's assets and liabilities as a separate patrimony segregated from the assets and liabilities of each other Fund shall be respected in any proceedings which may be instituted in terms of the Companies Act when such proceedings relate to the dissolution and consequential winding-up or the reconstruction of the Company. Furthermore the proceedings which may be instituted under the Companies Act relating to dissolution and consequential winding-up of companies and company reconstructions shall apply in the same way to each Fund as though it were a distinct legal entity and with such modifications as are necessary in view of the fact that a Fund is not a company. Any such proceedings in relation to any one Fund will not have any effect on the assets of any other Fund.

Each Fund will be differentiated by its specific investment objective, policy, currency of denomination or other specific features as described in the relevant Supplement. As explained above, a separate pool of assets is maintained for each Fund, which will be invested in accordance with each Fund's respective investment objective.

The Fund will only invest in Assets, which safekeeping is provided by the Custodian.

### **Classes of Shares**

The Directors may decide to create within each Fund different Classes of Shares. In the case of two or more Classes of Shares issued in the same Fund, all assets and liabilities of or attributable to each such Class of Shares would form part of the total assets and liabilities of the Fund of which such a Class forms part (without prejudice to the provisions of the Supplement of such Fund, of this Prospectus and/or of the Articles and/or to the terms of issue of the relevant Class/es of Shares requiring or relating to the calculation of a separate NAV for each Class in such Fund).

The assets attributable to the Classes of Shares relating to the same Fund will be commonly invested in accordance with such Fund's investment objective but Classes may differ with

regard to their fee structure, Minimum Initial Investment Amount, Minimal Additional Investment Amount, Minimum Shareholding, Minimum Repurchase Amount, dividend policy (including the dates and payments of any dividends), investor eligibility criteria or other particular feature(s) as the Directors may decide. A separate Net Asset Value per Share will be calculated for each issued Class of Shares in relation to each Fund. The different features of each Class of Shares available relating to a Fund are described in detail in the relevant Supplement.

The Company reserves the right to offer only one or several Classes of Shares for purchase by investors in any particular jurisdiction in order to conform to local law, custom or business practice. The Company also reserves the right to adopt standards applicable to certain classes of investors or transactions in respect of the purchase of a particular Class of Shares.

### **Investment Objective and Policies**

The Company and the Investment Manager are required to observe the investment objectives, policies and restrictions of the Funds, in as set out in this Prospectus and subject to the Licence Conditions. Details of the investment objective and policy for each Fund of the Company appear in the Supplement for the relevant Fund.

Any change in the investment objective of a Fund may only be made with the prior approval of the Shareholders of such Fund, by means of an ordinary resolution of such Shareholders, adopted in accordance with the Articles, . Subject and without prejudice to the preceding sentence of this paragraph, in the event of a change of investment objective of a Fund, the change will only become effective after all pending repurchase requests linked to such change and received during the notice period specified in the notification of the approved change to the Shareholders, have been satisfied, and any applicable Repurchase Charge will be waived with respect of such repurchases.

Changes to the investment policy and restrictions of a Fund may be made by the Directors from time to time. Any material changes will be notified to the Fund's Shareholders in advance of the change, whereby a reasonable notice period will be observed to enable the Fund's Shareholders to have the Shares in the Fund repurchased prior to the implementation of such change.

### **Investment Restrictions**

The investment restrictions applying to each Fund of the Company under the MFSA Rules and License Conditions are set out below. These are, however, subject to the qualifications and certain exemptions contained in the MFSA Rules and in the License Conditions. Any additional investment restrictions for particular Funds will be formulated by the Directors at the time of the creation of such Funds.

The Directors may from time to time impose such further investment restrictions as shall be compatible with or in the interest of the Shareholders, in order to comply with the laws and regulations of the countries where Shareholders are placed.

### **Part A — Permitted Investments**

Subject to the limits for each type of permitted asset class as stated in Part B below, Investments of a Fund shall be limited to:

- A1. Transferable Securities and Money Market instruments which are admitted to or dealt in an Approved Regulated Market;
- A2. Recently issued Transferable Securities, provided that:

- a. the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another regulated market which operates regularly and is recognized and open to the public, provided that the choice of stock exchange or market has been approved by the MFSA or is provided for in the Scheme's Prospectus or the Scheme's instruments of incorporation;
- b. such admission is secured within a year of issue;
- A3. Money Market Instruments not dealt on an Approved Regulated Market, if the issue or issuer of such instruments is regulated to protect investors and they are:
- (i) issued by an undertaking any securities of which are dealt on an Approved Regulated Market; or
  - (ii) 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 MFSA to be at least as stringent as those laid down by EU law; or
  - (iii) issued or guaranteed by a central, regional or local authority or central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or
  - (iv) issued by other bodies falling within the categories which the MFSA may from time to time prescribe, provided that investments in such instruments are subject to investor protection equivalent to that laid down in (i), (ii) or (iii) above and provided that the issuer:
    - is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with 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.
- A4. Units of other CISs which qualify as UCITS and are so authorised in terms of the UCITS Directive, provided that no more than 10% of the assets of the UCITS whose acquisition is contemplated, can, according to their prospectus or instruments of incorporation, be invested in aggregate in units of other UCITS or other collective investment schemes.
- A5. Units of other CIS not authorised in terms of the UCITS Directive, which satisfy the definition of a UCITS and the following additional requirements:
- i. such other CISs are authorised under laws which provide that CISs are subject to supervision considered by MFSA to be equivalent to that laid down in EU law, and that co-operation between authorities is sufficiently ensured;
  - ii. the level of protection for unit-holders in such other collective investment schemes 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 the other collective investment schemes is reported in half yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
  - iv. no more than 10% of the assets of the other CIS whose acquisition is contemplated, can, according to their prospectus or instruments of incorporation, be invested in aggregate in units of other UCITS or other CIS.
- A6. 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 non-Member State, provided that it is subject to prudential rules considered by MFSA as equivalent to those laid down in Community Law.
- A7. FDIs, including equivalent cash-settled instruments dealt in on an Approved Regulated Market or dealt in over-the-counter ("OTC FDIs") provided that:
- i. the underlying consists of instruments covered by this Part A, financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest according to its investment objectives and stated in this Prospectus;
  - ii. the counterparties to OTC FDI transactions are Approved Counterparties, and
  - iii. the OTC FDIs 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.
- A8. The Company may acquire movable and immovable property which is essential for the direct pursuit of its business; it may hold ancillary liquid assets but may not acquire precious metals or certificates representing them.

## **Part B — Investment Limits**

### Transferable Securities and Money Market Instruments

- B1. A Fund may not invest more than 10% of its assets in Transferable Securities and Money Market Instruments other than those referred to in paragraphs A1, A2 and A3.
- B2. A Fund may invest no more than 5% of its assets in Transferable Securities or Money Market Instruments issued by the same body.
- B3. The limit referred in paragraph B2 above may be increased to 10% provided that the total value of Transferable Securities and Money Market Instruments in which the Fund invests more than 5% is less than 40%.
- B4. The limit of 5% (in B2) may be raised to 25% in the case of bonds that are issued 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 bond-holders. Sums deriving from the issue of these bonds shall 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 the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. If a Fund invests more than 5% of its assets in these bonds issued by one

issuer, the total value of those investments in each of which it holds more than 5% of its assets may not exceed 80% of the assets of the Fund.

- B5. The limit of 5% (in B2) may be raised to 35% if the Transferable Securities or Money Market Instruments are issued or guaranteed by:
- a Member State or its local authorities;
  - by a non-Member State;
  - public international body of which one or more Member States are members.
- B6. The Transferable Securities and Money Market Instruments referred to in B4 and B5 shall not be taken into account for the purpose of applying the limit of 40% referred to in B3.

#### Deposits with Credit Institutions

- B7. A Fund may not invest more than 20% of its assets in deposits made with the same Approved Institution.

#### Transactions in FDIs

- B8. The Company may, in respect of a Fund, enter into FDIs falling under A7 above for investment or for efficient portfolio management.

The risk exposure of a Fund to an Approved Counterparty in an OTC FDI may not exceed 5% of its assets. This limit is raised to 10% where the counterparty is a credit institution. The exposure per counterparty of an OTC FDI shall be measured on the basis of the maximum potential loss incurred by the Fund if the counterparty defaults.

The exposure to one counterparty in an OTC FDI may be reduced where the counterparty provides the Company with Approved Collateral. Furthermore, the Company may, in respect of a Fund, net the mark-to-market value of its OTC FDI positions with the same counterparty, thus reducing the Company's exposure to its counterparty, provided that the Company has in respect of that Fund a contractual netting agreement with its counterparty which creates a single legal obligation such that, in the event of the counterparty's failure to perform owing to default, bankruptcy, liquidation or any other similar circumstance, the Company would have a claim to receive or an obligation to pay only the net sum of the positive and negative mark-to-market values of included individual FDIs.

FDIs which are transacted on a Regulated Market where the clearing house meets the following conditions shall be deemed to be free of counterparty risk:

- i. is backed by an appropriate performance guarantee;
- ii. is characterised by a daily mark-to-market valuation of the derivative positions;  
and
- iii. is subject to at least daily margining.



### Overall Single Issuer Exposure

B9. Notwithstanding the limits laid down in paragraphs B2, B7 and B8 above a Fund may not combine

B9.1 investments in Transferable Securities or Money Market Instruments issued by;

B9.2 deposits made with;

B9.3 counterparty risk exposures arising from OTC FDIs undertaken with; and

B9.4 other exposures arising from OTC FDIs relating to;

a single body in excess of 20% of its assets.

B10. The limits referred to in B2, B3, B4, B5, B7, B8 and B9 above may not be combined, so that exposure to a single body shall not exceed 35% of the assets of a Fund.

B11. Group companies are regarded as a single issuer for the purposes of B2, B3, B4, B5, B7, B8 B9 and B10. However, a limit of 20% of the assets of a Fund may be applied to investment in Transferable Securities and Money Market Instruments within the same group.

B12. Notwithstanding the limits stated above, a Fund may, applying the principle of risk spreading, invest up to 100% of its assets in different Transferable Securities and Money Market Instruments issued or guaranteed by:

- any Member State or its local authorities;
- non-Member States; or
- public international bodies of which one or more Member States are members provided that:
  - a. the Company is satisfied that Shareholders have protection equivalent to that of unit-holders in a CIS complying with the other limits laid down in this Prospectus;
  - b. the Company holds, in respect of a Fund, securities from at least six different issues
  - c. the securities from any one issue shall not exceed 30 per cent of the assets of the Fund.

Where a Fund proposes to invest in Transferable Securities and/or Money Market Instruments within the limits set in this paragraph, the Investment Policy in respect of this Fund shall:

- state the names of the States, local authorities or public international bodies issuing or guaranteeing securities in which it intends to invest more than 35% of its assets; and
- include a prominent statement drawing attention to such authorization and indicating the States, local authorities and/ or public international bodies in the securities of which it intends to invest or has invested more than 35 per cent of its assets.

### Investment in Collective Investment Schemes (CIS)

In case of the Scheme availing itself of the derogation as per SLC 5.11, it will require the authorization of the MFSA.

B13. A Fund may not invest more than 20% of its assets in any one CIS referred to in paragraphs A4 and A5 above.

When a Fund has acquired CISs referred to in this paragraph B13, the assets of these CISs do not have to be combined for the purposes of the limits laid down in paragraphs B2 to B11.

B14. Investment in CISs referred to in paragraph A5 shall not, in aggregate, exceed 30% of the assets of a Fund.

B15. When a Fund invests in the units of other UCITs that are managed, by any company with which the Investment Manager are linked by a substantial direct or indirect holding, such entities may not charge subscription, conversion or redemption fees on account of the Fund's investment in the units of such other UCITs.

B16. Where a commission (including a rebated commission) is received by the Investment Manager by virtue of an investment in the units of another UCITs, this commission must be paid into the property of the Fund.

Where a Fund invests a substantial proportion of its assets in other UCITs, the Investment Policy relating to that Fund shall disclose the maximum level of the management fees that may be charged both to the Fund and to the other UCITs in which it intends to invest.

### Investments to Track an Index

B17. Notwithstanding the limits stated above, a Fund may invest up to 20% of its assets in shares and/or debt securities issued by the same body where the investment policy of a Fund is to replicate an index. When the investment objective of a Fund is to replicate an index this will be stated in the Investment Policy of such Fund.

The Index is subject to MFSA approval and will be recognised by the MFSA on the basis of the criteria set out below:

- its composition is sufficiently diversified;
- the index represents an adequate benchmark for the market to which it refers;
- and
- it is published in an appropriate manner.

B18. Subject to the MFSA approval, the limit in paragraph B17 above may be raised to 35%, where, in the opinion of the Investment Manager, this is justified by exceptional market conditions. The investment up to this limit is only permitted for a single issuer.

### General Provisions

B19. The Company, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

B20. A Fund may acquire no more than:

B20.1 10% of the non-voting shares of any single issuing body;

B20.2 10% of the debt securities of any single issuing body;

B20.3 25% of the units of any single CIS;

B20.4 10% of the Money Market Instruments of any single issuing body.

The limits laid down in B20.2, B20.3 and B20.4 above may be disregarded at the time of acquisition, if at that time, the gross amount of the debt securities or of the Money Market Instruments, or the net amount of the securities in issue cannot be calculated.

B21. Paragraphs B19 and B20 shall not be applicable to:

B21.1. Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or its local authorities;

B21.2. Transferable Securities and Money Market Instruments issued or guaranteed by a non-Member State;

B21.3. Transferable Securities and Money Market Instruments issued by public international bodies of which one or more Member States are members;

B21.4. Shares held by a Fund in the capital of a company incorporated in a non-Member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that non-Member State, where under the legislation of that non-Member State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that non-Member State. This waiver is applicable only if in its investment policies, the company from the non-Member State complies with the limits laid down in B2 to B10, B13 to B16, B19 and B20 and provided that where these limits are exceeded paragraphs B22 and B23 below are observed;

B21.5 Shares held by a Fund in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.

B22. A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to Transferable Securities or Money Market Instruments which form part of their assets.

B23. The MFSA has agreed that recently authorised Funds of the Company may derogate from the provisions of paragraphs B2 to B15, B17 and B18 for six months following the date of their authorisation, provided each Fund observes the principle of risk spreading.

B24. A Fund may not carry out uncovered sales of:

B24.1. Transferable Securities;

B24.2. Money Market Instruments;

B24.3. Units of CIS; or

#### B24.4. FDIs.

#### Financial Derivative Instruments (FDIs)

- B25. Position exposure to the underlyings of FDIs when combined, where relevant, with positions resulting from direct investments, may not exceed the investment limits included in paragraphs B2 to B11.
- B26. The requirements of paragraph B25, shall not apply in the case of index based FDIs provided the underlying index is one which meets with the criteria set out in paragraph B17.

#### Efficient Portfolio Management

B27. The Company on behalf of a Fund may employ techniques and Instruments relating to Transferable Securities, Money Market Instruments and/or FDIs for efficient portfolio management purposes. Provided that such transactions shall fulfill the following criteria:

B27.1 they are economically appropriate in that they are realised in a cost-effective way;

B27.2 they are entered into for one or more of the following specific aims:

- a. reduction of risk; or
- b. reduction of cost; or
- c. generation of additional capital or income for the Company with a level of risk which is consistent with the risk profile of the Company and the risk diversification rules laid down in paragraphs B2 to B11.

#### Borrowing and Lending Powers

B28. The Company may only borrow, for the account of a Fund, up to 10% of the assets of that Fund provided that such borrowing is on a temporary basis and that the Company's overall risk exposure shall not exceed 210 per cent of its NAV under any circumstances. The assets of such Fund may be charged as security for any such borrowings.

The Company may acquire foreign currency by means of a back to back loan agreement(s). Foreign currency obtained in this manner is not classified as borrowing for the purposes of the 10% limit mentioned above, provided that the offsetting deposit (a) is denominated in the Base Currency of the Fund; and (b) equals or exceeds the value of the foreign currency loan outstanding.

The Company may not borrow for investment purposes.

Without prejudice to the powers of the Company to invest in Transferable Securities, the Company may not lend cash, or act as guarantor on behalf of third parties.

Any special borrowing restrictions relating to a Fund will be formulated by the Directors at the time of the creation of a Fund. There are no special borrowing restrictions currently in operation.

## Leverage

B29. A Fund's global exposure relating to FDIs shall not exceed the NAV of that Fund. The exposure is calculated taking into account:

- a. the current value of the underlying asset;
- b. the counterparty risk;
- c. future market movements; and
- d. the time available to liquidate positions.

The Company shall use the Commitment Approach in order to measure the global exposure and leverage of any Fund arising out of its FDI positions. The Company shall convert a Fund's positions in Financial Derivative Instruments into the equivalent positions of the underlying assets embedded in those derivatives on the basis of the conversion rules set out in the MESA Rules. The aggregate value of these notional positions shall not exceed 100% of NAV of the Fund.

## **Part-C Breaches of Investment Restrictions**

If the limits laid down in Part B above are exceeded for reasons beyond the control of the Company, or as a result of the exercise of subscription rights, the Company shall take such steps as are necessary to ensure a restoration of compliance, in respect of that Fund, with such restriction(s) as soon as possible, taking due account of the interests of its shareholders, but in any event (unless otherwise authorised by the MESA), within a period of six months from the date when such excess was discovered.

## **Charges and Expenses**

When the Company on behalf of a Fund invests in the shares of other UCITS or collective investment undertakings or both and those other UCITS or collective investment undertakings are managed, directly or by delegation, by the Investment Manager or by any other company with which the Investment Manager is linked by common management or control, or by a substantial direct or indirect holding, the Investment Manager or other company shall not charge subscription or repurchase fees on account of the investment by the Company on behalf of the Fund in the shares of such other UCITS or collective investment undertakings or both, as the case may be.

If the Company on behalf of a Fund invests a substantial proportion of its net assets in other UCITS or non-UCITS collective investment undertakings or both, the maximum level of the management fees that may be charged to the Fund by such UCITS or non-UCITS collective investment undertakings or both, as the case may be, will be set out in the relevant Supplement. Details of such fees will also be contained in the Company's annual report.

If the Company invests in units of other Scheme which is also managed by the manager's Scheme or an associate of this manager, arrangements will be made to eliminate one set of management charges.

## **Risk Management**

The Investment Manager will use a risk management process which has been previously agreed with the Custodian and the MFSA. Any material alteration of this process should be agreed in advance with the Custodian and the MFSA.

This management process will consist on a general risk management master procedure, which contains the general risk management rules applicable to all the Funds under the Company, and additionally a specific risk management appendix for each particular Fund which will be adapted to the relevant risk-profile and the complexity of each Fund, enabling it to monitor, and measure and manage at any time as frequently as appropriate, all material risks relating to the Funds' positions and their contribution to the overall risk profile of each Fund, in accordance with and subject to the MFSA Rules. The risk management process will take account of the investment objectives and policies of each Fund, as stated in the corresponding offering supplements. The Investment Manager will provide Shareholders, upon request, with supplementary information relating to the quantitative limits that apply in the risk management of the relevant Fund, the methods chosen to this end and to the recent evolution of the main instrument categories' risks and yields. The Risk Management Processes will consist on a quantitative and qualitative analysis that will be conducted on a daily basis in order to constantly monitor the risks associated with the investments in the portfolio. This methodology will consists on the commitment approach this is, as for the limitation to a Funds' global exposure on derivatives and overall risk exposure it has been adopted the recommendation that the global exposure relating to financial derivative instruments may not exceed 100 % of the Fund's net asset value (NAV), and hence that the Funds' overall risk exposure may not exceed 200 % of the NAV on a permanent basis.

### **Income Allocation**

Each Fund will have an Annual Income Allocation Date, as specified in the relevant Supplement, which shall in any event be a date within two Months following the end of the relevant Accounting Period. Income and capital gains / losses shall be allocated for each Fund in accordance with the MFSA Rules.

Since all the Shares of the Funds are accumulation Shares, the amount allocated to accumulation Shares shall, with effect from the end of each annual accounting period, become part of the capital property and be reflected by an increase, as at the end of the period in the value of the property of the Company which an accumulation Share represents.

### **Dividend Policy**

All Funds and share Classes are issued as accumulation shares, and therefore no dividends will be paid in respect thereof and the entire net profits (if any) attributable to such Class will be accumulated within the Net Asset Value of, and reflected in the price of, Shares of such Class.

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## ***RISK FACTORS***

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The discussion below is of general nature and is intended to describe various risk factors which may be associated with an investment in the Shares of a Fund to which the attention of investors is drawn. See also the section of the relevant Supplement headed " Specific Risk Factors" for a discussion of any additional risks particular to Shares of that Fund However, these are not intended to be exhaustive and there may be other considerations that should be taken into account in relation to an investment in any Fund. Investors should consult their own advisors before considering an investment in the Shares of a particular Fund. What factors will be of relevance to the Shares of a particular Fund will depend upon a number of interrelated matters including, but not limited to, the nature of the Shares, the Fund Assets, the Underlying (if applicable), and the techniques used to link the Fund Assets to the Underlying (if applicable).

No investment should be made in the Shares of a particular Fund until careful consideration of all those factors has been made.

### **Introduction**

The investments of the Company in securities are subject to normal market fluctuations and other risks inherent in investing in securities. **The value of investments and the income from them, and therefore the value of and income from Shares relating to each Fund can go down as well as up and an investor may not get back the amount he invested.** Changes in exchange rates between currencies or the conversion from one currency to another may also cause the value of the investments to diminish or increase. **An investment in Shares should be viewed as medium to long term. An investment in a Fund should not constitute a substantial proportion of an investment portfolio of any investor and may not be appropriate for all investors.**

An investment in the Shares involves risks. These risks may include or relate to, among others, equity market, bond market, foreign exchange, interest rate, credit, market volatility and political risks and any combination of these and other risks. Some of these risk factors are briefly discussed below. Prospective investors should be experienced with respect to transactions in instruments such as the Shares, the Fund Assets, the Underlying (if applicable) and the techniques used to link the Fund Asset to the Underlying (if applicable). Investors should understand the risks associated with an investment in the Shares and should only reach an investment decision after careful consideration with their legal, tax, accounting, financial and other advisors of (i) the suitability of an investment in the Shares in the light of their own particular financial, fiscal and other circumstances, (ii) the information set out in this Prospectus, the relevant Supplement and the KIIDs ( Key Investor Information Document, (iii) the nature of the Underlying (if applicable), (iv) the risks associated with the use by the Fund of derivative techniques (if applicable), (v) the nature of the Fund Assets , and (vi) information set out in the relevant Supplement.

Investors in the Shares should recognise that the Shares may decline in value and should be prepared to sustain a total loss of their investment in the Shares. Even where the Shares contain some form of capital protection feature via the investment in the Fund Assets (such form of capital protection feature - if any - being described in the relevant Supplement), the protection feature may not be fully applicable to the initial investment made by an investor in the Shares, especially (i) when the purchase, sale or subscription of the Shares does not take place during the Initial Offer Period, (ii) when Shares are repurchased or sold before their Scheduled Maturity Date (if any) or (iii) when the Fund Assets or the techniques used to link the Fund Assets to the Underlying fail to deliver the expected returns. An investment in the Shares should only be made after assessing the direction, timing and magnitude of potential future changes in the value of the Underlying and the Fund Assets, as the return of any such investment will be dependent, *inter alia*, upon such changes.

Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of the Shares. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Shares.

### **Risk of Multi-Fund Structure**

The Company is formed as a multi-fund (umbrella) investment company with variable share capital and can establish an unlimited number of distinct Funds each represented by one or more Classes of Shares. Pursuant to the appropriate election made in the Articles and the provisions of the SICAV Regulations, the assets and liabilities of each individual Fund comprised in the Company will for all intents and purposes of law constitute a patrimony separate from the assets and liabilities of each other Fund of the Company so that the assets of one Fund will be available exclusively for the creditors and holders of Shares in that Fund only, and an Investor's interest will accordingly be limited to the assets and liabilities represented by the Class/es of Shares constituting the Fund in which he invests. Investors should, however, be aware that the Company is a single legal entity and no Fund in the

Company constitutes a legal entity separate from the Company, that to the Directors' knowledge the above mentioned provisions of Maltese law (in particular those relating to segregation of Funds and their respective assets and liabilities under the SICAV Regulations) have not, as at the date hereof, been tested by the courts of Malta, and that the Company is an entity that may be subject to claims in other jurisdictions and in the courts or other competent authorities thereof and the Company and the Directors cannot give guarantees that such courts and authorities will necessarily recognise and give effect to such segregation of the Funds (and their respective assets and liabilities), and in these circumstances, there is a risk that the assets of one Fund may be applied to meet the liabilities of another Fund of the Company or of the Company, whose assets are exhausted.

As at the date hereof, the Directors are not aware of any instances where the treatment of segregated assets and liabilities of distinct Funds of an investment company with variable share capital under Maltese law, as described above, has been challenged successfully against any entity, either in Malta or in any jurisdiction, where the Shares of a Fund are to be distributed or where the investments or transactions of a Fund are to be made.

### **Start-Up Periods**

A Fund and the Investment Manager may, during the start-up period of the Fund, incur certain risks relating to the initial investment of newly contributed assets. Moreover, the start-up period also represents a special risk in that the level of diversification of the general portfolio of the Fund may be lower than in a fully-committed portfolio. The Investment Manager may employ different procedures for moving to a fully-committed portfolio. These procedures will be based in part on market judgment. No assurance can be given that these procedures will be successful.

### **Risks arising from the sub-custodian agreements in which the custodian might enter**

The Custodian may appoint sub-custodians, agents or delegates ("Correspondents") to hold the assets of the Company. The liability of the Custodian shall not be affected by the fact that it has entrusted to a third party all or some of the assets in its safekeeping. Assets held with Correspondents may be held in pooled accounts provided they are segregated from the Custodian's proprietary assets. The Custodian's liability for loss or prejudice arising from the insolvency, acts or omissions of Correspondents, and of clearing systems, settlement systems, dematerialised book entry systems, central securities depositories or similar systems used by the Custodian, is limited in terms of the relevant Custody Agreement. Accordingly, in the event of any loss or prejudice arising from the insolvency, acts and omissions of such persons, the Company may have to enforce its rights against such persons directly. Furthermore, any delegation made by the Custodian pursuant to any Custody Agreement poses credit or counterparty risk and operational and legal risk and may be susceptible to systemic risk; if any such risk materialises, assets of the Fund may be lost or become unavailable (for instance, if the Fund's assets are not segregated on the Correspondent's books, the Fund's assets cannot be identified and reattributed to the Fund, or if the Correspondent becomes insolvent, the Company or its investors may not be able to claim back their assets immediately)..

### **Risks Arising from the delegation of functions to the Services Providers**

The Company has granted indemnities to the Custodian, the Administrator and the Investment Manager, and each of their Directors, Officers, employees and agents in respect of actions brought against them in their respective capacities provided that such actions did not involve wilful misconduct, bad faith, negligence or material breach of their obligations and duties under the relative agreements, which are available to investors upon request free of charge, at the Company's registered office and the office of the Administrator.

### **Risks Arising from the basis of calculation of any performance fees**



There are certain risks associated to those Funds where performance fees are charged.

The Investment Manager will receive a performance fee from the assets of the Fund based on a percentage of profits. Performance fees may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case in the absence of such incentive compensation arrangements.

The Investment Manager shall not operate an equalisation account, or any other method to ensure the equal treatment of Investors entering or exiting the Fund at different moments in time. This may lead prospective and current Investors subscribing for Shares (of any class) as well as Investors redeeming their Shares (of any class) to indirectly under/over pay an under/over performance fee accrual as the case may be.

The performance fee may be based on both realized and unrealized gains and as a result may be paid on unrealized gains which may subsequently never be realized.

The amount of performance fees that may be payable are not subject to any cap or maximum nominal amount.

### **General Risk Factors**

#### *Valuation of the Underlying and the Fund Assets*

Investors in the Shares should be aware that such an investment involves assessing the risk of an investment linked to the Underlying and, where applicable, the Fund Assets and the techniques used to link the Fund Assets to the Underlying. Investors should be experienced with respect to transactions involving the purchase of Shares the value of which derives from an Underlying possibly in combination with a Fund Asset. The value of the Underlying and the Fund Assets and the value of the techniques used to link them may vary over time and may increase or decrease by reference to a variety of factors which may include, amongst others, corporate actions, macro economic factors and speculation. Where the Underlying is a basket of securities or one or more indices, the changes in the value of any one security or index may be offset or intensified by fluctuations in the value of other securities or indices which comprise such constituents of the Underlying or by changes in the value of the Fund Assets themselves.

#### *Exchange Rates*

Investors in the Shares should be aware that an investment in the Shares may involve exchange rate risks. For example (i) the Underlying may directly or indirectly provide exposure to a number of different currencies of emerging market or developed countries; (ii) the Underlying and/or the Fund Assets may be denominated in a currency other than the Base Currency; (iii) the Shares may be denominated in a currency other than the currency of the investor's home jurisdiction; and/or (iv) the Shares may be denominated in a currency other than the currency in which an investor wishes to receive his monies. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets, which are influenced by macro economic factors (such as the economic development in the different currency areas, interest rates and international capital movements), speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Shares.

#### *Interest Rate*

Investors in the Shares should be aware that an investment in the Shares may involve interest rate risk in that there may be fluctuations in the currency of denomination of the Underlying and/or the Fund Assets (if applicable) and/or the Shares.

Interest rates are determined by factors of supply and demand in the international money

markets which are influenced by macro economic factors, speculation and central bank and government intervention. Fluctuations in short term and/or long term interest rates may affect the value of the Shares. Fluctuations in interest rates of the currency in which the Shares are denominated and/or fluctuations in interest rates of the currency or currencies in which the Underlying and/or the Fund Asset are denominated may affect the value of the Shares.

#### *Market Volatility*

Market volatility reflects the degree of instability and expected instability of the performance of the Shares, the Underlying and/or the Fund Assets, and/or the techniques to link the Fund Assets to the Underlying, where applicable. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivatives markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macro economic factors and speculation.

#### *Credit Risk*

Investors in the Shares should be aware that such an investment may involve credit risk. Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. In the event that any issuer of bonds or other debt securities experiences financial or economic difficulties, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the Net Asset Value per Share. Investors in any Fund whose performance is linked to an Underlying should be aware that the Fund Assets for any such Fund will generally include bonds or other debt instruments that involve credit risk. Moreover, where such Fund provides for a capital protection feature, the functioning of such feature will often be dependent on the due payment of the interest and principal amounts on the bonds or other debt instruments in which the Fund is invested as the Fund Asset.

### **Other Risk Factors**

#### *Credit Derivatives*

Credit risk refers to the risk that a company (referred to as the "reference entity") may fail to perform its payment obligations under a transaction when they are due to be performed as a result of a deterioration in its financial condition. This is a risk for the other companies or parties which enter into transactions with the reference entity or in some other way have exposure to the credit of the reference entity. The term transactions is used widely. It can include loan agreements entered into by the reference entity and also securities issued by the reference entity.

The parties which bear credit risk of a reference entity may seek to pass on this risk through a "credit derivative transaction" with other companies. A derivative is a financial instrument which derives its value from an Underlying or variable. In the case of a credit derivative transaction the credit risk of the reference entity defaulting is the relevant variable. Many financial institutions or banks will regularly quote prices for entering into or selling a credit derivative transaction. For a financial institution or bank credit derivatives transactions may be a large part of its business. Prices are quoted on the basis of an analysis of the credit risk of the relevant reference entity. If participants in the credit derivatives market think that a credit event (as described in the following paragraph) is likely to occur in relation to a particular reference entity, then the cost of buying credit protection through a credit derivative transaction will increase. This is regardless of whether or not there has been an actual default by the reference entity. The party to the credit derivative transaction which purchases credit protection is referred to as the "credit protection buyer" and the party which sells the credit protection is referred to as the "credit protection seller".

The credit protection buyer and credit protection seller will agree between them the types of event which may constitute a “credit event” in relation to the relevant reference entity. Typical credit events include (i) the insolvency of the reference entity (ii) its failure to pay a specified amount (iii) a restructuring of the debt owed or guaranteed by the reference entity due to a deterioration in its financial condition (iv) a repudiation or moratorium where the reference entity announces that it will no longer make certain payments or agrees with its lenders a delay or deferral in making payments or (v) a requirement that the reference entity accelerate payment of its obligation. To a large extent the credit events are determined by reference to specified obligations of the reference entity or obligations guaranteed by the reference entity, as selected by the credit protection buyer. These are referred to as “reference obligations”.

If a specified credit event occurs in respect of the relevant reference entity, or in respect of a reference obligation, the credit protection seller may be obliged to purchase the reference obligation at par (typically 100 per cent of its face amount) from the credit protection buyer. The credit protection seller can then sell the obligation in the market at the market price which is expected to be lower than par (because the reference entity has suffered a credit event, its obligations are less likely to be met and therefore are worth less in the market). The proceeds of sale are called “recoveries”. The loss that the credit protection seller incurs (par value minus recoveries) is assumed to be the same as the loss that a holder of such obligation would incur following the occurrence of a credit event. This type of credit derivative transaction is referred to as a “physically settled credit derivative transaction”.

Often credit derivative transactions are drafted such that there is no physical delivery of the relevant obligation against the payment of the par value. Instead, the recovery value is determined by obtaining quotations for the reference obligation from other credit derivatives market participants. Following market practice, a credit protection buyer is likely to select a reference obligation with the lowest market value. Consequently the recovery value will be less than would otherwise be the case. The credit protection seller must then make a payment (sometimes referred to as a loss amount) to the credit protection buyer equal to the difference between par value and recovery value. This is referred to as a “cash settled credit derivative transaction. If no specified credit event occurs, the credit protection seller receives periodic payments from the credit protection buyer for the credit protection it provides but does not have to make any payments to the credit protection buyer. These are referred to as credit premiums. Typically the credit protection buyer acts as calculation agent and makes all determinations in relation to the credit derivative transaction.

#### *Credit portfolio transactions*

A number of banks and financial institutions structure credit derivative transactions known as “credit portfolio transactions”. This refers to there being a portfolio of reference entities rather than a single reference entity. Each reference entity represents a certain proportion of the portfolio. Where a credit event occurs in relation to a reference entity, that reference entity will be removed from the portfolio and, in the case of a cash settled credit derivative transaction, the credit protection seller will pay the relevant cash amount to the credit protection buyer.

In relation to credit portfolio transactions, there are often a number of different credit protection sellers arranged in an order of priority. The part of the credit portfolio for which a credit protection seller is responsible is referred to as a tranche. Each credit protection seller will be responsible for paying the relevant amounts following a credit event, depending on the position of their particular tranche in the credit portfolio. For example, the credit protection seller in relation to the lowest tranche, often referred to as the “equity tranche”, will pay loss amounts to the credit protection buyer up to a certain limit. These loss amounts will become payable in relation to the first credit event to occur in the credit portfolio and also subsequent credit events. However when the credit protection seller in relation to the lowest tranche has paid loss amounts up to the relevant limit it has no further obligations. This limit is referred to as the threshold amount in relation to the next tranche. Where subsequent credit events occur the credit protection seller in relation to the next tranche will then be required to pay amounts up to its agreed limit and so on. It is more likely that the credit protection seller in relation to the lowest tranche of the credit portfolio will be required to pay amounts to the

credit protection buyer. On the other hand it is less likely that the credit protection seller in relation to the highest tranche of the credit portfolio will be required to pay amounts to the credit protection buyer.

The credit premiums payable by the credit protection buyer reflect the different levels of risk assumed by a credit protection seller. A high credit premium will be payable to the credit protection seller in relation to the lowest tranche and a lower credit premium will be payable to the credit protection seller in relation to the highest tranche.

#### *Credit linked securities*

Credit linked securities are structured so that amounts payable under the securities are determined in whole or in part by reference to a credit derivative transaction. Credit linked securities may relate to a credit derivative transaction on a single reference entity or on a portfolio of reference entities. Many credit linked securities are issued by companies resident in an offshore jurisdiction (also known as special purpose vehicles). These issuers typically use the issue proceeds of the securities to purchase other securities issued by a third party issuer (referred to as "collateral"). At the same time the issuer enters into a credit derivative transaction with a swap counterparty, also sometimes known as a "hedging counterparty". The issuer acts as the credit protection seller and the hedging counterparty is the credit protection buyer. In economic terms it might also be said the security holders act as credit protection sellers. In exchange for the credit protection, the hedging counterparty will pay certain credit premiums to the issuer which it may pass on to security holders in the form of interest payments. The issuer may also enter into other hedging arrangements such as an asset hedging agreement under which the issuer may swap all payment flows of the collateral for all amounts owing to the security holders. Where a credit event occurs under the credit derivative transaction requiring the issuer to make a payment under the credit derivative transaction, the issuer will realise an amount of the collateral to satisfy that obligation. In relation to a credit portfolio transaction this obligation will only arise where the credit protection provided by lower tranche(s) of the credit portfolio has already been used up. Where collateral is realised, the outstanding nominal amount or other relevant value of the securities will be reduced. To the extent that all the collateral is fully applied in this way, then the securities will be worthless and will be terminated early at zero. If the securities remain outstanding at maturity then the amount of collateral remaining, if any, will be applied to paying redemption amounts to securityholders.

#### *Credit Ratings*

Credit ratings are assigned by rating agencies such as Standard & Poor's (S&P), Fitch or Moody's, or other credit rating agencies, including those regulated under EU law. It is important to understand the nature of credit ratings in order to understand the nature of the Securities. The level of a credit rating is an indication of the probability that (in the opinion of the rating agency) payments will be made on the relevant bond(s) or other obligation(s) to which the credit rating relates. Bonds with a rating of AAA, AA, A or BBB by S&P are called "investment grade" bonds and this indicates that the risk of a failure to repay amounts is limited. While credit ratings can be a useful tool for financial analysis, they are not a guarantee of quality or a guarantee of future performance in relation to the relevant obligations. Ratings assigned to securities by rating agencies may not fully reflect the true risks of an investment. Ratings may also be withdrawn at any time.

#### *Liquidity Risk*

Certain types of assets or securities may be difficult to buy or sell, particularly during adverse market conditions. This may affect the ability to obtain prices for the components of the Underlying and may therefore affect the value of the Underlying. This may in turn affect the Net Asset Value per Share.

#### *Additional risks associated with an Underlying linked to specific types of securities or assets*

There are special risk considerations associated with an Underlying of which the performance

is linked directly or indirectly to the following types of securities or assets. The degree of exposure to such factors will depend on the precise way in which the Underlying is linked to such assets.

- *Hedge Funds and other Alternative Investment Funds*

The Company will be investing from time to time in hedge funds and other alternative investment funds (together **Alternative Investment Fund**). This will be achieved by using different types of instruments, such as OTCs, FDI's, UCITs, and non-UCITs funds. Those instruments will qualify under the different permissible investments addressed in section "Permitted Investments" of this Prospectus, and depending on the instruments used, an investment limit will apply, in accordance to section "Investment Limits" of this Prospectus.

A Fund may not invest more than 10% of its assets in Collective Investments Schemes other than those referred to in paragraphs A4 and A5 of the Section Permitted Investments above.

The following is a non-exhaustive list of the risks associated with

*Trading Advisor:* the performance of an Alternative Investment Fund will depend on the performance of the investments selected by the relevant trading advisor (the "**Trading Advisor**" in respect of an Alternative Investment Fund is the entity which provides investment management services to the Alternative Investment Fund) and, to a great extent, upon the expertise of key individuals associated with the day-to-day operations of the Trading Advisor. Any withdrawal or other cessation of investment activities on behalf of the Trading Advisor by any of these individuals could result in losses and/or the termination or the dissolution of the relevant Alternative Investment Fund. The investment strategy, investment restrictions and investment objectives of an Alternative Investment Fund give its Trading Advisor considerable discretion to invest the assets thereof and there can be no guarantee that the Trading Advisor's investment decisions will be profitable or will effectively hedge against the risk of market or other conditions causing the value of the relevant Alternative Investment Fund to decline. A Trading Advisor will receive performance related fees, which may be substantial. The manner of calculating such fees may create an incentive for the Trading Advisor to make investments that are riskier or more speculative than would be the case if such fees were not paid to the Trading Advisor. In addition, since the performance fees may be calculated on a basis that includes both unrealised and realised gains on the relevant Alternative Investment Fund's assets, such fees may be greater than if they were based solely on realised gains.

*Unregulated Alternative Investment Funds:* Alternative Investment Funds may be domiciled in jurisdictions which do not have a regulatory regime which provides an equivalent level of shareholder protection as that provided under Maltese law. An unregulated Alternative Investment Fund is one in which the management, trustee and custodial arrangements, constitution and investment objectives do not provide an equivalent level of investor protection as that provided by schemes authorised under Maltese laws and regulations and conditions governing collective investment schemes.

*Lack of segregation of assets:* a prime broker will be, or will have been, appointed in relation to an Alternative Investment Fund and will accordingly be responsible for custody, clearing, financing and reporting services with respect to the securities transactions entered into by the relevant Trading Advisor. Where investments by an Alternative Investment Fund are classified by the relevant prime broker as Collateral, they may not be segregated by such prime broker from its own investments. As a result, such investments may be available to the creditors of such prime broker in the event of its insolvency and the relevant Alternative Investment Fund may lose some or all of its interest in such investments.

*Hedging risks:* a Trading Advisor may utilise warrants, futures, forward contracts, swaps, options and other derivative instruments involving securities, currencies, interest rates, commodities and other asset categories (and combinations of the foregoing) for the purposes of establishing "market neutral" arbitrage positions as part of its trading strategies and to hedge against movements in the capital markets. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent

losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions may also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not always be possible for the Trading Advisor to execute hedging transactions, or to do so at prices, rates or levels advantageous to the Alternative Investment Fund. The success of any hedging transactions will be subject to the movements in the direction of securities prices and currency and interest rates, and stability or predictability of pricing relationships. Therefore, while an Alternative Investment Fund might enter into such transactions to reduce currency exchange rate and interest rate risks, unanticipated changes in currency or interest rates may result in poorer overall performance for the Alternative Investment Fund than if it had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the relevant Trading Advisor may not be able to, or may not seek to, establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. An imperfect correlation may prevent an Alternative Investment Fund from achieving the intended hedge or expose an Alternative Investment Fund to risk of loss.

*Leverage:* Alternative Investment Funds may be able to borrow (or employ leverage) without limitation and may utilise various lines of credit and other forms of leverage, including swaps and repurchase agreements. While leverage presents opportunities for increasing an Alternative Investment Fund's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the Alternative Investment Fund will decrease. Additionally, any event which adversely affects the value of an investment by an Alternative Investment Fund would be magnified to the extent such Alternative Investment Fund is leveraged. The cumulative effect of the use of leverage by an Alternative Investment Fund in a market that moves adversely to such Alternative Investment Fund's investments could result in a substantial loss to the Alternative Investment Fund that would be greater than if the Alternative Investment Fund were not leveraged. Furthermore, any use by the Alternative Investment Fund of swaps and other derivatives to gain exposure to certain Alternative Investment Funds will leverage the Alternative Investment Fund's assets, and subject it to the risks described above. Two further specific risks are:

- (a) interest rates: interest rates and changes in interest rates may affect the net asset value of the Alternative Investment Fund if the relevant Trading Advisor employs leverage. The level of interest rates generally, and the rates at which the relevant Alternative Investment Fund can borrow, will affect its returns and therefore the Alternative Investment Fund; and
- (b) operational and market risks: small hedging errors may be amplified by leverage into major duration imbalances that render an investment exposed to directional shifts in the yield curve and may lead to a total loss of the leveraged investment. Hedges may fail to replicate target investments due to uncorrelated changes in spreads between various instruments, resulting in large unexpected losses. In addition, it is operationally difficult to manage a leveraged portfolio of complex instruments, not only because positions must be monitored for asset performance, but also because prices must be determined and valuation disputes with counterparties resolved to ensure adequate maintenance of Collateral for hedging or funding contracts. Failure to do so can lead to defaults on margin maintenance requirements and can expose an Alternative Investment Fund to the withdrawal of credit lines necessary to fund asset positions.

*Risks associated with the use of margin borrowings:* a Trading Advisor's anticipated use of short-term margin borrowings will result in certain additional risks to the Alternative Investment Fund. For example, if securities pledged to brokers to secure an Alternative Investment Fund's margin accounts decline in value, such Alternative Investment Fund could be subject to a "margin call", pursuant to which it must either deposit additional funds with the managed account for subsequent deposit with the broker or be the subject of mandatory

liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the relevant Alternative Investment Fund's assets, the Trading Advisor might not be able to liquidate assets quickly enough to pay off the margin debt. In such a case, the relevant prime broker may liquidate additional assets of the Alternative Investment Fund, in its sole discretion, in order to satisfy such margin debt. The premiums for certain options traded on non-U.S. exchanges may be paid for on margin. If the Trading Advisor sells an option on a futures contract from the relevant managed account, it may be required to deposit margin in an amount equal to the margin requirement established for the futures contract underlying the option and, in addition, an amount substantially equal to the premium for the option. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed in dealing in the futures markets directly. Whether any margin deposit will be required for over-the-counter options will depend on the agreement of the parties to the transaction.

*Low credit quality securities:* The Alternative Investment Fund may make particularly risky investments that may offer the potential for correspondingly high returns. As a result, an Alternative Investment Fund may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard which is a prerequisite to an Alternative Investment Fund's investment in any security. The debt securities in which an Alternative Investment Fund is permitted to invest may be rated lower than "investment grade" and hence may be considered to be "junk bonds" or distressed securities.

*Distressed securities:* Alternative Investment Funds may invest in securities of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganisation proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and a court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganisation, there exists the risk that the reorganisation will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution to the Alternative Investment Fund of cash or a new security the value of which will be less than the purchase price of the security in respect to which such distribution was made.

*Derivatives:* certain Alternative Investment Funds may invest in complex derivative instruments which seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk, volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. The Alternative Investment Fund's may also buy or sell options on a variety of Underlyings. Risk of writing (selling) options is unlimited in that the writer of the option must purchase (in the case of a put) or sell (in the case of a call) the underlying security at a certain price upon exercise. There is no limit on the price an Alternative Investment Fund may have to pay to meet its obligations as an option writer. As assets that can have no value at their expiration, options can introduce a significant additional element of leverage and risk to an Alternative Investment Fund's market exposure.

The use of certain options strategies can subject an Alternative Investment Fund to investment losses that are significant even in the context of positions for which the relevant Trading Advisor has correctly anticipated the direction of market prices or price relationships.

*Special risks associated with trading in over-the-counter derivatives:* some of the markets in which an Alternative Investment Fund may effect derivative transactions are “over-the-counter” or “interdealer” markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of “exchange-based” markets. This exposes the Alternative Investment Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not *bona fide*) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in “exchange-based” markets. These factors may cause an Alternative Investment Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such “counterparty risk” is present in all swaps, and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Alternative Investment Fund has concentrated its transactions with a single or small group of counterparties. An Alternative Investment Fund generally is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. In addition, if a Trading Advisor engages in such over-the-counter transactions, the relevant Alternative Investment Fund will be exposed to the risk that the counterparty (usually the relevant prime broker) will fail to perform its obligations under the transaction. The valuation of over-the-counter derivative transactions is also subject to greater uncertainty and variation than that of exchange-traded derivatives. The “replacement” value of a derivative transaction may differ from the “liquidation” value of such transaction, and the valuations provided by an Alternative Investment Fund’s counterparty to such transactions may differ from the valuations provided by a third party or the value upon liquidation of the transaction. Under certain circumstances it may not be possible for an Alternative Investment Fund to obtain market quotations for the value of an over-the-counter derivatives transaction. An Alternative Investment Fund may also be unable to close out or enter into an offsetting over-the-counter derivative transaction at a time it desires to do so, resulting in significant losses. In particular, the closing-out of an over-the-counter derivative transaction may only be effected with the consent of the counterparty to the transaction. If such consent is not obtained, an Alternative Investment Fund will not be able to close out its obligations and may suffer losses.

*Illiquid investments:* certain Alternative Investment Funds may make investments which are subject to legal or other restrictions on transfer or for which no liquid market exists, such as private placements. The market prices, if any, of such investments tend to be more volatile and it may be impossible to sell such investments when desired or to realise their fair value in the event of a sale. Moreover, securities in which an Alternative Investment Fund may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they are likely to be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid. Furthermore, companies whose securities are not registered or publicly traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were registered or publicly traded. In addition, futures positions may become illiquid because, for example, most U.S. commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Under such daily limits, no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a Trading Advisor from promptly liquidating unfavourable positions and subject the relevant Alternative Investment Fund to



substantial losses. In addition, an exchange or regulatory authority may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The illiquidity of positions may result in significant unanticipated losses.

*Legal and regulatory risks:* legal and regulatory changes could adversely affect an Alternative Investment Fund. Regulation of investment vehicles such as the Alternative Investment Fund, and of many of the investments a Trading Advisor is permitted to make on behalf of an Alternative Investment Fund, is still evolving and therefore subject to change. In addition, many governmental agencies, self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future legal or regulatory change on an Alternative Investment Fund is impossible to predict, but could be substantial and adverse.

*Short-selling:* a short sale involves the sale of a security that an Alternative Investment Fund does not own in the hope of purchasing the same security (or a security exchangeable for such security) at a later date at a lower price. To make delivery to the buyer, the Alternative Investment Fund must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Alternative Investment Fund realises a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Alternative Investment Fund covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

*Commodity Futures:* commodity futures markets are highly volatile. Alternative Investment Funds investing in these commodity markets must be able to analyse correctly such markets, which are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programmes and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. Moreover, investments in futures and options contracts involve additional risks including, without limitation, leverage (margin is usually only 5-15% of the face value of the contract and exposure can be nearly unlimited). An Alternative Investment Fund's futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent an Alternative Investment Fund from promptly liquidating unfavourable positions and subject it to substantial losses.

*Alternative Investment Fund compensation:* an Alternative Investment Fund typically provides for a performance fee or allocation, over and above a basic advisory fee, to its general partner, Trading Advisor or person serving in an equivalent capacity. Performance fees or allocations could create an incentive for a Trading Advisor to choose riskier or more speculative underlying investments than would otherwise be the case.

*Soft commissions:* in selecting brokers, banks and dealers to effect transactions on behalf of an Alternative Investment Fund, the relevant Trading Advisor may consider such factors as price, the ability of the brokers, banks and dealers to effect transactions promptly and reliably, their facilities, the operational efficiency with which transactions are effected, their financial strength, integrity and stability and the competitiveness of commission rates in comparison with other brokers, banks and dealers, as well as the quality, comprehensiveness and frequency of any products or services provided, or expenses paid, by such brokers, banks and dealers. Products and services may include research items used by the Trading Advisor in making investment decisions, and expenses may include general overhead expenses of the Trading Advisor. Such soft commissions may cause an Alternative Investment Fund manager to execute a transaction with a specific broker, bank, or dealer even though it may not offer the lowest transaction fees. A Trading Advisor is not required to (i) obtain the lowest

brokerage commission rates or (ii) combine or arrange orders to obtain the lowest brokerage commission rates on its brokerage business. If a Trading Advisor determines that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research products or services provided by such broker, it may execute transactions for which such broker's commissions are greater than the commissions another broker might charge. Such brokerage commissions may be paid to brokers who execute transactions for the relevant managed account and which supply, pay for or rebate a portion of the Alternative Investment Fund's brokerage commissions to Alternative Investment Funds for payment of the cost of property or services (such as research services, telephone lines, news and quotation equipment, computer facilities and publications) utilised by the relevant Trading Advisor or its affiliates. A Trading Advisor will have the option to use soft commissions generated by its investment activities to pay for the property and services described above. The term soft commissions refers to the receipt by a Trading Advisor of property and services provided by brokers (or futures commission merchants in connection with futures transactions) without any cash payment by such Trading Advisor based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the Trading Advisor. A Trading Advisor will consider the amount and nature of research services provided by brokers, as well as the extent to which such services are relied upon, and will attempt to allocate a portion of the brokerage business of the relevant managed account on the basis of those considerations.

*Highly volatile markets:* the prices of commodities contracts and all derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts, and other derivative contracts in which Alternative Investment Funds may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Alternative Investment Funds also are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearing houses.

*Investments in non-OECD Member States markets:* a Trading Advisor may invest in securities of issuers that are not located, or subject to regulation, in an OECD Member State, that are not denominated in the currency of an OECD Member State and that are not traded in an OECD Member State. Such investments involve certain special risks, including risks associated with political and economic uncertainty, adverse governmental policies, restrictions on foreign investment and currency convertibility, currency exchange rate fluctuations, possible lower levels of disclosure and regulation, and uncertainties as to the status, interpretation and application of laws, including, but not limited to, those relating to expropriation, nationalisation and confiscation. Companies not located in an OECD Member State are also not generally subject to uniform accounting, auditing and financial reporting standards, and auditing practices and requirements may not be comparable to those applicable to OECD Member State companies. Further, prices of securities not traded in an OECD Member State, especially those securities traded in emerging or developing countries, tend to be less liquid and more volatile. In addition, settlement of trades in some such markets may be much slower and more subject to failure than in an OECD Member State markets. An investment outside the OECD Member State could impose additional costs on the relevant managed account. Brokerage commissions generally are higher outside the OECD Member State and currency conversion costs could be incurred when a Trading Advisor changes investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of laws of non-OECD Member State jurisdictions to non-OECD Member State custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalisation and record access) may also arise from the maintenance of assets in jurisdictions outside the OECD Member States.

*Special risks associated with trading in forward contracts:* Alternative Investment Funds may

engage in forward trading. Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised, rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Alternative Investment Funds due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to an Alternative Investment Fund.

*Concentration of investments:* Although the Alternative Investment Fund's investments will be diversified in accordance with the Regulations, the Trading Advisor in respect of an Alternative Investment Fund may invest such Alternative Investment Fund's assets in a limited number of investments that may be concentrated in a few countries, industries, sectors of an economy or issuers. As a result, although investments by Alternative Investment Funds will be diversified in accordance with the Regulations, the negative impact on the value of the relevant Alternative Investment Fund from adverse movements in a particular country, economy or industry or in the value of the securities of a particular issuer could be considerably greater than if such Alternative Investment Fund were not permitted to concentrate its investments to such an extent.

*Turnover:* Alternative Investment Funds may invest on the basis of certain short-term market considerations. As a result, the turnover rate within Alternative Investment Funds is expected to be significant, potentially involving substantial brokerage commissions, fees and other transaction costs.

*Operational and human error:* the success of an Alternative Investment Fund depends in part upon the relevant Trading Advisor's accurate calculation of price relationships, the communication of precise trading instructions and ongoing position evaluations. In addition, a Trading Advisor's strategies may require active and ongoing management of durations and other variables, and dynamic adjustments to an Alternative Investment Fund's positions. There is the possibility that, through human error, oversight or operational weaknesses, mistakes could occur in this process and lead to significant trading losses and an adverse effect on the relevant net asset value.

*Reliability of valuations:* Alternative Investment Funds are valued pursuant to the Alternative Investment Fund's instrument governing such valuations. As a general matter, the governing instruments of Alternative Investment Funds provide that any securities or investments which are illiquid, not traded on an exchange or in an established market or for which no value can be readily determined, will be assigned such fair value as the respective investment managers may determine in their judgement based on various factors. Such factors include, but are not limited to, aggregate dealer quotes or independent appraisals. Such valuations may not be indicative of what actual fair market value would be in an active, liquid or established market.

*Investment strategies:* Alternative Investment Funds are a relatively heterogeneous asset class in which the managers may determine their strategies in their sole discretion. As a consequence there is no commonly accepted definition for the strategies employed by Alternative Investment Funds. It can even be impossible to associate certain Alternative Investment Funds with only one specific definition of a strategy. Furthermore there are various levels on which classifications can be made: any general strategy consists of various substrategies which may be very different from each other.

- *Futures and Options*

There are special risk considerations associated with an Underlying of which the performance

is linked to futures, options or other derivative contracts. Depending on the nature of the Underlyings, reference rates or other derivatives to which they relate and on the liquidity in the relevant contract, the prices of such instruments may be highly volatile and hence risky in nature.

- *CTA Deposits*

A CTA Deposit is a margin investment account held with a bank and managed by a Commodity Trading Advisor registered with the U.S. Commodity Futures Trading Commission or any other relevant regulatory authority, under terms that the Commodity Trading Advisor may engage in trading on a margin (leveraged or geared) basis in a variety of liquid financial instruments including listed and unlisted futures, forwards and options relating to a variety of asset classes including but not limited to interest rates, fixed income securities, commodities, currencies and equities (and may also engage in trading directly in a number of such asset classes). Accordingly the risks relating to an exposure directly or indirectly to CTA Deposits will be a complicated function of the risks associated with the Underlying class, the risks associated with the derivative or other instrument by which such exposure is assumed and the level of gearing.

- *Structured Finance Securities*

Structured finance securities include, without limitation, asset-backed securities and portfolio credit-linked notes.

Asset-backed securities are securities primarily serviced, or secured, by the cash flows of a pool of receivables (whether present or future) or other Underlyings, either fixed or revolving. Such Underlyings may include, without limitation, residential and commercial mortgages, leases, credit card receivables as well as consumer and corporate debt. Asset-backed securities can be structured in different ways, including “true sale” structures, where the Underlyings are transferred to a special purpose entity, which in turn issues the asset-backed securities, and “synthetic” structures, in which not the assets, but only the credit risks associated with them are transferred through the use of derivatives, to a special purpose entity, which issues the asset backed securities.

Portfolio credit-linked notes are securities in respect of which the payment of principal and interest is linked directly or indirectly to one or more managed or unmanaged portfolios of reference entities and/or assets (**reference credits**). Upon the occurrence of a credit-related trigger event (**credit event**) with respect to a reference credit (such as a bankruptcy or a payment default), a loss amount will be calculated (equal to, for example, the difference between the par value of an asset and its recovery value).

Asset-backed securities and portfolio credit-linked notes are usually issued in different tranches. Any losses realised in relation to the Underlyings or, as the case may be, calculated in relation to the reference credits are allocated first to the securities of the most junior tranche, until the principal of such securities is reduced to zero, then to the principal of the next lowest tranche, and so forth.

Accordingly, in the event that (a) in relation to asset-backed securities, the Underlyings do not perform and/or (b) in relation to portfolio credit-linked notes, any one of the specified credit events occurs with respect to one or more of the Underlyings or reference credits, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the Net Asset Value per Share. In addition the value of structured finance securities from time to time, and consequently the Net Asset Value per Share, may be adversely affected by macro economic factors such as adverse changes affecting the sector to which the Underlyings or reference credits belong (including industry sectors, services and real estate), economic downturns in the respective countries or globally, as well as circumstances related to the nature of the individual assets (for example, project finance loans are subject to risks connected to the respective project). The implications of such negative effects thus depend heavily on the geographic, sector-specific and type-related concentration of the Underlyings or reference credits. The degree to

which any particular asset-backed security or portfolio credit linked note is affected by such events will depend on the tranche to which such security relates; junior tranches, even having received investment grade rating, can therefore be subject to substantial risks.

Exposure to structured finance securities may entail a higher liquidity risk than exposure to sovereign or corporate bonds. In the absence of a liquid market for the respective structured finance securities, they may only be traded at a discount from face value and not at the fair value, which may in turn affect the Net Asset Value per Share.

- *Real Estate*

There are special risk considerations associated with an Underlying of which the performance is linked to securities of companies principally engaged in the real estate industry. These include: the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zoning laws, casualty or condemnation losses, environmental risks, regulatory limitations on rents, changes in neighbourhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the Underlying and thus the Fund's investments.

- *Commodities*

Prices of commodities are influenced by, among other things, various 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 unforeseeable events.

The Funds will only be undertaking exposure to commodities through eligible commodity indices.

- *Emerging Market Assets*

Exposure to emerging markets assets generally entails greater risks than exposure to well-developed markets, including potentially significant legal economic and political risks.

Emerging markets are by definition "in transformation" and are therefore exposed to the risk of swift political change and economic downturn. In recent years, many emerging market countries have undergone significant political, economic and social change. In many cases, political concerns have resulted in significant economic and social tensions and in some cases both political and economic instability has occurred. Political or economic instability may have a negative impact on the prices of emerging market exchange rates, securities or other assets.

The prices of emerging market exchange rates, securities or other assets are often highly volatile. Movements in such prices are influenced by, among other things, interest rates, changing market supply and demand, external market forces (particularly in relation to major trading partners), trade, fiscal, monetary programmes, policies of governments, and international political and economic events and policies.

In emerging markets, the development of securities markets usually is at an early stage. This could lead to risks and practises (such as increased volatility) that are not common in more developed securities markets, which may negatively affect the value of securities listed on the exchanges of such countries. In addition, markets of emerging market countries are often characterised by illiquidity in the form of a low turnover of some or all of the listed securities.

It is important to note that, during times of global economic slowdown, emerging market exchange rates, securities and other assets are more likely than other forms of investment

with lower risks to be sold during any “flight to quality”, and their value may decrease accordingly.

#### *Risks associated with the Underlying*

There is no assurance that the Underlying will continue to be calculated and published on the basis described in the relevant Supplement or that it will not be amended significantly. Any change to the Underlying may adversely affect the value of the Shares. The past performance of an Underlying is not necessarily a guide to its future performance.

Where the Underlying consists of an Index it will not be actively managed and the selection of the component indices, assets or securities will be made in accordance with the relevant Index composition rules and eligibility criteria and not by reference to any performance criteria or performance outlook. Accordingly, the composition of the Index is not designed to follow recommendations or research reports issued by the Index Sponsor, its affiliates or any other person. No Index Sponsor has any obligation to take the needs of the Company or the investors into consideration in determining, composing or calculating any Underlying.

#### *Specific risks relating to Funds whose performance is linked to an Underlying*

The following factors may adversely affect the value of the Shares of such Funds:

- the Fund must pay various expenses, such as fees, costs, taxes, commissions, charges and dividends (if applicable);
- the Company must comply with regulatory constraints, such as the Investment Restrictions, that may lead to a restructuring of a Fund's investments;
- the Fund may not always continuously be exposed to the Underlying;
- the Company may purchase Debt Securities the value of which will increase or decrease over time by reference to a variety of factors including, amongst others, corporate actions, macro economic factors and speculation;
- the Company will enter into Derivative Contracts with a maturity date which may be different from the Scheduled Maturity Date of the relevant Shares. There can be no assurance that any new Derivative Contracts entered into will have terms similar to those previously entered into; and
- the existence of a cash position held by the Fund.

#### **Use of Derivatives**

As a Fund whose performance is linked to an Underlying will often be invested in Funded Swaps or securities which will differ from the Underlying, in which case derivative techniques will be used to link the value of the Shares to the performance of the Underlying. While the prudent use of such derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in Shares of a Fund.

#### *Market Risk*

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

#### *Control and Monitoring*

Derivative products are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities. The use

of derivative techniques requires an understanding not only of the Underlying but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

#### *Liquidity Risk*

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price, or at all.

#### *Counterparty Risk*

The Company on behalf of a Fund may enter into transactions in over-the-counter markets, which will expose the Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Company on behalf of the Fund may enter into repurchase agreements, forward contracts, options and swap arrangements or other derivative techniques, each of which expose the Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred. Derivative Contracts such as swap contracts entered into by the Company on behalf of a Fund (through the Investment Manager) involve credit risk that could result in a loss of the Fund's entire investment as the Fund may be fully exposed to the credit worthiness of a single Approved Counterparty where such an exposure will be collateralised.

#### *Other Risks*

Other risks in using derivatives include the risk of differing valuations of derivatives arising out of different permitted valuation methods and the inability of derivatives to correlate perfectly with underlying securities, rates and indices. Many derivatives, in particular over-the-counter derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals which often are acting as counterparties to the transaction to be valued. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value to a Fund. Derivatives do not always perfectly or even highly correlate or replicate the value of the securities, rates or indices they are designed to replicate. Consequently, a Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counterproductive to, following such Fund's investment objective.

### **Specific Risks Relating to Funds Replicating the Performance of an Underlying**

A Fund replicating the performance of the Underlying is not expected to replicate its relevant Underlying with the same degree of accuracy as would an investment vehicle that is entirely invested in every Underlying Security. However, it is intended that the difference between the performance of the Shares of the Fund (before the Fund's fees, administration, trading, dealing and bid/offer expenses) and the performance of the Underlying will not be substantial. Investors should note that exceptional circumstances, such as, but not limited to, disruptive market conditions or extremely volatile markets, may arise which cause a Fund's replicating accuracy to be substantially different from the performance of the Underlying. Also, there can

be a delay between the recomposition occurring within the Underlying and the investments made by the Fund. Due to various constraints, the Fund may require more time to recompose its portfolio which can substantially affect the Fund's degree of replicating accuracy which can be different from the Underlying. Additionally, for certain Funds, due to the composition of each of their Underlyings, it may not be practicably possible, for example because of the Investment Restrictions, to achieve such a level of replicating accuracy.

The following factors may adversely affect the replicating by a Fund of its Underlying:

- the Fund must pay various fees and expenses, while the Underlying does not reflect any expenses;
- in certain of the Funds the securities held by those Funds may not be identical to the Underlying Securities but will be chosen to give similar performance; their investment performance is likely to differ from that of the Underlying Securities;
- a Fund must comply with regulatory constraints, such as the Investment Restrictions, that do not affect the calculation of a Fund's corresponding Underlying;
- the existence of uninvested assets in the Funds (including cash and deferred fees and expenses); and
- that a Fund may be subject to a different foreign withholding tax rate than that assumed by its Index.

Although the Investment Manager will regularly monitor the replicating accuracy of the relevant Fund, there can be no assurance as to the accuracy with which any Fund will replicate the performance of its Underlying.

### **Certain Hedging Considerations**

Investors intending to purchase the Shares for the purpose of hedging their exposure to the Underlying should be aware of the risks of utilising the Shares in such manner. No assurance is or can be given that the value of the Shares will correlate with movements in the value of the Underlying. This risk is especially prevalent if the Fund's performance is linked to an Underlying, as the Fund will generally be investing in the Fund Assets and not in the Underlying. Furthermore, it may not be possible to liquidate the Shares at a price which directly reflects the value of the Underlying. Therefore, it is possible that investors could suffer substantial losses in the Shares notwithstanding losses suffered with respect to direct investments in or direct exposure to the Underlying. Investors in the Shares should be aware that hedging transactions, in order to limit the risks associated with the Shares, might not be successful.

### **Specific Restrictions in Connection with the Shares**

Investors should note that there may be restrictions in connection with the subscription, holding and repurchase of and trading in the Shares. Such restrictions may have the effect of preventing the investor from freely subscribing, holding, trading and/or repurchasing the Shares. In addition to the features described below, such restrictions may also be caused by specific requirements such as the Minimum Initial Investment Amount, the Minimum Additional Investment Amount, the Minimum Repurchase Amount and the Minimum Shareholding.

#### *Maximum Repurchase Amount*

The Company will have the option to limit the number of Shares of any Fund repurchased on any Dealing Day to 10% of the total Net Asset Value of that Fund on that Dealing Day and, in conjunction with such limitation, to pro rata limit the number of Shares repurchased by any Shareholder on such Dealing Day so that all Shareholders wishing to have Shares of that Fund repurchased on that Dealing Day realise the same proportion of such Shares. In the



event the Company elects to limit the number of Shares repurchased on such date to 5% of the Net Asset Value of the Fund, a Shareholder may not be able to repurchase on such Dealing Day all the Shares that it desires to repurchase. Investors should review this Prospectus and the relevant Supplement to ascertain whether and how such provisions apply.

#### *Repurchase Notice and Certifications*

If the Shares are subject to provisions concerning delivery of a repurchase notice, as mentioned under “Share Dealings - Repurchase of Shares” of this Prospectus and/or in the relevant Supplement, and such notice is received by the Administrator after the Dealing Deadline, it will not be deemed to be duly delivered until the next following Dealing Day. Such delay may increase or decrease the Repurchase Price from what it would have been but for such late delivery of the repurchase notice. The failure to deliver any repurchase documentation required could result in the loss or inability to receive amounts or deliveries otherwise due under the Shares. Investors should review this Prospectus and the relevant Supplement to ascertain whether and how such provisions apply to the Shares.

Redemptions of Shares in any Fund will, unless cash resources are otherwise available to the Fund at the relevant time, be funded through sale of the underlying assets of the Fund and may result in erosion of capital. The realisation of the underlying assets depends on factors affecting the relevant market at the relevant time as well as on several economic factors, all of which can significantly impinge on the targeted price of sale and/or on the time frame set for the sale. Accordingly, whilst it is the intended policy to ensure regular liquidity as may be necessary to meet redemption requests in a timely fashion in accordance with the Licence Conditions, there may be factors which could affect such liquidity and delay realisation of the assets until such time when it would be most appropriate to realise the same in the interest of such Fund and all investors in such Fund. As a consequence, redemptions in such Fund may be subject to deferrals, as further detailed under the part “Share Dealings” and/or under the respective Offering Supplement of the relevant Fund.

Furthermore, substantial redemption requests could require a Fund to liquidate its positions more rapidly than otherwise desired in order to obtain the cash necessary to fund the redemptions. Illiquidity in certain markets could make it difficult to liquidate positions on favourable terms, thereby resulting in potential losses and a decrease in the assets. In these circumstances, the redeeming Shareholder may incur a loss upon redemption of its Shares and non-redeeming Shareholders in the relevant Fund will bear a disproportionate risk of any consequent decline in the value of the Fund’s assets subsequent to the redemptions. Moreover, under such circumstances, it may be more difficult for the Fund to generate the same level of profits operating on a smaller capital base and the Investment Manager may find it difficult to adjust its asset allocation and trading strategies to the suddenly reduced amounts of assets under management.

As at the date of this Prospectus, there is no market for the Shares in any Fund and no secondary market is expected to develop to provide Investors in such Fund with liquidity of investment except through redemption or by way of transfer of the Shares by the investor to a willing buyer identified by the investor, in both cases subject to the relevant restrictions dealing with redemptions and transfers as detailed in this Prospectus, the Supplement of the relevant Fund and the Articles. No assurance can be given that active secondary trading will develop in respect of any Fund or that Shares in any Fund will trade at a premium or discount to their NAV.

Between the relevant day as of which a redemption of Shares in a is processed and accepted (the relevant ‘Redemption Day’) and the date on which any redemption proceeds are paid to the Shareholder redeeming his Shares in the Fund, a redeeming Shareholder will be a creditor of the Fund in which it invested and will be subject to the same risks as any other creditor of the Fund, including the possibility that if the Fund experiences losses after a Redemption Day, the Fund may have insufficient assets to pay all or even a portion of the redemption proceeds due to the redeeming Shareholder.

Furthermore, in terms of this Offering Memorandum and the Articles, the Directors or the relevant Service Provider of the relevant Fund delegated with this function will have the right to delay payment of redemption proceeds to Shareholders whose Investor Shares have been redeemed prior to a suspension of the calculation of the NAV until after the suspension is lifted (in circumstances when the Directors or such Service Provider believe that to make such payment during the suspension period would materially and adversely affect or prejudice the interest of continuing Investors) as well as in other circumstances detailed in this Offering Memorandum and the Articles. The aforesaid risks of a redeeming Shareholder will in such circumstances extend over the period of such payment deferral.

### **Market Disruption Events & Settlement Disruption Events**

A determination of a market disruption event or a settlement disruption event in connection with any Fund Assets or Underlying (as may be further described in any Supplement) may have an effect on the value of the Shares and, may delay the occurrence of a Scheduled Maturity Date and/or may delay settlement in respect of the Fund Asset, Underlying and/or the Shares.

Recent developments in the global financial markets have illustrated that the current environment is one of extraordinary and possibly unprecedented uncertainty and instability for all market participants. Global financial markets and their participants and other financial institutions that a Fund may retain, may have been negatively affected by such market turmoil. It is unclear what resulting legal, regulatory, reputational and other unforeseen risks market participants will become subject to in the future. The impact of such risks on the markets in which any Fund will or may operate cannot be determined with precision but could adversely affect the business.

### **Dependence on the Directors and the Investment Manager**

All decisions with respect to the investment of each Fund's assets will be made by the Investment Manager, a function which, in terms of the Investment Management Agreement and subject to the rules on delegation applicable to the Investment Manager under the applicable laws, may be delegated by the Investment Manager to, or in respect of which the Investment Manager can appoint and procure assistance and advice from, sub-managers and advisors, as explained in more detail in this Prospectus and the relevant Supplement for each Fund. As a result, the success of a Fund depends largely upon the investment management abilities of the Investment Manager and these sub-managers and advisors (if any).

The Directors will make all decisions regarding the general management of the Company and each Fund.

Without prejudice to the voting and other rights of Shareholders in terms of the Articles, the terms of issue of the Shares and this Prospectus, investors have no right or power to take part in the management of the Company or the Fund in which they invest. Investors must rely on the judgment and abilities of the Investment Manager and such sub-managers and advisors (if any) and of the Directors in exercising these responsibilities.

The Investment Manager and the said sub-managers and advisors, as applicable, and each of their respective principals, affiliates, officers, employees and agents will not be required to devote substantially all their time to the relevant Fund's business. The Investment Manager and sub-managers and advisors (if any) are in turn dependent on the services of a limited number of employees and other persons, and if the services of such key persons were to become unavailable, this could adversely affect the performance of the relevant Fund.

### **Potential Conflicts of Interest**

The Directors and other officers of the Company, the Investment Manager, the Custodian, the Administrator, the Index Sponsor, the Distributor, the Sub-Distributors, any Shareholder, any market maker which has been appointed to offer prices for the Shares on any exchange on which the Classes to which the Shares belong are listed (for the purposes hereof, a **Market Maker**) or any other Service Provider to the Company or any Fund, and any of their

respective officers, employees, subsidiaries, affiliates, associates, principals, agents or delegates (for the purposes hereof, **Connected Persons** and each a **Connected Person**) may:

1. contract or enter into any financial, banking or other transactions or arrangements with one another or with the Company including, without limitation, investment by the Company in securities or investment by any Connected Persons in any company or body any of whose investments form part of the assets of the Company or be interested in any such contracts or transactions;
2. invest in and deal with Shares, securities, assets or any property of the kind included in the property of the Company for their respective individual accounts or for the account of a third party; and
3. deal as agent or principal in the sale or purchase of securities and other investments to or from the Company through or with any Connected Person.

Any assets of the Funds in the form of cash or securities may be deposited with any Connected Person. Any assets of the Company in the form of cash may be invested in certificates of deposit or banking investments issued by any Connected Person. Banking or similar transactions may also be undertaken with or through a Connected Person.

In addition, in many cases the Approved Counterparty may be required to provide valuations of Derivative Contracts. These valuations may form the basis upon which the value of certain assets of the Funds is calculated.

FCS Asset Management Ltd. may market and distribute the Funds and may appoint one of its Affiliates as the Distributor and may also act as the Index Sponsor all in accordance with the relevant agreements which are in place. The Directors acknowledge that, by virtue of the functions which FCS Asset Management Ltd. and/or its Affiliate will perform in connection with the Company or any of the Funds, potential conflicts of interest are likely to arise. In such circumstances, each of FCS Asset Management and the Affiliate has undertaken to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that they shall act in the best interests of the Company and the Shareholders. The Directors believe that FCS Asset Management Ltd. and/or the Affiliate are suitable and competent to perform the said functions.

Conflicts may also arise as a result of the Directors being Directors of other companies in which the Company may invest.

Generally there may be conflicts of interests between the interests of the Company and the interests of the Directors to generate fees, commissions and other revenues.

In the event that such conflicts of interest arises, the Directors will endeavour to ensure that there is resolved in the best interest of the Company.

### **Taxation**

Investors in the Shares should be aware that they may be subject to income tax, withholding tax, capital gains tax, wealth tax, stamp taxes or any other kind of tax on distributions or deemed distributions of the Fund, capital gains in respect of transactions in Shares, whether or not realised, income received or accrued or deemed received from Shares etc., in accordance with the applicable laws.

Investors should be aware of the fact that they might have to pay taxes on income or deemed income received by or accrued within a Fund. Taxes might be calculated based on income received and/or deemed to be received and/or accrued in the Fund in relation to the Fund Assets, whereas the performance of the Fund, and subsequently the return investors receive after redemption of the Shares, might partially or fully depend on the performance of the

Underlying. This can have the effect that the investor has to pay taxes for income or/and a performance which he does not, or does not fully, receive.

Investors who are in any doubt as to their tax position should consult their own independent tax advisors. In addition, investors should be aware that tax regulations and their application or interpretation by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment, which will apply at any given time.

No assurance can be given that the manner in which any Fund will be managed and operated, or that the composition of its portfolio investments, will be tax efficient for any particular investor or group of investors in such Fund. A Fund's books and records could be audited by the tax authorities of countries where the Fund will be managed and operated, or where a portion of its investments are made, or where a particular Shareholder or group of Shareholders reside. Any such audits could subject the Fund to tax, interest and penalties, as well as incremental accounting and legal expenses, which will have a negative impact on the NAV of such Fund and of Shares therein. The Company does not intend to provide investors in any Fund with information regarding the ownership percentage of its Shares in such Fund held by residents of any country.

The tax consequences to the Company and any Fund and investors in any Fund, the ability of any Fund as a foreign investor to invest in the markets and to repatriate its assets, including any income and profit earned on those assets and other operations of such Fund are based on existing laws and regulations and are subject to change through legislative, judicial, administrative or regulatory action in the various jurisdictions in which such Fund or its service providers, agents and advisors invest or operate. There can be no guarantee that income tax and other fiscal legislation and laws or regulations governing the Company's or any Fund's operations and investments will not be changed in a manner that may adversely affect such Fund and/or its Investors. The effect of such changes on the Company and any Fund, while impossible to predict, could be substantial and adverse.

### **Change of Law**

The Company and the Investment Manager must comply with regulatory constraints, such as a change in the laws affecting the Investment Restrictions, which might require a change in the investment policy and objectives followed by a Fund.

### **Political Factors**

The performance of the Shares or the possibility to purchase, sell, or repurchase 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.

### **Liability for Fees and Expenses**

The fees and expenses relating to a Fund will be paid by the Company out of the assets of the relevant Fund as set out in the Articles, this Prospectus and the relevant Supplement. However, to the extent that:

- (a) the arrangements, for funding the payment by the Company of the fees and expenses do not generate the necessary funds to discharge all of the Company's liabilities in respect of the Fund; or
- (b) the Company incurs any fees, expenses or other liabilities which are not budgeted for by the Company and accordingly fall outside the scope of the arrangements referred to in (a) above,

the Company will pay such fees, expenses or liabilities from the Funds' assets. The Company's liability in respect of such amounts will be borne by the relevant Fund as more fully described under "Cross Liability between Classes" below.

## **Cross Liability between Classes**

A Fund may be constituted by two or more Classes of Shares in respect of which a separate class NAV is calculated and/or a separate attribution of assets and liabilities of the Fund is made, on the basis of such criteria and for such purposes (internal accounting purposes, to determine the rights of Shareholders of each Class *inter se* and other purposes) as set out in respective Supplement of such Fund, this Prospectus and/or of the Articles and/or to the terms of issue of the relevant Class/es of Shares of such Fund. Although the assets and liabilities of each Fund as a whole patrimony will be “ring-fenced” from those of other Funds as mentioned above, investors should be aware of the risk that the assets attributed to each Class of Shares in a Fund may be applied to meet any claims by creditors of obligations and liabilities attributed to the other Class/es of Shares in such Fund in circumstances in which the liabilities attributed to the affected Class exceed the assets attributed to it. Thus, the assets attributed to a solvent Class of a Fund may be at risk with respect to, and may be used to satisfy the liabilities attributed to, an insolvent Class of the same Fund.

## **Allocation of shortfalls among Classes of a Fund**

The right of holders of any Class of Shares to participate in the assets of the Company is limited to the assets (if any) of the relevant Fund and all the assets of a Fund will be available to meet all of the liabilities of the Fund, regardless of the different amounts stated to be payable on the separate Classes (as set out in the relevant Supplement).

For example, if (i) on a winding-up of the Fund or (ii) as at the Scheduled Maturity Date (if any), the the assets of the relevant Fund (after payment of all fees, expenses and other liabilities which are to be borne by such Fund) are insufficient to pay the full Repurchase Proceeds payable in respect of all Classes of Shares of the relevant Fund, the remaining net assets of the Fund will be distributed amongst the holders of Investor Shares in such Fund, in proportion to their respective entitlements, namely it shall distribute the net assets attributable to each class of Investor Shares in such Fund ‘pro rata’ to the number of Investor Shares of such class held by Investors in that Fund (unless otherwise stated in the respective terms of issue). The relevant Shareholders will have no further right of payment in respect of their Shares or any claim against any other Fund or any other assets of the Company.

## **Consequences of winding-up proceedings**

If the Company or a Fund 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 or such Fund, as the case may be. The commencement of such proceedings may entitle creditors (including Approved Counterparties) to terminate contracts with the Company (in respect of the relevant Fund(s)) and claim damages for any loss arising from such early termination. The commencement of such proceedings may result in the Company or the Fund being dissolved at a time and its assets (in the case of the Company, including the assets of all Funds) 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 or the Fund's liabilities, before any surplus is distributed to the shareholders of the Company or the Fund. In the event of proceedings being commenced, the Company or Fund may not be able to pay, in full or at all, the amounts anticipated by the Supplement in respect of any Class or Funds, or any Classes within the Fund concerned.

## **Nominee Arrangements**

Where the Distributor and/or a nominee service provider is used by an investor to invest in the Shares of any Class or such investor holds interests in Shares of any Class through accounts with a Clearing System (such as Euroclear or Clearstream, Luxembourg), such investor will only receive payments in respect of Repurchase Proceeds and/or any dividends attributable to the Shares on the basis of the arrangements entered into by the investor with the Distributor, nominee service provider or Clearing System, as the case may be. Furthermore,

any such investor will not appear on the Register of the Company, will have no direct right of recourse against the Company and must look exclusively to the Distributor, nominee service provider or Clearing System for all payments attributable to the relevant Shares. The Company and the Directors will recognise as Shareholders only those persons who are at any time shown on the Register for the purposes of: (i) the payment of dividends and other payments due to be made to Shareholders (as applicable); (ii) the circulation of documents to Shareholders; (iii) the attendance and voting by Shareholders at any meetings of Shareholders; and (iv) all other rights of Shareholders attributable to the Shares. None of the Company, the Directors, the Investment Manager, the Administrator, the Custodian or any other person will be responsible for the acts or omissions of the Distributor, nominee service provider or Clearing System, nor make any representation or warranty, express or implied, as to the services provided by the Distributor, nominee service provider or Clearing System.

**Calculation of the Net Asset Value**

The NAV of a Fund and the NAV per Share in such Fund is not audited (except at fiscal year-end) and based primarily upon the value of the Fund's underlying investments. In valuing those investments, reliance will in some cases need to be primarily made on non audited financial information procured from the relevant issuers, counterparties, their agents, market makers or other sources. If the information used to determine the NAV of any of the underlying investments is incomplete, inaccurate, or if such NAV does not adequately reflect the value of the underlying investments, the NAV of the Fund and NAV per Share in such Fund may be adversely affected. Adjustments to the NAV of the Fund (where applicable) will generally be made to the then current NAV, not by adjusting the NAVs previously reported (without prejudice to the powers of the Directors and the relevant provisions of this Prospectus, the Supplement of the relevant Fund and the Articles.

**Investors are cautioned that each of the Funds may be subject to particular risk factors. Reference is made to the part titled "Risk Factors" in the respective Supplement for each Fund which identifies the main potential risks associated with investing in the respective Fund.**

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## **MANAGEMENT OF THE COMPANY AND SERVICE PROVIDERS**

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### **Directors of the Company**

The Company is managed by a Board of Directors which will be composed of a minimum of three (3) and a maximum of five (5) Directors approved by the MFSA. The Directors are appointed, removed and replaced and shall resign as provided in the Articles.

The current Board of Directors is composed of the following members:

#### **Mr. Anthony O' Driscoll**

Mr. Anthony O'Driscoll is a member of the Institute of Certified Public Accountants in Ireland. Mr. O'Driscoll has over 10 years experience in the hedge fund industry and has worked as a Group Manager at BISYS Hedge Fund Services. In January 2007, Mr. O'Driscoll joined Apex Fund Services in Ireland, and soon after took up the position of Managing Director at Apex Fund Services (Malta) Ltd. Mr.

O'Driscoll also acts as a director, compliance officer and money laundering officer for a number of other Professional Investor Funds licensed in Malta.

#### **Mr. Jaime Agurruza Fatosme**

Mr. Agurruza Fatosme has a large experience in portfolio management/fund management/wealth management and he has conducted the CIO position for several years in one of the first IFAs (Independent Financial Advisors) established in Spain. Jaime also comes from a very large family tradition in the financial markets. His family founded a remarkable Asset Manager (Garanza Sociedad Gestora de Carteras) and has been advising HNWI for years. He has a remarkable experience in Asset & Wealth management and a BA in Economics in the Universidad Autónoma de Madrid as well as a Finance Diploma by the Instituto de Empresa.

#### **Dr. Angelo Micallef**

Dr. Micallef is a Warranted Advocate in the Republic of Malta with an experience ranging from work as the Legal Advisor of a Notarial Firm, to litigation experience in the Courts of Law in the Republic of Malta to experience in the financial services industry. Dr. Micallef holds a Degree of Doctor of Laws at the University of Malta, a Diploma as Notary Public at the same University of Malta and a Bachelor of Laws degree at the same university.

No Director has:

- (i) any unspent convictions in relation to indictable offences; or
- (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any asset of such Director; or
- (iii) been a director of any company which, while he was a director with an executive function or within 12 Months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or

- (iv) been a partner of any partnership, which while he was a partner or within 12 Months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of the affairs of any company.

Save for the information disclosed herein, if any Shares are listed, no further information is required to be given in respect of the Directors pursuant to the listing requirements of the Luxembourg Stock Exchange.

For the purposes of this Prospectus, the contact address of all the Directors is the registered office of the Company.

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles, the Prospectus and the Offering Supplements of each Fund. The Directors have appointed the Investment Manager and the Custodian in accordance with the Articles, and may appoint such other Service Providers in accordance with the Articles from time to time. See section “Liability and Indemnification” below.

#### **Company Secretary**

The company secretary is LGA International Ltd.

The Directors of the Company are empowered to remove and replace the company secretary/ies in accordance with the Articles, and the company secretary/ies shall have such functions and duties as set out in the Articles and as prescribed by Maltese law. .

#### **Auditor**

Ernst & Young Malta Limited is, on the date hereof, the appointed Auditor of the Company.

The Auditor’s contact details are:

#### **Ernst & Young Malta Limited**

Achille Ferris Street,  
Msida MSD 1751, Malta

#### **Legal Advisor**

The legal advisor to the Company is LGA International Ltd..

LGA International Ltd.’s contact details are:

102/1, Sandra Flats,  
Windsor Terrace,  
Sliema SLM 1858  
Malta  
Website: [www.legalglobaladvisors.com](http://www.legalglobaladvisors.com)

#### **Service Providers:**

Unless otherwise expressly stated in the Supplement for a particular fund, the following are appointed as Service Providers to the Funds:



## **Investment Manager**

The Company has appointed FCS Asset Management Ltd. as the investment manager of the Funds (except in respect of such Fund/s as may be indicated in the relevant Supplement/s).

FCS Asset Management Ltd. is a private limited liability company, which was registered under the laws of Malta on 28 October 2011, with registration number C 54256, and with registered office at 102/1, Sandra Flats, Windsor Terrace, Sliema SLM 1858, Malta. The principal activity of FCS Asset Management Ltd. is the provision of collective portfolio management services. FCS Asset Management Ltd. is licensed by the MFSA as a Maltese management company, in terms of the Regulations.

Currently, Investment Manager's issued share capital amounts to one hundred and twenty-five thousand euro (EUR125,000) divided into one hundred and twenty-five thousand (125,000) ordinary shares of one euro (EUR1) each, fully paid up. The directors of the Investment Manager are Mrs. Eliza Montebello, Mr. Daniel Alonso-Pulpon Nuñez and Mr. Rossignaud.

Apart from being the Investment Manager of the Fund, FCS Asset Management Ltd. is currently also the majority Founder Shareholder of the Company and the ultimate beneficial owners and directors of FCS Asset Management Ltd. are also the Directors of the Company.

The Investment Manager provides and/or may from time to time in future provide management and ancillary services to other funds and entities in and/or outside Malta.

The Investment Manager was appointed to act as investment manager of the relevant Funds, in terms of the Investment Management Agreement. The Investment Manager will assume the responsibility of the day-to-day management of the Funds as well as the discretionary investment management functions, decision-making and duties with respect to investments of the Fund, which shall be taken and performed in accordance with the applicable investment objectives and policies of the Funds.

The Investment Manager is permitted to delegate to third parties, for the purpose of a more efficient conduct of its business, the carrying out on its behalf one or more of the following functions in respect of any or all of the Funds, in accordance with and subject to the MFSA rules and the rules on delegation and outsourcing to which the Investment Manager is subject in virtue of its licence issued by the MFSA: (i) investment management (including risk management); (ii) administration; and/or (iii) marketing, in respect of any or all of the Funds.

Without prejudice to the paragraph above, the Investment Manager may, subject to the approval of the Company and the MFSA (where required), retain sub-managers and delegate to them management functions in respect of all or part of the investments and assets of the Funds, in accordance with the Investment Management Agreement and the applicable laws and regulations. The Investment Manager may also, subject to the approval of the Company and the MFSA (where required), appoint investment advisors, consultants and other third parties to assist it in the performance of its duties, in particular to give non-binding recommendations and advice with respect to the investments and transactions of the Funds. However the final discretionary management decisions are (except to the extent delegated to third party sub-managers as permitted by law and/or by MFSA Rules, and subject to the MFSA's approval) at the sole discretion of the Investment Manager, subject to the directions and instructions of the Directors from time to time, and the Investment Manager will retain full responsibility for the performance of its duties under the Investment Management Agreement.

The Investment Manager may, subject to the written approval of the Company, appoint one or more Distributors, placement agents or other intermediaries and referees or client introducers to promote the Funds and/or to sell or assist in the selling of the Shares in accordance with this Prospectus and the applicable laws, and subject to such terms and conditions approved in advance by the Company.

The fees, remuneration, commissions and reimbursement of expenses payable to such sub-

managers, investment advisors, consultants and other third parties appointed by the Investment Manager and those payable to such distributors, placement agents and other intermediaries, referees or client introducers appointed by the Investment Manager will be borne by the Investment Manager.

The Investment Manager does not assume any responsibilities for activities not explicitly provided for in the Investment Management Agreement, or as prescribed by the applicable Maltese laws and regulations.

The Investment Manager and the Company are entitled to terminate the Investment Management Agreement by giving one (1) month' notice to the other party in writing. The Investment Management Agreement may also terminate or be terminated upon the occurrence of specified events, for example, the insolvency of any party or in case of breach of obligations by the other party.

The Investment Management Agreement contains provisions whereby the Company agrees to indemnify (out of the assets of the Fund) the Investment Manager against actions, claims and expenses not arising from its fraud, wilful default or negligence including unjustifiable failure to perform in whole or in part its obligations under the Management Agreement. In the absence of the foregoing, the Investment Manager will not be liable to the Company, the Fund or any Fund Investor.

A list of sub-managers, investment advisors, consultants, Distributors, client introducers and other third parties appointed by the Investment Manager in respect of the Funds will be available from the Investment Manager upon request.

#### Investment Committee of the Investment Manager

The Investment Manager has appointed an internal investment committee (**Investment Committee**) which will be responsible for the asset allocation model (and changes thereto), risk management process and other investment management activities in respect of the assets of the Fund. Unless otherwise provided in respect of a Fund, the Investment Committee for the Funds of the Company is composed of the following members:

**Mr. Daniel Alonso-Pulpon, CIO:** Daniel has strong experience in the Financial Markets and has proven experience in Managing Ucits Funds and is also known by other EU regulators for conducting regulated functions: Spanish CNMV (Portfolio Manager and Executive Partner of Regulated Ucits Manco), Luxembourg CSSF ( Ucits Fund Manager of a Luxembourg Based FCP, and the UK FSA (sales trader in the different derivatives markets in the UK, the so called "approved person" license after successfully accrediting the corresponding experience and passing the corresponding exams)

**Mr. Jaime Agurruza:** Jaime has a large experience in portfolio management/fund management/ wealth management and he has conducted the CIO position for several years in one of the first IFAs (Independent Financial Advisors). Jaime also comes from a very large Family Tradition in the Financial Markets. His Family founded a remarkable Asset Manager (Garanza Sociedad Gestora de Carteras) and his been advising HNWI for years.

#### Custodian

The Company has appointed **Sparkasse Bank Malta plc**, as Custodian of the Funds pursuant to the Custody Agreements dated 19<sup>th</sup> September, 2014 entered into for FCS World Equities Fund and FCS Navigator Fund respectively (the "**Custody Agreement**").

Sparkasse Bank Malta plc is a public limited company registered under the laws of Malta, with registration number C 27152 and with registered office at 101 Town Square, Ix-Xatt Ta' Qui-Si-Sana, Sliema SLM3112, Malta. Sparkasse Bank Malta plc forms part of a larger Austrian Banking network; its parent bank, Sparkasse Schwaz AG, is a member of the Austrian Savings Bank Group.

Sparkasse Bank Malta plc is licensed to carry on the business of banking as a credit institution in terms of the Banking Act (Chapter 371 of the Laws of Malta), and is a licensed custodian for collective investment schemes under the Investment Services Act (Chapter 370 of the Laws of Malta). The Custodian provides custodial and safe-keeping and ancillary services to various other funds and entities licensed or authorised in various jurisdictions and is also actively involved in the provision of a comprehensive range of financial services in Malta.

The Custodian is appointed to perform safekeeping functions in respect of all the assets of the relevant Fund, in accordance with and subject to the terms and conditions of the Custody Agreement. Essentially, the securities in respect of which the Custodian shall provide custody services in accordance with the Custody Agreement, are securities which fall within the following categories of securities and which satisfy the criteria set out below:

- i. Transferable securities
- ii. Money-market instruments
- iii. Units in collective investment undertakings (collectively referred to as "**the Investments**").

Provided that the Investments satisfy the following cumulative criteria:

- a. they have not been provided as collateral under the terms of a title transfer financial collateral arrangement or under a security financial collateral arrangement by which the control or possession of the securities has been transferred from the Company or the Custodian to the collateral taker or a person acting on its behalf; and
- b. they are capable of being registered or held in an account maintained with a securities depository or other intermediary, directly or indirectly, in the name of the Custodian.

The safekeeping services provided by the Custodian in respect of other assets (i.e. other than cash and securities, as defined in the Custody Agreement) shall consist in the verification of ownership and maintaining of records in respect of such other assets, on the basis of information provided to it by or on behalf of the Company, in accordance with the Custody Agreement.

The Custodian is appointed solely in respect of the assets directly invested in and held by the Company in respect of the relevant Fund.

The Custodian will also perform banking and certain investment services for the Company and the Funds.

In terms of the Custody Agreement, the Custodian is permitted to appoint sub-custodians or other third parties and to entrust assets of the Funds for safe-keeping with them or to sub-contract parts of its services to them, subject to the terms and conditions stipulated in the Custody Agreement.

The Custodian has also agreed to perform a supervisory role as required by the UCITS Regulations and MFSA Rules (in accordance with the Custody Agreement).

The Custody Agreement contains provisions whereby the Custodian shall not be liable for any losses or prejudice, other than those arising from the Custodian's fraud, wilful default or negligence including the unjustifiable failure to perform in whole or in part of its obligations or the improper performance thereof. In the absence of the above circumstances, the Custodian will not be liable to the Company, the Funds, the Investment Manager or any Shareholder.

The Custodian shall be responsible for verifying the calculation of the performance fee in terms of the Investment Services Act (Performance Fees) Regulations (Legal Notice 239 of 2006), if any, and ensuring that such performance fee is payable in accordance with the relevant provisions of the same Regulations.

The Company has also agreed to hold harmless and indemnify the Custodian against all actions, proceedings, claims, loss or damages, costs, demands and expenses (including legal and professional expenses) which may be brought against, suffered or incurred by the Custodian by reason of the Custodian's performance of its obligations or functions under the terms of the

Custody Agreement, save where these arise from fraud, wilful default, negligence, including the unjustifiable failure to perform in whole or in part its obligations under the Custody Agreement or the improper performance of its obligations, on the part of the Custodian or persons for whose acts, omissions or insolvency the Custodian is liable, and only to the extent thereof, in terms of the Custody Agreement; and which may be brought against, suffered or incurred by the Custodian by reason of the insolvency, acts or omissions of the Investment Manager, the Administrator or any other service provider.

The Custody Agreement may be terminated by either party, by giving the other party not less than ninety (90) days' notice, and on certain other grounds stated in the Custody Agreement.

The Custodian's contact details are:

Sparkasse Bank Malta plc  
101 Townsquare  
Ix-Xatt ta' Qui-si-Sana  
Sliema SLM3112  
Malta

E: [info@sparkasse-bank-malta.com](mailto:info@sparkasse-bank-malta.com)  
W: <http://www.sparkasse-bank-malta.com>  
T: (+356) 21335705  
F: (+356) 21335710

The fees payable to the Custodian are set out in the Section entitled "**Fees, Compensation and Expenses**" below.

#### **Administrator**

The Company has appointed FCS Asset Management Limited, as the fund administrator of the Funds. FCS Asset Management Limited is a limited liability company registered under the laws of Malta, with registration number C54256 and with registered office at 102/1 Sandra Flats, Windsor Terrace, Sliema SLM 1858 (Malta).

The Administrator is regulated by MFSA and is recognised to provide fund administration services by the MFSA in terms of the Investment Services Act (Chapter 370 of the Laws of Malta).

The Administrator was appointed to act as fund administrator in respect of the Funds pursuant to the Administration Agreement. The Administrator will perform certain administrative functions and services in relation to the Funds, including: legal and fund management accounting services, customer enquiries, valuation and pricing (including tax returns), regulatory compliance monitoring, maintenance of Shareholder register, distribution of income, Share issues and redemptions, contract settlement (including certificate / contract note dispatch), record keeping, transfer agency services and co-ordination of payments (including payments of commissions, fees or retainers due to authorised agents, introducers, intermediaries or referees and of remuneration and fees due to Service Providers of the Fund).

The Administrator may, subject to the written approval of the Company, sub-contract parts of its services to third parties.

The Administration Agreement contains provisions whereby the Company agree to indemnify (out of the assets of the relevant Fund) the Administrator against actions and claims not resulting from its fraud, wilful default or negligence including failure to perform in whole or in part its obligations. In the absence of any of the foregoing, the Administrator will not be liable to the Company or the Fund or the Shareholders.

For further information the Administration Agreement is available upon the request of the any investors in the Funds of the Company, free of any charges.

The Administrator can be contacted at:  
FCS Asset Management Limited  
102/1 Sandra Flats, Windsor Terrace,  
Sliema SLM 1858 (Malta)  
Tel.: +35621313103  
E-mail: [neal.rossignaud@fcs-am.com](mailto:neal.rossignaud@fcs-am.com) Website: [www.fcs-am.com](http://www.fcs-am.com)

### **Distributor**

The Company has appointed FCS ASSET MANAGEMENT LIMITED as distributor of the Shares of the Company.

### **Brokerage**

The Company (for the Fund) may engage in open brokerage relationships with various entities worldwide, as may be necessary, appropriate or desirable from time to time for various specific trading and investment activities. The appointment and/or replacement of such entities (to the extent that they will not perform custodial / safe-keeping functions), shall not be subject to the prior written consent of the MFSA. These entities will be paid for their brokerage services, out of the assets of the Fund, their respective fees and commissions as agreed with the Company and as applicable at the relevant time.

### **Conflicts of Interest**

Subject to the provisions of this section, each Connected Person may contract or enter into any financial, banking or other transaction with one another or with the Company. This includes, without limitation, investment by the Company (in respect of a Fund) in securities of any Connected Person or investment by any Connected Persons in any company or bodies in which the Company invests in respect of a Fund, or be interested in any such contract or transactions. In addition, any Connected Person may invest in and deal in Shares relating to any Fund or any property of the kind included in the property of any Fund for their respective individual accounts or for the account of someone else.

Any cash of the Company may be deposited, subject to the provisions of the License Conditions, with any Connected Person or invested in certificates of deposit or banking instruments issued by any Connected Person. Banking and similar transactions may also be undertaken with or through a Connected Person.

Subject to their duties at law and under any contract with the Company, a Connected Person may also deal as agent or principal in the sale or purchase of securities and other investments (including foreign exchange and securities lending transactions) to or from the relevant Fund. There will be no obligation on the part of any Connected Person to account to the relevant Fund or to Shareholders of that Fund for any benefits so arising, and any such benefits may be retained by the relevant party, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length, are consistent with the best interests of the Company and the Shareholders of that Fund and:

- (i) a certified valuation of such transaction by a person approved by the Directors as independent and competent has been obtained; or
- (ii) such transaction has been executed on best terms reasonably available on an organised investment exchange under its rules; or
- (iii) where (i) and (ii) are not reasonably practicable, such transaction has been executed on terms which the Directors are satisfied conform with the principle that such transactions be carried out as if effected on normal commercial terms negotiated at arm's length.

The Connected Persons are not required to devote substantially all their time to the Company's or the relevant Fund's business. Therefore, Connected Persons may also have conflicts of interests in allocating management time, services and functions among the various entities to which they provide services.

The Investment Manager, Custodian and other Service Providers of any Fund, and sub-managers, sub-custodians, brokers, advisers or agents appointed by them or assisting them (if any) and other respective Connected Persons will remain free to trade for accounts which are not the accounts of the relevant Fund (whether their own or of other customers) and to utilise investment strategies and formulae in trading for such accounts which are the same or different from the ones they will utilise in making investment decisions for the relevant Fund. In particular, these may be involved in advising or managing or servicing other investment funds or other clients which have similar or overlapping investment objectives to or with the relevant Fund and such clients could thus compete for the same investments. Whilst available investments or opportunities are generally allocated to each client in a manner believed to be equitable, some of those allocation procedures may adversely affect the price paid or received for investments or the size of positions obtained or disposed of. They may also take positions different than or opposite to those of the relevant Fund and each may trade ahead of the relevant Fund. The records of any such trading will not be available for inspection by the Shareholders the relevant Fund except to the extent required by law. Furthermore, because the said persons and other respective Connected Persons may be willing to accept more risk than they believe is acceptable for clients, and because they may test new investment strategies and methodologies, positions in their respective proprietary accounts may be inconsistent or opposite to those of clients and, as a result, the performance of their respective own accounts may differ from the performance of client accounts.

Certain distributors, placement agents and other financial intermediaries, client introducers and referrers appointed in respect of a Fund may be paid a one-off and/or ongoing compensation related to Shareholders introduced to the Fund by them or through their services or assistance. Accordingly, such financial intermediaries, client introducers and referrers will have a conflict of interest in advising investors whether to purchase or redeem Shares.

Furthermore, the various Service Providers to each Fund, and their respective Connected Parties may sell or be interested in the sale of Shares and receive a portion of each, or all, of the brokerage commissions, transaction charges, advisory fees or management fees paid by the relevant Fund as attributable to such sale of Shares. Thus, to the extent of such purchases, such Service Providers may have a conflict between the interests of Shareholders in limiting expenses of the relevant Fund and their own interest in receiving such fees and/or commissions.

In such circumstances where conflicts of interest may arise, the persons who have contracted with or otherwise owe duties to the Company or the Funds will have appropriate regard to their respective obligations at law or under the agreements appointing them to act in the best interests of the Company or the relevant Fund/s (as the case may be), so far as practicable having regard to their obligations to other clients, when potential conflicts of interests may arise. Should a conflict of interests arise, the Directors will endeavour to ensure that it is resolved fairly and equitably and that the Company and the relevant Fund/s and their respective Shareholders shall not be disadvantaged.

An Investment Manager may, in the course of its business, have potential conflicts of interest with the Company in circumstances other than those referred to above. The Investment Manager will, however, have regard in such event to its obligations under the relevant Investment Management Agreement and applicable law and regulation, and, in particular, to its obligations to act in the best interests of the Company and the Shareholders, having regard to its obligations to other clients when undertaking any investments where conflicts of interest may arise and will ensure that such conflicts are resolved fairly as between the Company, the relevant Funds and other clients. The Investment Manager will ensure that investment opportunities are allocated on a fair and equitable basis between the Company and its other clients. In the event that a conflict of interest does arise the directors of the

Investment Manager will endeavour to ensure that such conflicts are resolved fairly.

Furthermore, where the organisational or administrative arrangements made by the Investment Manager for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or the Shareholders of any of the Funds will be prevented, it shall report such situation to the Shareholders of the relevant Fund/s in accordance with the applicable laws and regulation to which the Investment Manager is subject.

The Investment Manager is required to develop adequate and effective strategies for determining when and how voting rights attached to instruments held in portfolios it manages are to be exercised, to the exclusive benefit of the Company and the Fund concerned. A summary description of such strategies is available to investors in each Fund's Supplement. Details of the actions taken on the basis of the said strategies will also be made available by the Investment Manager to Shareholders free of charge upon request.

The performance fee arrangements which may be made between a Company and the Investment Manager in respect of a Fund (where applicable and as disclosed in the Supplement for the Fund) may create an incentive for the Investment Manager to make investment decisions that are more speculative or subject to a greater risk of loss than would be the case if no such arrangement existed.

Where a Director of the Company has an interest in any contract, transaction, arrangement or other matter with or involving the Company or any Fund or in which the latter may be interested, the procedure as required by law, the Articles and the MFSA rules must be followed. The Articles prescribe essentially that:

- (a) the nature and extent of a Director's interest which is or could be in conflict with the interests of the Company must be declared or notified by him at the meeting of the Directors at which the issue in relation to which the Director has such interest first arises, or if the Director was not at the date of that meeting so interested in the issue, at the next meeting of the Directors held after he becomes so interested, and a record of such declaration or notice shall be entered into the minute book of Directors' meetings;
- (b) unless otherwise agreed to by the other Directors, a Director will avoid entering into discussions in respect of any contract or arrangement in which he is interested and will withdraw from the meeting while the matter in which he has an interest is being discussed;
- (c) the interested Director should not vote at a Board meeting in respect of any contract or arrangement in which he is interested, and if he shall do so, his vote shall not be counted in the quorum present at the meeting; and
- (d) the minutes of the meeting should accurately record the sequence of such events.

Furthermore, subject to their fiduciary and other duties at law and under the Articles and under any contract appointing them, the Directors shall not, by reason of and notwithstanding their office, be disqualified from contracting and transacting with or from being interested in any contract, transaction, arrangement or other matter with or involving the Company or any Fund or in which the latter may be interested, nor shall they be accountable to the Company or any Fund for any profit, benefit or other advantage derived therefrom.

### **Liability and Indemnification**

In terms of the MFSA Rules, the Company will be liable to Shareholders for any loss or prejudice suffered by them resulting from the Company's fraud, wilful default or gross negligence, including the unjustifiable failure to perform in whole or in part the Company's obligations. Any liability so incurred by the Company shall be attributed to the relevant Fund/s in accordance with the rules set out in this Prospectus and the Articles.

The Company (including any of its Directors, officers, agents and delegates) will not be liable for any loss or prejudice suffered by any Shareholder or any other person, otherwise than as stated in the preceding paragraph.

Neither the Directors or other officers of the Company nor any Service Provider and respective Connected Persons will be liable to the Company or to any Fund or to any Shareholder for any act or omission performed or omitted to be performed honestly and in good faith and in a manner reasonably believed to be within the scope of the authority granted to them, and in accordance with the terms of the Articles and/or the respective agreements appointing them, except as otherwise described herein. Moreover, the respective terms of appointment or agreement appointing any of the above-mentioned persons may limit their liability to a specified maximum amount and may contain other limitations of liability, including generally the restriction of liability solely to acts or omissions resulting from fraud, wilful default or gross negligence on the part of such person, which means that such agreements may 'inter alia' exclude or limit liability for acts or omissions resulting from ordinary negligence (as opposed to gross negligence).

Subject to their fiduciary and other duties at law and under the respective agreements appointing them, neither the Directors or officers of the Company, their respective accountants, auditors and legal advisors, the various Service Providers to each Fund, the Distributors, financial intermediaries, client introducers or referees appointed in respect of any Fund, and the respective directors, officers, shareholders, employees, principals, agents, sub-contractors, group or affiliated companies and other connected parties, will be liable, responsible, or accountable in damages or otherwise to the Company or the relevant Fund, or to any Shareholder for any act or omission performed or omitted to be performed honestly and in good faith and in a manner reasonably believed to be within the scope of the authority granted to them, and in accordance with the terms of the Articles and/or the respective agreements appointing them, except as otherwise provided mandatorily by law or in the respective agreement appointing them or as otherwise described herein, in the relevant Supplement and/or the Articles. The respective agreement appointing any of the above-mentioned persons may contain limitations of liability in the sense described above (except where the act or omission giving rise to damages results from fraud, wilful default or gross negligence on the part of such person, and other limitations of liability (such as limitations of liability to a specified maximum amount)).

The Company has granted indemnities to the Custodian, the Administrator and the Investment Manager, and each of their Directors, Officers, employees and agents in respect of actions brought against them in their respective capacities provided that such actions did not involve wilful misconduct, bad faith, negligence or material breach of their obligations and duties under the relative agreements, which are available for inspection at the Company's registered office and the office of the Administrator.

Pursuant and subject to the Articles and/or the respective agreements appointing them, the Company has agreed or may agree to indemnify present and past Directors, officers and employees of the Company, to the fullest extent permitted by law, against any liability and against all expenses reasonably incurred or paid by him in connection with any debt, claim, action, demand, suit, proceeding, judgement, decree, liability or obligation of any kind in which he becomes involved as a party or otherwise by virtue of his being or having been a director, officer or employee as aforesaid and against amounts paid or incurred by him in the settlement thereof, except where any of the foregoing is attributable to any fraud, wilful default, breach of duty or negligence on his part or otherwise in respect of which he may be guilty in relation to the Company or any Fund, including however indemnification against liabilities incurred by him in defending any proceedings in which judgement is given in his favour or in which he is acquitted.

The Company may purchase and maintain insurance in relation to any such Directors or other officers or employees against any liabilities asserted against them (which insurance may also be taken out and/or paid by the Company in respect of liability for which the relevant person would not be entitled to be indemnified by the Company, since the relevant act or omission giving rise to such liability is attributable to fraud, wilful default, breach of duty or negligence on the part of such person or is otherwise an act or omission in respect of which he may be guilty in relation to the Company or any Fund).



In addition, pursuant and subject to the respective agreements appointing them, the Company has granted or may grant indemnities to any Service Provider appointed in respect of any of the Funds and any agent of the Company, to the extent permitted by law, in respect of actions brought against them in their respective capacities, where they have acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Company and provided such actions did not involve fraud, wilful default, breach of duty, gross negligence or dishonesty on its part.

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## **SHARE DEALINGS**

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### **SUBSCRIPTION FOR SHARES**

#### **Subscription of Shares**

Under the Articles, the Directors are given authority to effect the issue of Shares and to create new Classes of Shares (in accordance with the requirements of the Authority). The Company (acting through the Administrator) reserves the right to reject any application for Investor Shares, in whole or in part, without being obliged to give any reason and without being held liable for any loss arising as a result of such rejection. The Administrator will be responsible for processing the applications for subscription for Shares and has been appointed and empowered to exercise the rights of the Company and to deal with and communicate with applicants in connection therewith as provided in this Prospectus.

If an application is rejected, the Administrator at the risk of the applicant will return application monies or the balance thereof by electronic transfer to the account from which it was paid at the cost and risk of the applicant. For the avoidance of doubt, no interest will be payable on such amount before its return to the applicant.

The Directors may in their discretion decide, prior to the Initial Issue Date, to cancel the initial offering of Shares of any Class of a Fund. In such case, applicants having made an application for subscription will be duly informed and any subscription monies already paid will be returned in the manner set out in the preceding paragraph.

If at the end of the Initial Offer Period applicable to a Fund, the subscriptions received with respect to the said Fund are inferior to the Minimum Fund Size applicable to such Fund, the initial offer of Shares will be cancelled, and the Fund will return the proceeds (including any preliminary charges) received from investors who have made an application for subscription.

Fractions of Shares up to three (3) decimal places may be issued, in accordance with the Articles. Fractional Shares will be automatically consolidated into a whole Share of the same class when the fractional Shares held by one Shareholder become equal to a whole Share. A

fractional Share (whatever its class) shall carry no voting rights.

The Application Form contains certain conditions regarding the application procedure for Shares in the Company and certain indemnities in favour of the Company, the relevant Fund, the Administrator, the Custodian and the other Shareholders for any loss suffered by them as a result of certain applicants acquiring or holding Shares.

The purchase of Shares in writing is a legally binding contract between the Company and the investor, subject to the terms and conditions set forth or referred to in this Prospectus and in the Application Form. Potential investors should be aware that (without prejudice to the Company's or the Administrator's rights to reject an application in whole or in part as provided above) an application for subscription of Shares in any Fund by the submission of an Application Form, once made, is irrevocable by them even before it becoming a legally binding contract with the Company by the acceptance thereof by the Company (acting through the Administrator) or if the Company or the Administrator later rejects the same in part and even if at the time or after the submission thereof there is a suspension or deferral of subscriptions. The Company or the Administrator may, in their absolute discretion, permit that a prospective investor who has submitted an Application Form later revokes or withdraws the same in whole or in part. Notice of any suspension of subscriptions existing at the time of submission of an Application Form will be given to the relevant prospective investor and if the Application Form is still submitted by him, then it will be irrevocable as aforesaid. Potential investors should be aware that they are not protected by and are not entitled to cancellation rights.

#### **Application for subscriptions for Shares**

Applications for the initial subscription of Shares should be submitted in writing or by facsimile to the Company care of the Administrator provided that an original, duly completed and signed Application Form (and supporting documentation in relation to prevention of money laundering checks) shall be submitted and received promptly in the case of an initial application for Shares. Subsequent subscriptions for Shares in a Fund may be made by contacting the Administrator, by facsimile, in writing or by such other means as the Directors (with the consent of the Administrator) may prescribe from time to time (where such means are in accordance with the requirements of the Authority); provided that subscriptions for Shares requested by facsimile, must be confirmed in writing. A Shareholder who places an order must provide the following information:

- the Shareholder's name and account number and the address and/or fax number to which the contract note is to be sent;
- the Fund name and Class of Shares being subscribed for;
- the amount of cash or Shares to be invested;
- a statement as to how settlement will be made; and
- confirmation that the application has been made in compliance with the terms and conditions of this Prospectus and the relevant Supplement.

This information will be confirmed to the Shareholder over a recorded telephone line.

Telephone requests will only be processed provided that the Shareholder's name and account number, and the name, address and/or fax number to which the contract note is to be sent corresponds to that listed as the Shareholder of record registered in the Register kept by the Administrator. Should the Shareholder designate that the contract note be sent to a name and/or address which differs from that registered with the Administrator, written confirmation of this change must be submitted by the Shareholder and received by the Administrator

before the order will be processed.

Initial or subsequent subscriptions for Shares may also be made indirectly, that is through the Distributor, a Sub-Distributor or a Clearing System, for onward transmission to the Company, care of the Administrator (whereby the Distributor, Sub-Distributor or Clearing System must ensure that the Application Form and supporting documents are received by the Administrator by the relevant Dealing Deadline).

The Distributor, a Sub-Distributor or a Clearing System may provide a nominee service for investors purchasing Shares through them. Such investors may, at their discretion, elect to make use of such service pursuant to which the nominee will hold Shares in its name for and on behalf of the investors and who, in order to empower the nominee to vote at any general meeting of Shareholders, shall provide the nominee with specific or general voting instructions to that effect. Notwithstanding the above, the investors retain the ability to invest directly in the Company, without using such nominee services.

Shares may be issued to and registered in the name of a Clearing System (or its nominee) nominated by or on behalf of an investor, by the Distributor, the relevant Sub-Distributor or third party nominee service provider, as the case may be, that is recognised and accepted by the Company. Accountholders may incur fees normally payable in respect of the maintenance and operation of accounts in such Clearing System (or nominee).

The Administrator will be responsible for processing the Application Forms and supporting documents and has been appointed and empowered to exercise the rights of the Company and to deal with and communicate with applicants / prospective investors in connection therewith. An application will not be processed until the Company and the Administrator are satisfied with the information, declarations, representations and warranties which are (or are deemed to be) given or included (expressly or by reference) in or together with the Application Form and supporting documents and that the formalities required under applicable prevention of money laundering legislation have been complied with.

Any future change to the details of an applicant and other information, declarations, representations and warranties originally supplied or given must be notified to the Company or the Administrator immediately.

### **Anti-Money Laundering Provisions**

Measures provided for in the Criminal Code (Chapter 9 of the Laws of Malta), the Prevention of Money Laundering Act (Chapter 373 of the Laws of Malta), and the Prevention of Money Laundering and Funding of Terrorism Regulations (Legal Notice 108 of 2008, as amended) (the **Money-Laundering rules**) which are aimed towards the prevention of money laundering, require detailed verification of each applicant's identity. The Company's obligations under the Money Laundering rules include the identification of Shareholders, the retention of the relevant identification and transaction documentation and the reporting of transactions suspected of involving money laundering to the Financial Intelligence Analysis Unit. In this regard, the Company will establish appropriate internal procedures to fulfil these obligations and will have a money laundering reporting officer (**MLRO**) appointed as required by MFSA.

As part of the Company's responsibility for the prevention of money laundering, the Company, the MLRO, the Administrator, or other authorised person, may require a detailed identification procedure with respect to a prospective Shareholder as well as information concerning the origin of the funds. For example, individual applicants (including each of the persons involved in an applicant which is an unincorporated bona fide body of persons or association) shall be required to produce:

- a) a copy of a passport or identification card bearing a photograph and signature and reference to nationality, duly certified by a Notary Public/Advocate (the Company may also accept such a copy if certified by the applicant's banker, where such is acceptable to the Company or by another reputable and appropriate source as may be accepted by

the Company from time to time);

b) evidence of the applicant's permanent residential address in the form of a utility bill or bank statement (if requested);

c) the Company may, at its discretion, also require further information as to the applicant's date of birth, occupation, name of employer and other details;

Corporate, trust or partnership applicants shall be required to produce (as applicable):

- (a) a certified copy of the certificate of incorporation/licence/authorisation or equivalent documents of incorporation or authorisation to carry on business (and any certificate evidencing the change of name), and a certified copy of the memorandum and articles of association or other constitutional documents of the applicant company, or of the trust deed or partnership agreement (or other document evidencing the existence of the legal entity);
- (b) information regarding the business of the applicant entity including copies of accounts (if requested);
- (c) a certified copy of a recent certificate of good standing or register of directors of the applicant entity, or an extract from the commercial or trade register at the relevant chamber of commerce or equivalent document;
- (d) the names and residential and business addresses and certified copies of the passports or identity cards of all directors, beneficial owners, trustees or partners of the applicant entity;
- (e) a certified copy of the signatory card, corporate resolutions or other instrument verifying the authority of the applicant entity to make the investment and related transactions, and the authority of the respective directors, officers, partners or other attorneys to sign on behalf of the applicant entity;
- (f) all documentation relevant for the identification of such attorneys (if requested);

In addition, the Company will require information about the source of funds in relation to the application for subscription of Shares, including the name of the account/s from which funds emanated, the account number and the name of the bank with which the account/s is/are held, name of the correspondent bank wiring the subscription monies, a copy of the swift transfer/s or other settlement documentation and any other documentation indicating the provenance of funds. The above is without prejudice to the Company's general right to request additional information and documentation at its discretion prior to accepting any application for Shares, including (but not limited to) any trust instruments involved, documents confirming the appointment of executors or administrators, certificates of corporate authority and bank references, business or professional references (as for example from accountants and lawyers).

Depending on the circumstances of each application for Investor Shares, a detailed identification procedure may not be required by the Company in terms of the Money-Laundering rules, such as where:

- a) the applicant is a person who is authorized to undertake relevant financial business (as defined in the Money-Laundering rules) or is a person who is licensed or otherwise authorized under the laws of a Member State or of a reputable jurisdiction to carry out any activity which is equivalent to relevant financial business;
- b) the applicant is a legal person listed on a regulated market authorised in a Member State or in a reputable jurisdiction subject to equivalent public disclosure requirements; or
- c) The Company is entitled, in terms of the Money-Laundering rules, to rely on or to recognise and accept the outcome of customer due diligence carried out by subject persons in terms of the Money-Laundering rules or customer due diligence carried out in accordance with requirements equivalent to those under the Money-Laundering rules by a person undertaking activities equivalent to relevant financial business or relevant activities (both terms as defined in the Money-Laundering rules) and who is situated in a Member State or in a reputable jurisdiction and is subject to authorisation or mandatory professional registration recognised by law:

provided that in each case the Company has ensured that the said subject person or other person on which it is relying shall make available to it, as and when required in terms of the Money-Laundering rules, the identification and verification information and copies of relevant data and documentation.

Copies of the Application Forms and related documentation (including records evidencing compliance with the local prevention of money laundering requirements) will be kept at the registered office of the Company and will be available for inspection by the MFSA during compliance visits.

In the event of delay or failure by the applicant to produce any information required as explained above, the Company (or the Administrator acting on the Company's behalf) may refuse to accept the application and return all subscription monies. If an application is rejected, the Administrator will return application monies or the balance thereof by electronic transfer to the account from which it was paid at the cost and risk of the applicant.

If any person subject to the Money-Laundering rules referred to above who is resident in Malta has a suspicion that a payment to the Company (by way of subscription or otherwise) contains the proceeds of criminal conduct, that person is required to report such suspicion, pursuant to the provisions of the above-mentioned laws to the Financial Intelligence Analysis Unit ("FIAU"). The Money-Laundering rules also provide that such person is in violation of the law if, in the course of his trade, profession, business or employment, he knows or suspects that another person is engaged in money laundering and he does not report to the reporting authority in Malta as soon as reasonably practical. This includes knowledge or suspicion of activities outside Malta if such activities would have constituted money laundering if carried on within Malta. The Money-Laundering rules also contain provisions for the reporting of information indicating that a person has or may have been engaged in money laundering.

### **Deferral of Subscriptions**

The Directors may, in their sole and absolute discretion, determine that in certain circumstances, it is detrimental for existing Shareholders to accept an application for Shares in cash or in specie, representing more than 5% of the Net Asset Value of a Fund. In such case, the Directors may postpone the application and, in consultation with the relevant investor, either require such investor to stagger the proposed application over an agreed period of time, or establish an Investment Account outside the structure of the Company in which to invest the investor's subscription monies. Such Investment Account will be used to acquire the Shares over a pre-agreed time schedule. The investor shall be liable for any transaction costs or reasonable expenses incurred in connection with the acquisition of such Shares. Any applicable Preliminary Charge will be deducted from the subscription monies before the investment of the subscription monies commences.

### **Processing Subscriptions**

Issuances of Shares will normally be made with effect from a Dealing Day in respect of applications received on or prior to the Dealing Deadline. Dealing Days and Dealing Deadlines relating to each Fund are specified in the relevant Supplement. Applications received after the Dealing Deadline for the relevant Dealing Day shall be deemed to have been received by the next Dealing Deadline, unless the Administrator (on behalf of the Company) shall otherwise agree and provided they are received before the Valuation Point for the relevant Dealing Day. The Directors may, in their absolute discretion and subject to the prior approval of the Custodian and the Administrator, agree to designate additional Dealing Days and Valuation Points for the purchase of Shares relating to any Fund which will be open to all Shareholders.

Different subscription procedures and time limits may apply if applications for Shares are made via the Distributor, a Sub-Distributor or a Clearing System as the case may be although the ultimate deadlines with the Administrator referred to in the preceding paragraph remain unaffected. Full payment instructions for subscribing via the Distributor, a Sub-Distributor or a

Clearing System may be obtained through the Distributor, the relevant Sub-Distributor or a Clearing System as the case may be.

None of the Distributor, a Sub-Distributor or a Clearing System is permitted to withhold subscription orders to benefit itself from a price change.

Investors should note that they may be unable to purchase Shares via the Distributor, a Sub-Distributor or a Clearing System on days that any such Distributor, Sub-Distributor or Clearing System is not open for business.

In circumstances in which the subscription proceeds are not received in a timely manner, the relevant allotment of Shares may be cancelled and the applicant may be required to compensate the Company for any costs and expenses thereby created.

#### **MINIMUM INITIAL AND ADDITIONAL INVESTMENT AMOUNTS AND MINIMUM SHAREHOLDING REQUIREMENTS**

The Minimum Initial Investment Amount, the Minimum Additional Investment Amount and the Minimum Shareholding of Shares of each Class of a Fund may vary and are set out in the Supplement for the relevant Fund. The Directors reserve the right from time to time to waive any requirements relating to the Minimum Initial Investment Amount, the Minimum Additional Investment Amount and the Minimum Shareholding as and when they determine at their reasonable discretion.

The Company may, at any time, repurchase all Shares from Shareholders whose holding is less than the Minimum Shareholding. In such case the Shareholder concerned will receive prior notice so as to be able to increase his holding above such amounts during such period to be determined by the Directors (and set out in the notice) following the receipt of such notice.

#### **Subscription Price**

During the Initial Offer Period for each Fund, the Initial Issue Price for Shares in the relevant Fund shall be the amount set out in the Supplement for the relevant Fund.

The issue price at which Shares of any Fund will be issued on a Dealing Day after the Initial Offer Period is calculated by ascertaining the Net Asset Value per Share of the relevant Class on the relevant Dealing Day.

A Preliminary Charge of up to 4% of the Initial Issue Price or the Net Asset Value per Share, as appropriate, may be charged by the Company for payment to the Distributor on the issue of Shares, out of which the Distributor may, for example, pay commission to Sub-Distributors and other financial intermediaries. The amount of the Preliminary Charge (if any) applicable to a Fund will be set out in the relevant Supplement. The Company reserves the right to vary the Preliminary Charge and any variation shall be published in the Prospectus or the relevant Supplement, as the case may be, at least ninety days before it becomes effective.

#### **Payment for Shares**

Payment in respect of the issue of Shares must be made by the relevant Settlement Date by electronic transfer in cleared funds in the currency of denomination of the relevant Class of the Shares. The Administrator (acting on behalf of the Company) may, at its discretion, accept payment in other currencies, but such payments will be converted into the currency of denomination of the relevant Class of the Shares at the then prevailing exchange rate available to the Administrator and only the net proceeds (after deducting the conversion expenses) will be applied towards payment of the subscription moneys. This may result in a delay in processing the application.

No Shares shall be issued unless the issue price is paid into the assets of the relevant Fund within the term specified in each Fund Supplement, (which normally will be 17 H CET the

business day preceding the dealing date) If payment in full of the issue price, including the Preliminary charge and any other charges, fees and expenses that may be payable by the applicant has not been received by the Settlement Date, or in the event of non-clearance of funds, the Administrator may treat the application as an application for such number of Shares as may be purchased with such payment on the Dealing Day next following receipt of payment in full or of cleared funds. In such cases the Company may charge the applicant for any resulting bank charges or market losses incurred by the relevant Fund.

In the case of joint applicants for subscription of Shares in any Fund, the joint applicants shall be liable, jointly and severally, in respect of all subscription monies due to the Company in respect of the Shares jointly applied for (and also for the production of such information and documentation and other obligations which may be due to the Company and the Administrator in connection with their application).

### **Limitations on Subscriptions**

Shares may not be issued or sold by the Company during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under "Suspension of Calculation of Net Asset Value" below. Applicants subscribing for Shares directly to the Company or the Administrator will be notified of such postponement and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension. Applicants subscribing for Shares via the Distributor, a Sub-Distributor or applicants seeking to become Accountholders through a Clearing System as the case may be have to contact directly the Distributor, the Sub-Distributor or the relevant Clearing System for arrangements regarding application to be made or pending during such suspension period. Applications made or pending during such suspension period via the Distributor, a Sub-Distributor or a Clearing System as the case may be, will be considered as at the next Dealing Day following the end of such suspension.

Shares may not be directly or indirectly offered or sold in the United States or purchased or held by or for U.S. Persons (unless permitted under certain exceptions under the laws of the United States).

### **Anti-Dilution Levy**

In calculating the Net Asset Value per Share, the Directors may, where there are large subscriptions, adjust the Net Asset Value per Share by adding an Anti-Dilution Levy of up to 1% the Net Asset Value per Share (as described in the relevant Supplement) for retention as part of the assets of the relevant Fund, further details of which will be set out in the relevant Supplement. This Anti-Dilution Levy will cover dealing costs and is intended to preserve the value of the assets of the relevant Fund.

## **REPURCHASE OF SHARES**

### **Procedure for Direct Repurchase**

The Company will repurchase Shares at the request of Shareholders, subject to and in accordance with the provisions of this Prospectus, the Articles and the MFSA Rules. Requests for the repurchase of Shares should be made to the Company, care of the Administrator in writing, by facsimile, or by such other means as the Directors may (with the consent of the Administrator) prescribe from time to time (where such means are in accordance with the requirements of the Authority) and must in the case of requests in writing or by facsimile quote the relevant account number, the relevant Fund(s), Class of Share and any other information which the Administrator reasonably requires, and be signed by or on behalf of the Shareholder before payment of Repurchase Proceeds can be made. Repurchase requests made by facsimile e must be followed by subsequent confirmation in writing.

Repurchase requests received by fax or such other means approved by the Directors in

accordance with the requirements of the Authority (with the consent of the Administrator) will only be processed provided that the Shareholder's name and account number, and the name, address and/or fax number or applicable details to which the contract note is to be sent corresponds to that listed as the Shareholder of record registered with the Administrator. Should the Shareholder designate that the contract note be sent to the name and/or address which differs from that registered with the Administrator, written confirmation of this change must be submitted by the Shareholder and received by the Administrator (and the Administrator must have made the amendments to the Shareholder's registration details) before the order will be processed.

Requests for the repurchase of Shares should be made by submitting a duly completed and signed Redemption Form, and will not be accepted and processed unless and until, the required documentation specified in such Redemption Form is submitted together with such Redemption Form to the Administrator, and is accompanied or followed by such other documents and information (including undertakings, declarations, warranties and representations) which the Administrator or the Company may request at the relevant time (for example, in order to verify the title or right of the applicant to the relevant Shares or to make the redemption request or to ensure compliance with applicable anti-money laundering laws or requirements or other applicable legal requirements or to ensure compliance with the provisions of this Prospectus, the Supplement of the relevant Fund and the Articles) in such manner and within such time as may be specified herein or in the respective Supplement or Redemption Form or as the Company or Administrator may from time to time specify. The Company and the Administrator reserve the right to request such additional information and documents (even if not specified in the relevant Redemption Form) for the above-mentioned purposes. The Company and the Administrator also reserve the right to reject a request for redemption, without deferring processing of same to a future Dealing Day when the relevant requirements are complied with, if any of the above-mentioned documents or information is not provided in the manner and within the time referred to above: this shall however be without prejudice to the irrevocability of a redemption application on the part of the applicant and the Company's or the Administrator's right to defer the redemption request until the relevant requirements are complied with.

The Administrator will be responsible for the processing of Redemption Forms and has been appointed and empowered to exercise the rights of the Company and to deal with and communicate with Shareholders in connection therewith as provided herein.

Investors should be aware that (without prejudice to the Company's or the Administrator's rights to reject a request for redemption as provided above) a request for redemption of Shares in any Fund by the submission of a Redemption Form, once made, is irrevocable by them even if the Company or the Administrator later rejects such a request and even if at the time or after the submission thereof there is a suspension or deferral of redemptions or of payment of redemption proceeds. However, the Company or the Administrator may, in their absolute discretion, permit that Shareholder who has submitted a Redemption Form later revokes or withdraws the same in whole or in part.

The Redemption Forms and related documentation, including records evidencing compliance with the applicable prevention of money laundering requirements, will be kept by the Administrator and will be available for inspection by the applicable competent authorities as may be required by applicable laws, even if the redemption request is refused.

Any Shares in any Fund which have been repurchased (in any way and in any circumstances) by the Company shall be cancelled as provided by the Companies Act.

### **Processing of Direct Repurchases to the Company**

Requests received on or prior to the relevant Dealing Deadline will, subject as mentioned in this section and in the relevant Supplement, normally be dealt with on the relevant Dealing Day. Repurchase requests received after the Dealing Deadline shall, unless the Directors shall otherwise agree and provided they are received before the relevant Valuation Point, be treated as having been received by the following Dealing Deadline.



In no event shall Redemption Proceeds be paid until the Redemption Form has been received from the investor and all of the necessary anti-money laundering checks have been carried out.

A repurchase request will not be capable of withdrawal after acceptance by the Administrator. If requested, the Directors may, in their absolute discretion and subject to the prior approval of the Custodian, agree to designate additional Dealing Days and Valuation Points for the repurchase of Shares relating to any Fund which will be open to all Shareholders.

### **Repurchase Procedure with the Distributor, a Sub-Distributor or a Clearing System**

The repurchase procedures and the dealing deadlines may be different if applications for repurchase are made to the Distributor, a Sub-Distributor or through a Clearing System, although the ultimate Dealing Deadlines and procedures referred to above and in the relevant Supplement will remain unaffected. Applicants for repurchases may obtain information on the repurchase procedure directly from the Distributor, the relevant Sub-Distributor or the relevant Clearing System as the case may be and should also refer to the relevant Supplement.

### **Repurchase Size**

An applicant may request the repurchase of all or part of its Shares of any Class of a Fund.

The Minimum Repurchase Amount may vary according to the Fund or the Class of Share.

For Funds having a Scheduled Maturity Date, all Shares for which no repurchase request has been made in respect of this Scheduled Maturity Date, will be compulsorily repurchased on such Scheduled Maturity Date at the Net Asset Value per Share calculated on the Scheduled Maturity Date. A Fund will have no Scheduled Maturity Date unless otherwise determined in the relevant Supplement. Funds for which no Scheduled Maturity Date has been designated may be closed in accordance with the procedures laid down in the Articles and Shares will be repurchased at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses) calculated on the Dealing Day at which such decision shall take effect, and the provisions of this Prospectus regarding total repurchases under the section "Mandatory Redemptions" below will apply *mutatis mutandis*.

The Administrator may decline to effect a repurchase request which would have the effect of reducing the value of any holding of Shares relating to any Fund below the Minimum Shareholding for that Class of Shares of that Fund. Any repurchase request having such an effect may be treated by the Company or the Administrator as a request to repurchase the Shareholder's entire holding of that Class of Shares.

### **Repurchase Price**

The Repurchase Price at which Shares will be repurchased on a Dealing Day is the Net Asset Value per Share of the relevant Class on the relevant Dealing Day, less any applicable Repurchase Charge. The method of establishing the Net Asset Value of any Fund and the Net Asset Value per Share of any Class of Shares in a Fund is set out in the Articles as described in this Prospectus under the heading "Calculation of Net Asset Value/Valuation of Assets" below.

A Repurchase Charge of up to 3% of the Repurchase Price of any Class of Shares of a Fund, may be charged by the Company. The amount of Repurchase Charge (if any) applicable to a Fund will be set out in the relevant Supplement. The Company reserves the right to vary the Repurchase Charge and any variation shall be published in the Prospectus or the relevant Supplement, as the case may be, at least ninety days before it becomes effective. Any increase in the Repurchase Charge will only be applied to Shares issued after the date on which the increase takes effect.

### **Payment of Repurchase Proceeds**

The amount due on repurchase of Shares will be paid in cash by electronic transfer to the relevant Shareholder's account of record on the original Application Form in the currency of denomination of the relevant Class of Shares of the relevant Fund (or in such other currency as the Directors shall determine) by the Settlement Date. Payment of Repurchase Proceeds will be made to the registered Shareholder or in favour of the joint registered Shareholders as stated in the Articles. The Repurchase Proceeds of the Shares will only be paid on receipt by the Administrator of a repurchase request together with such other documentation and information that the Administrator may reasonably require.

### **Limitations on Repurchases**

The Company may not repurchase Shares of any Fund during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under "Suspension of Calculation of Net Asset Value" below. Applicants for repurchases of Shares will be notified of such postponement and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension. Applicants repurchasing Shares via the Distributor, a Sub-Distributor or a Clearing System as the case may be have to contact directly the Distributor, the Sub-Distributor or the relevant Clearing System for arrangements regarding repurchases to be made or pending during such suspension period. Applications made or pending during such suspension period via the Distributor, a Sub-Distributor or a Clearing System as the case may be, will be considered as at the next Dealing Day following the end of such suspension.

The Directors are entitled to limit the number of Shares in a Fund repurchased on any Dealing Day to Shares representing 10% of the total Net Asset Value of that Fund on that Dealing Day. In this event, the limitation will apply *pro rata* so that all Shareholders wishing to have Shares of that Fund repurchased on that Dealing Day realise the same proportion of such Shares. Shares not repurchased, but which would otherwise have been repurchased, will be carried forward for repurchase on the next Dealing Day and will be dealt with in priority (on a rateable basis) to repurchase requests received subsequently. If requests for repurchase are so carried forward, the Administrator will inform the Shareholders affected.

### **Mandatory Repurchases**

The Company may, at its discretion and on its initiative without any discretion or right of the Investors to refuse, by not less than four (4) weeks notice (the Total Repurchase Notice) to all the Shareholders in such Fund, compulsorily repurchase all of the Shares of any Fund if at any time the Net Asset Value of the relevant Fund is less than the Minimum Fund Size (if any) specified in the relevant Supplement. In such case, the Company or its delegates authorised to this effect will be entitled to repurchase such Shares on such day as determined by them and notified to all Shareholders, whether in the Total Repurchase Notice or in a subsequent notice (even if such day is not a normal redemption Dealing Day of the relevant Fund and even if redemptions of Shares in such Fund have been suspended or deferred at the relevant time). Such total repurchase will be made at such price per Share as is equivalent to the NAV per Share of the relevant Class as of the date of repurchase, namely the NAV calculated as of the relevant Valuation Point of the Fund which relates to the date of repurchase, or if such the date of repurchase does not correspond to an official Valuation Point of the Fund, at the NAV calculated as at such date of repurchase pursuant to an 'ad hoc' NAV calculation procured by the Directors or the Company's delegates at the relevant time, in each case after accounting for accrued fees, expenses and liabilities of the Fund and other fees and expenses which may be applicable or as the Company or its delegates on its behalf may be entitled to deduct or recover therefrom. No Repurchase Charge will apply to such total repurchases.

The Company reserves the right to repurchase any Shares which are or become owned, directly or indirectly, by a U.S. Person (unless pursuant to an exemption under U.S. securities laws), by any individual under the age of 18 (or such other age as the Directors think fit) or if the holding of the Shares by any person is in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Shares or might result in the Company or a Fund incurring any liability to taxation or suffering

other pecuniary, legal, regulatory or administrative disadvantages which the Company might not otherwise have incurred, suffered or breached.

The procedure for the mandatory repurchases of Shares as aforesaid is further detailed in the Articles.

### **Anti-Dilution Levy**

In calculating the Repurchase Price of Shares, the Directors may, where there are large repurchases, adjust the Repurchase Price by deducting an Anti-Dilution Levy of up to 1% of the Net Asset Value per Share (as described in the relevant Supplement) for retention as part of the assets of the relevant Fund, further details of which will be set out in the relevant Supplement. This Anti-Dilution Levy will cover dealing costs and is intended to preserve the value of the assets of the relevant Fund.

## **EXCHANGE OF SHARES**

Shareholders will be able to apply to exchange on any Dealing Day all or part of their Shares of any Class of any Fund (the **Original Class**) for Shares of another Class which are being offered at that time (the **New Class**) (such Class being of the same Fund or a different Fund) provided that all the criteria for applying for Shares in the New Class have been met and by giving notice to the Administrator on or prior to the Dealing Deadline for the relevant Dealing Day. The Administrator (acting on behalf of the Company) may however at its discretion agree to accept requests for exchange received after the relevant Dealing Deadline provided they are received prior to the relevant Valuation Point. The general provisions and procedures relating to the issue and repurchase of Shares will apply equally to exchanges, save in relation to charges payable, details of which are set out below and in the relevant Supplement.

When requesting the exchange of Shares as an initial investment in a Fund, Shareholders should ensure that the value of the Shares exchanged is equal to, or exceeds, the Minimum Initial Investment Amount for the relevant New Class specified in the Supplement for the relevant Fund. In the case of an exchange of a partial holding only, the value of the remaining holding must also be at least equal to the Minimum Shareholding for the Original Class.

The number of Shares of the New Class to be issued will be calculated in accordance with the following formula:

$$S = \frac{[R \times (RP \times ER)] - F}{SP}$$

where:

- R** = the number of Shares of the Original Class to be exchanged;
- S** = the number of Shares of the New Class to be issued;
- RP** = the Repurchase Price per Share of the Original Class as at the Valuation Point for the relevant Dealing Day;
- ER** = in the case of an exchange of Shares designated in the same Base Currency, the value of ER is 1. In any other case, the value of ER is the currency conversion factor determined by the Directors at the Valuation Point for the relevant Dealing Day as representing the effective rate of exchange applicable to the transfer of assets relating to the Original and New Classes of Shares after adjusting such rate as may be necessary to reflect the effective costs of making such transfer;
- SP** = the subscription price per Share of the New Class as at the Valuation

Point for the applicable Dealing Day; and

**F** = the Exchange Charge (if any) payable on the exchange of Shares.

Where there is an exchange of Shares, Shares of the New Class will be allotted and issued in respect of and in proportion to the Shares of the Original Class in the proportion S to R.

An Exchange Charge of up to 2% of the Repurchase Price of the Shares being exchanged may be charged by the Company on the exchange of Shares. The amount of Exchange Charge (if any) applicable to a Fund or Class will be set out in the relevant Supplement. The Company reserves the right to vary the Exchange Charge and any variation shall be published in the Prospectus or the relevant Supplement, as the case may be, at least ninety days before it becomes effective.

### **Limitations on Exchange**

Shares may not be exchanged for Shares of a different Class during any period when the calculation of the Net Asset Value of the relevant Fund or Funds is suspended in the manner described under "Suspension of Calculation of Net Asset Value" below. Applicants for exchange of Shares will be notified of such postponement and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension. Applicants exchanging Shares via the Distributor, a Sub-Distributor or a Clearing System as the case may be have to contact directly the Distributor, the Sub-Distributor or a Clearing System for arrangements regarding exchanges to be made or pending during such suspension period. Applications made or pending during such suspension period via the Distributor, a Sub-Distributor or a Clearing System as the case may be, will be considered as at the next Dealing Day following the end of such suspension.

## **TERMS AND CONDITIONS OF ISSUE AND HOLDING OF SHARES**

The full contents of this Prospectus (including the Supplement of the relevant Fund) as well as of the Articles and of the relevant Application / Transfer Registration / Redemption Form exhaustively set out and contain the terms and conditions of offering, issue, subscription, resale, transfer, acquisition, holding and repurchase of Shares in any of the Company's Funds. By signing and submitting the relevant application / request form, the applicant / prospective investor (and in the case of joint applications, each individual applicant) will be entering into a legally binding contract with the Company (which shall become binding on the Company if and when such application / request is accepted by the Company, acting through the Administrator):

- (a) whereby the applicant acknowledges, declares and agrees (and will automatically be deemed to be acknowledging, declaring and agreeing) that he has made the application / request solely on the basis of, and that he shall at all times be bound by and comply with, and shall be subscribing, acquiring and/or holding the relevant Shares on the basis of, such contents, terms and conditions (as applicable to him);
- (b) whereby he makes and gives (and will automatically be deemed to be making and giving) to the Company and/or the Administrator (as applicable) the declarations, representations and warranties contained in the relevant application / request form (as applicable) and/or other relevant declarations, representations and warranties contained herein and/or in the respective Supplement of the relevant Fund; and
- (c) which contract shall be governed and construed in all respects in accordance with the laws of the Republic of Malta.

## **CALCULATION OF NET ASSET VALUE/VALUATION OF ASSETS**

The Administrator will be the only responsible of the calculation of the Net Asset Value.

The method of valuation of the assets and liabilities of each Fund and of the Net Asset Value

shall be as set out in the Articles and this Prospectus.

The Net Asset Value of a Fund shall be expressed in the Base Currency, and shall be calculated by ascertaining the value of the assets of or attributable to the Fund and deducting from such value the liabilities of or attributable to the Fund as at the Valuation Point for the relevant Dealing Day.

The Net Asset Value per Share of a Fund shall be expressed in the Base Currency or such other currency in which the Shares are designated as specified in the Prospectus and will be calculated by dividing the Net Asset Value of the Fund by the number of Shares in the Fund then in issue or deemed to be in issue as at the Valuation Point for the relevant Dealing Day and rounding the result mathematically to two decimal places or such other number of decimal places as may be determined by the Directors from time to time.

In the event the Shares of any Fund are further divided into Classes, the Net Asset Value per Class shall be determined by notionally allocating the Net Asset Value of the Fund amongst the Classes making such adjustments for subscriptions, repurchases, fees, dividends accumulation or distribution of income and the expenses, liabilities or assets attributable to each such Class (including the gains/losses on and costs of financial instruments employed for currency hedging between the currencies in which the assets of the Fund are designated and the designated currency of the Class, which gains/losses and costs shall accrue solely to that Class) and any other factor differentiating the Classes as appropriate. The Net Asset Value of the Fund, as allocated between each Class, shall be divided by the number of Shares of the relevant Class which are in issue or deemed to be in issue and rounding the result mathematically to two decimal places as determined by the Directors or such other number of decimal places as may be determined by the Directors from time to time.

Subject to and save as otherwise expressly provided in the Prospectus or in the Supplement of the relevant Fund or in the Articles, there shall be established a pool of assets and liabilities for each Fund in the following manner:

- (i) The proceeds from the issue of Shares representing a Fund will be applied in the books of the Company to that Fund, and the assets and liabilities and income and expenditure attributable thereto will be applied to such Fund subject to the provisions hereof;
- (ii) Where any asset is derived from another asset, such derivative asset will be applied in the books of the Company to the same Fund as the assets from which it was derived and in each valuation of an asset, the increase or diminution in value will be applied to the relevant Fund;
- (iii) Where the Company incurs a liability which relates to any asset of or attributable to a particular Fund or to any action taken in connection with an asset of or attributable to a particular Fund or which otherwise arises from a matter or is otherwise imposed in respect of or attributable to a particular Fund, such a liability will be allocated and attributed to the relevant Fund;
- (iv) Where the Company incurs a liability which relates to or arises from a matter in respect of or attributable to two or more particular Funds (but not to all Funds), such a liability will be allocated and attributed to the relevant particular Funds, equally between such relevant Funds;
- (v) Where a liability of the Company cannot be considered as being attributable to a particular Fund/s, such liability will be allocated and attributed to all of the Company's Funds in the proportions established in and as provided in the Prospectus and/or in the Articles, and save as otherwise provided in the Prospectus (including the Funds' Supplements) and/or in the Articles, such allocation and attribution of liabilities of the Company between all the Company's Funds shall be made equally between all such Funds.

When issuing Shares constituting a Fund or Shares of a particular Class comprised in a Fund, the Directors may allocate Application, Repurchase and other fees, commission, duties and charges and ongoing expenses and generally attribute and allocate assets and liabilities on a basis which is different from that which applies in the case of Shares in other Funds or in the

case of Shares of other Class/es in the same Fund, as may be set out at the relevant time in the Prospectus or in the respective Supplement/s of the relevant Fund/s or in the Articles. In such case the Directors may make such adjustments to the number of undivided parts of the relevant assets to which each Share in the relevant Funds or in the relevant Class/es shall be entitled as may be determined by the Directors so as to give effect to the different basis of attribution and shall establish separate accounts and records in the books of the Fund for each Class as appropriate to reflect and record therein the different basis attribution. Such different basis attribution and powers of the Directors will be subject to the restrictions and procedure on variation of rights of existing Shares or Classes of Shares as set out in the Articles and/or the Offering Memorandum.

Save where and to the extent otherwise expressly provided in the Prospectus or in the Supplement of the relevant Fund or in the Articles, the following rules will also apply in determining the Net Asset Value of a Fund as at any relevant Valuation Point and in determining the assets and liabilities of such Fund:

- (a) every Share in any Fund allotted by the Company (through its authorised delegates) or otherwise in respect of which the subscription application has been processed and accepted will be deemed to be in issue and the relevant Fund will be deemed to include the net amount of any cash or other property to be received in respect of each such Share (even if not yet received);
- (b) where, in consequence of any notice or repurchase request duly given and accepted by the Company (through its authorised delegates), a reduction of any Fund by the cancellation of Shares has been or is to be effected but payment in respect of such reduction has not been completed, the Shares in question will be deemed not to be in issue and any amount payable in cash or investments out of the Fund in pursuance of such reduction will be deducted;
- (c) where any investment or other property has been agreed to be acquired or realised and title, rights and obligations thereto or in respect thereof have passed to or from the Company, as the case may be, but such acquisition or disposal has not been fully completed by payment of the respective consideration, such investment or other property will be included or excluded, as the case may be, and the gross acquisition or net disposal consideration excluded or included, as the case may require, as if such acquisition or disposal had been duly completed, subject to such adjustments or allowances as the Directors or their delegate consider appropriate if such consideration is payable or receivable, as the case may be, at some future date subsequent to the relevant Valuation Point;
- (d) there will be included in the assets all cash at hand or on deposit, bills, demand and promissory notes and accounts receivable, as well as all dividends and distributions and interest declared or accrued on investments of the relevant Fund and not yet received (save where this is included in the quoted price of the relevant investment), and all other assets and property of every kind and nature including pre-paid expenses;
- (e) there will also be included in the assets an amount equal to all such costs, charges, fees and expenses as the Directors may have determined to amortise less the amount thereof which has previously been or is then to be written off (which will be included in the liabilities);
- (f) there will be included in the liabilities an appropriate provision for any taxes (based on capital and income at the relevant Valuation Point) or contingencies, as estimated and determined from time to time by the Directors (or their delegate), and other reserves, if any, authorised and approved by the Directors;
- (g) there will also be included in the liabilities all amounts accrued or payable under the various agreements with the relevant Service Providers (as appropriate and attributable to each Class of Shares) as well as all accrued or payable administrative

or other expenses;

- (h) there will be further included in the liabilities the total amount (whether actual or estimated by the Directors or their delegate) of any other known liabilities attributable to the relevant Fund (or to the relevant Class of Shares, as applicable), including outstanding borrowings and accrued interest on borrowings (if any) and all other matured contractual obligations for payments of money or property, including also the amount of any unpaid dividends declared on Shares, but excluding liabilities already taken into account in paragraph (c) above;
- (i) the Company may calculate and recalculate administrative and other expenses of or attributable to a Fund which are of a regular or recurring nature on an estimated figure for yearly or other periods in advance and may accrue the same in equal proportions on Valuation Points over any such period;
- (j) the value of all assets or liabilities not expressed in the Base Currency of the Fund (or the currency of the Class of Shares to which these assets or liabilities are attributable) shall be converted into such Base Currency (or Class currency, as appropriate) at such rate of exchange determined as at the relevant Valuation Point in good faith and in accordance with procedures established by the Directors (or their delegate).

The assets and liabilities of a Fund will be valued as follows:-

- (a) Assets listed or traded on a stock exchange or over-the-counter market (other than those referred to at (e) and (g) below) for which market quotations are readily available shall be valued at the last quoted official close of business price on the principal exchange or market for such investment as at the Valuation Point for the relevant Dealing Day provided that the value of any investment listed on a stock exchange but acquired or traded at a premium or at a discount outside the relevant stock exchange may with the approval of the Directors be valued taking into account the level of premium or discount as at the date of valuation of the investment. Such premiums or discounts thereon above shall be provided by an independent broker or market maker or if such premiums/discounts are unavailable, by the Investment Manager. However, the Administrator may adjust the value of investments traded on an over-the-counter market if it considers such adjustment is required to reflect the fair value thereof in the context of currency, marketability, dealing costs and/or such other considerations as are deemed relevant.

If for specific assets the official close of business prices do not, in the opinion of the Administrator, reflect their fair value or are not available, the value shall be calculated with care and in good faith by the Administrator, (being approved by the Directors as a competent persons for such purpose) with a view to establishing the probable realisation value for such assets as at the Valuation Point for the relevant Dealing Day.

- (b) If the assets are listed or traded on several stock exchanges or over-the-counter markets, the official close of business prices on the stock exchange or over-the-counter market which, in the opinion of the Administrator, constitutes the main market for such assets, will be used.
- (c) In the event that any of the investments as at the Valuation Point for the relevant Dealing Day are not listed or traded on any stock exchange or over-the-counter market, such securities shall be valued at their probable realisation value determined by the Administrator (being approved by the Directors as a competent persons for such purpose) with care and in good faith. Such probable realisation value will be determined:
  - (i) by using the original purchase price;

- (ii) where there have been subsequent trades with substantial volumes, by using the last traded price provided the Administrator considers such trades to be at arm's length;
- (iii) where the Administrator believes the investment has suffered a diminution in value, by using the original purchase price which shall be discounted to reflect such a diminution;
- (iv) if the Administrator believes a mid-quotation from a broker is reliable, by using such a mid-quotation or, if unavailable, a bid quotation.

Alternatively, the Administrator may use such probable realisation value estimated with care and in good faith and as may be recommended by a competent professional appointed by the Administrator or the Investment Manager and approved for such purpose by the Directors. Due to the nature of such unquoted securities and the difficulty in obtaining a valuation from other sources, such competent professional may be related to the Investment Manager.

- (d) Cash and other liquid assets will be valued at their face value with interest accrued, where applicable.
- (e) Units or shares in open-ended collective investment schemes will be valued at the latest available net asset value as at the Valuation Point for the relevant Dealing Day; units or shares in closed-ended collective investment schemes will, if listed or traded on a stock exchange or regulated market, be valued at the official close of business price on the principal exchange or market for such investment as at the Valuation Point for the relevant Dealing Day or, if unavailable at the probable realisation value, as estimated with care and in good faith and as may be recommended by a competent professional appointed by the Administrator or the Investment Manager and approved for the purpose by the Directors.
- (f) Any value expressed otherwise than in the Base Currency of the relevant Fund (whether of an investment or cash) and any non-Base Currency borrowing shall be converted into the Base Currency at the rate (whether official or otherwise) which the Administrator deems appropriate in the circumstances.
- (g) Exchange traded derivative instruments will be valued at the settlement price for such instruments on such market as at the Valuation Point for the relevant Dealing Day; if such price is not available such value shall be the probable realisation value estimated with care and in good faith by the Administrator approved for such purpose by the Directors. Over-the-counter derivative instruments will be valued at the latest valuation for such instruments as at the Valuation Point for the relevant Dealing Day as provided by the counterparty on a daily basis and verified on a weekly basis by a competent person (being independent from the counterparty), approved for such purpose by the Directors. Forward foreign exchange contracts shall be valued as at the Valuation Point for the relevant Dealing Day by reference to the prevailing market maker quotations, namely, the price at which a new forward contract of the same size and maturity could be undertaken, or, if unavailable, they shall be valued at the settlement price as at the Valuation Point for the relevant Dealing Day as provided by the counterparty on a daily basis and verified on a weekly basis by a competent person (being independent from the counterparty), approved for such purpose by the Directors.

Notwithstanding the provisions of paragraphs (a) to (g) above:-

- (i) The Administrator may, at its discretion in relation to any particular Fund which is a money market type Fund, value any investment with a known residual maturity of fifteen Months or less by using the amortised cost method of valuation whereby the investment is valued at its acquisition cost adjusted



for amortisation of premium or accretion of discount on the investment. The Administrator or its delegate shall review or cause a review to take place of deviations between the amortised method of valuation and the market value of investments, in accordance with the requirements of the Authority.

- (ii) The Administrator may value floating rate instruments by using the amortised cost method of valuation where such floating rate instruments:
  - (1) have an annual or shorter reset date; and
  - (2) are determined by the Administrator to have a market value that approximates the amortised cost valuation; and
  - (3) have a residual value of two years or less or, in the case of investment grade instruments, up to five years provided that procedures are adopted for instruments having a residual maturity of between two and five years to ensure that the valuation produced does not vary significantly from the true market value.
- (iii) The Administrator may, at its discretion, in relation to any particular Fund which is not a money market type fund but which invests in money market type instruments, value bonds, interest rate swaps, commercial paper, floating rate notes or similar instruments on the basis of amortised cost provided that each such security being valued using the amortised cost basis of valuation shall have a residual maturity not exceeding 6 Months.
- (h) In the event of it being impossible or incorrect to carry out a valuation of a specific investment in accordance with the valuation rules set out in paragraphs (a) to (g) above, or if such valuation is not representative of the security's fair market value, the value shall be estimated by the Administrator or its delegate with care and in good faith, or by a competent person approved for the purpose by the Directors, using an alternative method approved by the Directors.

If in any case a particular value is not ascertainable as provided above or if the Directors shall consider that some other method of valuation better reflects the fair value of the relevant investment, then in such case the method of valuation of the relevant investment shall be such as the Directors in their absolute discretion shall determine.

#### **SUSPENSION OF CALCULATION OF NET ASSET VALUE**

The Directors (or the relevant Service Provider authorised to do so) may temporarily suspend the calculation of the Net Asset Value of any Fund and the subscription, repurchase and exchange of Shares and the payment of Repurchase Proceeds, in exceptional circumstances, where the circumstances so require and where suspension is justified having regard to the interests of the Shareholders of the relevant Fund, including during:

- (i) any period when any of the Markets on which a substantial portion of the investments of the relevant Fund, from time to time, are quoted, listed or dealt in is closed, otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or
- (ii) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial portion of the investments of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of Shareholders of the relevant Fund or if, in the opinion of the Directors, the Net Asset Value of the Fund cannot be fairly calculated; or
- (iii) any breakdown in the means of communication normally employed in determining the

price of a substantial portion of the investments of the relevant Fund, or when, for any other reason the current prices on any Market of any of the investments of the relevant Fund cannot be promptly and accurately ascertained; or

- (iv) any period during which any transfer of funds involved in the realisation or acquisition of investments of the relevant Fund cannot, in the opinion of the Directors, be effected at normal prices or rates of exchange; or
- (v) any period when the Directors are unable to repatriate funds required for the purpose of making payments due on the repurchase of Shares in the relevant Fund; or
- (vi) any period when the Directors consider it to be in the best interest of the relevant Fund; or
- (vii) following the decision to dissolve and wind up the Company or the relevant Fund, the circulation to Shareholders of a notice of a meeting at which a resolution proposing to dissolve and wind up the Company or the relevant Fund is to be considered (where required in terms of the Articles) or an application made to the court for the dissolution and winding up of the Company or the relevant Fund.

Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

The MFSA has the right to require the suspension of the repurchase of Shares in any Fund, where the MFSA considers this appropriate in the interests of the Shareholders of the relevant Fund or of the public.

Shareholders who have requested subscriptions or repurchases of Shares of any Class or exchanges of Shares of one Class to another will be notified of any such suspension in such manner as may be directed by the Directors and, subject to the limitation referred to above, their requests will be dealt with on the first relevant Dealing Day after the suspension is lifted. Any such suspension will be notified on the same Business Day to the Authority and, in relation to applicable Shares, as requested by the Luxembourg Stock Exchange and the competent authorities in the jurisdictions in which the Shares are marketed. Details of any such suspension will also be notified to all Shareholders and will be published in a newspaper circulating in an appropriate jurisdiction, or such other publications as the Directors may determine if, in the opinion of the Directors, it is likely to exceed 14 days.

## **NOTIFICATION OF PRICES**

The issue price and Repurchase Price of each Class of Shares of each Fund will be available from the Administrator, and, if the relevant Shares are listed on the Luxembourg Stock Exchange, will be notified without delay to the Luxembourg Stock Exchange. The Company (through the Administrator) will publish the issue price and Repurchase Price of the Shares for each Dealing Day, and at least twice a Month. The issue price and Repurchase Price of the Shares may be published on each Business Day in one or more financial newspapers in such countries where the Funds are distributed to the public. Such prices will usually be the prices applicable to the previous Dealing Day's trades and are therefore only indicative.

## **FORM OF SHARES, SHARE CERTIFICATES AND TRANSFER OF SHARES**

Shares entered on the Register of the Company will be in non-certificated form (and will be evidence by a book entry in the Register) and share certificates will not be issued. The Company will not issue bearer Shares. Contract notes providing details of the trade will normally be issued within four Banking Days of the relevant Dealing Day. An entry in the Register will be conclusive evidence of ownership (save for manifest error). Confirmation of

ownership evidencing entry in the Register will normally be issued on a monthly basis upon receipt of all original documentation required by the Administrator.

Transfers (including assignments) of Shares (under any title, including transfers of Shares made by a person becoming entitled thereto pursuant to a transmission *causa mortis* or transfers or appropriation of Shares pursuant to the enforcement of a pledge on such Shares), transmission of Shares *causa mortis* and pledging of Investor Shares are subject to any conditions contained in this Prospectus and the Articles. Subject to such conditions, Shares in any Fund may be transferred or transmitted *causa mortis* or pledged. The transferor shall be deemed to remain the holder of the Investor Shares until the name of the transferee is entered in the Register in respect thereof.

The transfer of interests in Shares registered in the name of a Clearing System may be arranged by the Accountholder directly with the relevant Clearing System. Accountholders who wish to transfer their interests in Shares out of a Clearing System must also apply directly to the relevant Clearing System. Transfers made by the Accountholders within any Clearing System may be made between Accountholders on the books of the Clearing System and will not be registered on the register as the relevant Clearing System (or its nominee) will remain the registered Shareholder.

The transfer of Shares by a Shareholder shall be effected by an instrument in writing in common form or in any other form approved by the Directors and signed by (or, in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor and the transferee. In the case of the death of one of joint Shareholders, the survivor or survivors will be the only person or persons recognised by the Company as having any title to or interest in the Shares registered in the names of such joint Shareholders. Transmissions *causa mortis* and their registration in the Register will be dealt with as provided in the Articles.

Applications for the registration of a transfer of Shares in any of the Funds or for the registration of a transmittee as the holder of Shares should be made directly to Company, care of the Administrator in writing, and the Administrator will be responsible for the processing of the same. Such applications must be made in writing using the respective Transfer Registration Form for Shares in such Fund in the form determined and provided by the Company (through the relevant Administrator) from time to time, which must be duly completed and signed by, as the case may be, the transferee or transmittee (in its capacity as the applicant on such Form) or on his behalf by his duly authorised agent, and in the case of a transfer (and where so requested by the Company or the Administrator) it must also be counter-signed by the respective transferor (including, where applicable, the person becoming entitled to the relevant Shares pursuant to a transmission *causa mortis* who elects to transfer such Shares to a third party rather than being registered himself as the holder thereof). Facsimile transmission of the Transfer Registration Form will be acceptable to initiate a registration application, but the application will not be accepted until the Administrator has received the original Form from or on behalf of the applicant in good order (unless the Company or the Administrator, in its absolute discretion, decides otherwise).

The Transfer Registration Form shall be accompanied or followed by (within such time and in such manner as may be specified in such Form or as the Company or Administrator may specify at the relevant time) and will not be accepted and processed unless and until the Administrator receives:

- (a) the required documentation specified in such Transfer Registration Form;
- (b) in the case of a transfer, the official instrument of transfer (or an authentic copy thereof);
- (c) both in the case of a transferee or transmittee, any other documents and information (including undertakings, declarations, warranties and representations) which the Administrator or the Company may request at the relevant time (and they reserve the right to request same) in order to verify the title or right of the applicant to the relevant Shares or to make the registration request contained in the Transfer Registration Form or in order to ensure compliance with applicable anti-money laundering laws or requirements (as explained above in the section

Anti-Money Laundering Provisions) or other applicable legal requirements or to ensure compliance with the provisions of this Prospectus, the relevant Supplement and the Articles.

The registration of the transferee or transmittee as holder of the Investor Shares in the Register pursuant to a Transfer Registration Form duly submitted to the Administrator and accepted by the Company (through the Administrator) is a legally binding contract between the Company and such transferee or transmittee, subject to the terms and conditions set forth or referred to in this Prospectus and in the Transfer Registration Form.

Without prejudice to any other declarations, representations and warranties which are (or are deemed to be) given by the applicant to the Company or the Administrator, by signing and submitting a Transfer Registration Form the transferee or transmittee agrees and undertakes (and will automatically be deemed to agree and undertake) in favour of the Company to take and hold the relevant Shares subject to the same conditions, warranties, obligations and restrictions pursuant to which the said Shares were held by the transferor, or deceased Shareholder (as the case may be), and the Company and the Administrator are entitled to request an express undertaking in writing to this effect before accepting the Transfer Registration Form.

An application will not be processed until the Company and the Administrator are satisfied with all the information, declarations, representations and warranties which are (or are deemed to be) given or included (expressly or by reference) in or together with the respective Transfer Registration Form and that the formalities required under applicable prevention of money laundering legislation have been complied with.

Any future change to the details of an applicant and other information, declarations, representations and warranties originally supplied or given must be notified to the Company or the Administrator immediately.

Shares may not be transferred to (and registration of a transfer or transmission may be refused by the Company, acting through the Administrator, if made to): (i) a U.S. Person (unless permitted under certain exemptions under the laws of the United States); or (ii) any person who does not clear such money laundering checks as the Directors may determine or who has not supplied the declarations, information and documentation requested to the satisfaction of the Directors or the Administrator; or (iii) any person who appears to be in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Shares; or (iv) any person or persons in circumstances (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Directors to be related) which, in the opinion of the Directors might result in the Company or the Fund incurring any liability to taxation or suffering any other pecuniary legal or material administrative disadvantages or being in breach of any law or regulation which the Company or the Fund might not otherwise have incurred, suffered or breached; or (v) any individual under the age of 18 (or such other age as the Directors may think fit) or of unsound mind; or (vi) any person unless the transferee of such Shares would, following such transfer, be the holder of Shares equal to or greater than the Minimum Initial Investment Amount; or (vii) any person in circumstances where as a result of such transfer the transferor or transferee would hold less than the Minimum Shareholding; or (viii) any person where in respect of such transfer any payment of taxation remains outstanding; or (ix) is any other circumstances prohibited by the Articles as described herein. Registration of any transfer may be refused by the Company if, following the transfer, either transferor or transferee would hold Shares having a value less than the Minimum Shareholding for that Class of Shares specified in the Supplement for the relevant Fund.

When the Company (through the Administrator) accepts a Transfer Registration Form, written confirmation by way of registration advice will be sent to the respective applicant as soon as possible and practicable thereafter. If the Company or the Administrator refuses to register a transfer or transmission of Investor Shares, the Administrator will, within fifty (50) days of

receipt of the relevant Transfer Registration Form together with all the relevant documentation and information required or requested as aforesaid, send to the transferee or transmittee (as the case may be) a notice of the refusal, failing which the Company shall be deemed to have approved the registration of such transfer or transmission.

All transfers and transmissions the registration whereof is accepted will be recorded on the Register and neither the Company nor the relevant Fund nor their respective functionaries and agents will be responsible to either the transferor or the transferee or transmittee for following their instructions in good faith as set out in the transfer agreement, Transfer Registration Form or other evidence produced.

The registration of transfers or transmissions *causa mortis* may be suspended at such times and for such periods as the Company from time to time may determine, provided always that such registration shall not be suspended for more than thirty (30) days in any one calendar year.

The Transfer Registration Forms and related documentation, including records evidencing compliance with the applicable prevention of money laundering requirements, will be kept by the Administrator and will be available for inspection by the relevant competent authorities as may be required by applicable laws, even where the application is refused: provided that where an instrument of transfer has been delivered in original and the application is refused such instrument shall (except in the case of fraud) be returned to the applicant.

Prospective investors should note that the Articles do not confer pre-emption rights to existing Shareholders in respect of new issues or allotment or the transfer of Investor Shares or any other Shares.

All transfers and transmissions of Shares are subject in all cases to any pledge (duly constituted and recognised and registered in the Register) of the Shares and to any applicable laws and regulations.

### **Pledges**

The pledge of Shares shall be constituted by means of an instrument in writing entered into between and signed by (or on behalf of) the relevant Shareholder (as pledgor) and the pledgee. Subject to the provisions and conditions of this Prospectus and the Articles dealing with pledging of Shares and the exercise of rights (including enforcement rights) under any such pledge and save as modified by such provisions and conditions, such pledge and the exercise of rights thereunder shall be regulated by the relevant provisions of law (in particular, Regulation 14 of the SICAV Regulations). The aforesaid provisions and conditions of this Prospectus and the Articles and compliance thereof by the Shareholder pledging his Shares and by the pledgee in holding and exercising his rights under such pledge shall be and be deemed to be a pre-condition to the pledgeability of the Shares and to the validity of the pledge agreement entered into between such pledgee and the relevant Shareholder and the pledge constituted thereby, such that the entry into of a pledge agreement in respect of or the making or granting of a pledge of Shares or the exercise of rights thereunder or pursuant thereto by the pledgee which is to any extent inconsistent with the said provisions and conditions shall, for the purposes of Regulation 14(2) of the above-mentioned Regulations, render such pledge as a pledge which is not permissible under the Articles of the Company.

Applications for the registration in the Register of a pledge of Shares in any of the Funds may be made directly to the Administrator, who will be responsible for the processing of the same, by means of an appropriate notice of pledge in terms of law. Such notice must be duly signed by the pledgee and (where so requested by the Company or the Administrator) it must also be counter-signed by the pledgor. The notice of pledge must be accompanied or followed by (within such time and in such manner as the Company or Administrator may specify at the relevant time) and will not be accepted and processed unless and until the Administrator receives an authentic copy of the signed pledge agreement as well as any other documents and information (including undertakings, declarations, warranties and representations) which the Administrator or the Company may request at the relevant time (and they reserve the right

to request same) in order to verify the right of the pledgee to be registered as the pledgee of the relevant Shares and to exercise the respective rights (in terms of the pledge agreement and/or the law) or to ensure compliance with applicable anti-money laundering laws or requirements (as explained above in the section Anti-Money Laundering Provisions) or other applicable legal requirements or to ensure compliance with the provisions of this Prospectus and the Articles (including, without limitation, to ascertain the non-existence of any circumstances in which registration of the pledge may be refused as specified below).

Without prejudice to any other declarations, representations and warranties which may be given by the pledgee to the Company or the Administrator, by signing and submitting a notice of pledge, the pledgee agrees and undertakes (and will automatically be deemed to agree and undertake) in favour of the Company: (i) to exercise any rights which in terms of the relevant pledge agreement vest in him during the subsistence of the pledge before the enforcement thereof, and to eventually exercise the right to transfer the Shares to a third party (pursuant to an enforcement of the pledge), subject to the same conditions, warranties, obligations and restrictions pursuant to which the said rights and transfer were or could have been exercised or made by the pledgor, (ii) that in the case of an eventual enforcement of the pledge through appropriation of the Shares by the pledgee, the pledgee will be required to comply fully with the procedures, terms and conditions set out herein and in the Articles relating to a transfer of Shares (as if he was a transferee for all intents and purposes) and to take and hold the relevant Shares subject to the same conditions, warranties, obligations and restrictions pursuant to which the Shares were held by the pledgor.

In case of an enforcement of a pledge on Shares by the appropriation of the relevant Shares by the pledgee or by the transfer of the relevant Shares to a third party, this will be deemed to be a separate transfer of the Shares (distinct from the original pledge itself) for the purposes of the relevant parts of this Prospectus and the Articles, and shall be subject to the rules, procedures, terms and conditions contained therein dealing with a transfer of Shares and the pledgee and/or (as the case may be) the third party transferee will need to comply therewith.

The Company (acting through the Administrator) may refuse to register a pledge of any Share/s if: (i) the manner, form or evidence of pledge is unacceptable or not registrable in accordance with the laws of Malta; (ii) the declarations, information and documentation requested have not been supplied to the satisfaction of the Company and the Administrator; (iii) if the pledge and/or the registration thereof in the Register and/or the holding of Shares or exercise of rights relating thereto by the pledgee may in the opinion of the Company result in Shares being owned by a U.S. Person (unless permitted under certain exemptions under the laws of the United States); or any person who does not clear such money laundering checks as the Directors may determine or who has not supplied the declarations, information and documentation requested to the satisfaction of the Directors or the Administrator; or any person who appears to be in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Shares; or any person or persons in circumstances (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Directors to be related) which, in the opinion of the Directors might result in the Company or the Fund incurring any liability to taxation or suffering any other pecuniary legal or material administrative disadvantages or being in breach of any law or regulation which the Company or the Fund might not otherwise have incurred, suffered or breached; or any individual under the age of 18 (or such other age as the Directors may think fit) or of unsound mind; or any person who would hold less than the Minimum Shareholding; or (iv) is any other circumstances prohibited by the Articles.

All pledges the registration whereof is accepted will be recorded on the Register and neither the Company nor the relevant Fund nor their respective functionaries and agents will be responsible to either the pledgor or the pledgee for following their instructions in good faith as set out in the pledge agreement, notice of pledge or other evidence produced.

The Administrator shall inform the pledgee of an acceptance or refusal of the request for registration as soon as possible and practicable after receipt of the notice of pledge together

with all the relevant documentation and information required or requested as aforesaid.

The notice of pledge and related documentation, including records evidencing compliance with the applicable prevention of money laundering requirements, will be kept by the Administrator and will be available for inspection by the relevant competent authorities as may be required by applicable laws, even where the request for registration is refused.

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## **FEES AND EXPENSES**

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### **Fees and Expenses Payable by the Company**

The Company will pay out of the assets of each Fund the fees and expenses payable to the Investment Manager, Distributor, extraordinary expenses and, the Fixed Fees to the service providers as described below.

#### ***Investment Management Fee***

In accordance with and subject to the terms of the Investment Management Agreement, the annual Investment Management Fee will be a percentage of the Net Asset Value of each Fund or Class of Shares or the Initial Issue Price (as will be indicated in the Supplement). Investment Management Fees are payable periodically at a rate which is within a range specified in the relevant Supplement of each Fund. The Investment Management Fee will be calculated upon each Dealing Day. Fees payable to any Distributor will be payable out of the Investment Management Fee and/or the Preliminary Charge in accordance with the relevant Distribution Agreement.

#### ***Extraordinary Expenses***

The Company shall be liable for Extraordinary Expenses including, without limitation, expenses relating to legal and litigation costs and any tax, levy, duty or similar charge imposed on the Company or its assets that would otherwise not qualify as ordinary expenses. Extraordinary Expenses are accounted for on a cash basis and are paid when incurred or invoiced *pro rata* on the basis of the Net Asset Value of each Fund to which they are attributable. Extraordinary Expenses are allocated across each Class of Shares.

#### ***Performance Fees***

In addition to the Investment Management Fees, the Manager is entitled to a performance fee calculated on each Valuation Point. The performance fee and its calculation methodology will be defined in each Fund's Supplement.

Performance fees may be payable on:

- (a) new high NAV per share over the life of the scheme, where the starting price is the initial offer price or any other benchmark if this is higher, or
- (b) the out-performance of a relevant index.

In both cases (a) and (b) above, trading Profits shall include both realized and unrealized profits. Once earned, the Performance Fee will be retained by the Investment Manager regardless of the Fund's future results.

In case (a) above:

- No performance fee shall be paid or accrued until the NAV per share exceeds the "water mark", that is, the highest of either the previous highest NAV per share on which the performance fee was paid (if any), the initial offer price, or any other benchmark. The performance fee shall only be payable on the increase over the "water mark"; and
- Where a relevant index exists, such index should be used as a benchmark. In the case of such index being the "water mark", the performance fee shall only be payable on the amount by which the scheme out performs the index.



In case (b) above, the performance fee shall only be payable on the amount by which the scheme outperforms the index. Any underperformance of the index in preceding periods since launch shall be recouped before a fee becomes due in subsequent periods.

Performance fee shall not be payable if its NAV per share is below its initial offer price.

The remuneration, fees and disbursements due to sub-managers and investment advisors appointed by the Investment Manager to assist the Investment Manager shall be paid out of the said Management Fee and/or the Performance Fee, unless otherwise agreed with the Company. The fees and commissions payable to authorised agents, distributors and other intermediaries and referees or client introducers appointed by the Manager to promote the Fund and/or to sell or assist in selling the Fund Shares as aforesaid under the part titled 'Functionaries' – 'Investment Manager', will also be paid out of the said Management Fee and/or Performance Fee, unless otherwise agreed with the Company. Where any such agents, distributors or other intermediaries or referees or client introducers as aforesaid are appointed directly by the Company (and not by the Investment Manager), the fees and commissions payable to them may, where so agreed in advance by the Manager, be payable in whole or in part out of the Management Fee and/or the Performance Fee due to the Investment Manager.

#### **Fixed Fees**

Fixed Fees means the fees payable by the Company for each Fund in respect of the ordinary fees, expenses and costs incurred by that Fund that include Transaction Fees and Administrative Expenses (including the Administrator's Fees, the Custodian's Fees, the Setting Up Costs, legal fees, and other Administrative Expenses) as further described below:

- **Administrator's Fees**

According to the Administration Agreement, the Company shall pay to the Administrator a fee for its services as central administration agent, domiciliary agent, registrar and transfer agent. This Administration Fees might include not only purely administration related tasks such as the NAV calculation but also Risk Management IT Support, Risk Management Support in general and any other duty related with the outsourced services of the Company. The minimum administration fees would be 3,000 Euros per month per Fund until the Fund's NAV is less than €45,000,000. Once the Fund's NAV exceeds €45,000,000 scale fees based on a percentage of the Fund's NAV are applicable. The maximum administration fees applicable to each Fund would be 0.08% of the NAV of each Fund per annum. The Agreement of the Company with the Administrator describing the applicable fees to Company are available for inspection at the Company's registered office and the office of the Administrator, free of charge.

- **Custodian's Fees**

According to the Custodian Agreement, the Company pays to the Custodian a fee for its services as custodian of the assets of each Fund of the Company. The fee will be calculated on the basis of a percentage of the net assets (not the NAV) of each Fund under the custody of the Custodian (i.e. the fee will be applied to the aggregate value of the assets including assets the Fund may hold with sub-custodians or Prime Brokers as well as deposits with third party banks).

#### Fee

When the size of the Sub-Fund is below 50 million Euro a 0.06% fee shall apply, this fee is subject to minimum fee of Euro 7,500 p.a.

When the size of the Sub-Fund is above 50 million but less than 100 million a 0.05% P.A. is applied, this is also subject to a minimum fee of Euro 35,000 p.a.

When the size of the Fund will approach the 100 million the Company and the Custodian will agree to a new fee structure (The MFSA will notified of the new agreement and the OM will be updated accordingly)

Custody fees shall be applied and levied quarterly and automatically debited to the fund's account

NOTES :

The custody fee shall apply to the TOTAL NET Assets (not NAV) held by the sub-fund on the day the custody fee is levied. I.e. the fee will be applied to the aggregate value of the assets including assets the sub- funds may hold with sub-custodians or Prime Brokers as well as deposits with 3rd party banks. Dates for levying fees will be end of : MARCH| JUNE | SEPT | DEC.

Custody fees are exclusive of 3rd party fees if and when levied.

Custody services shall only be provided as long as the subscription/redemption account and Investment accounts are held with Sparkasse Bank Malta

The Agreement of the Company with the Custodian describing the applicable fees to Company are available for inspection at the Company's registered office and the office of the Administrator, free of charge.

- **Directors Fees**

Directors will receive an annual fee that is consistent with market rates. The maximum Directors fees would be 10,000 Euros per year per Fund. The Agreements of the Company with the Directors describing the applicable fees to Company are available for inspection at the Company's registered office and the office of the Administrator, free of charge.

- **Other Administrative Expenses**

Other Administrative Expenses include but are not limited to; organisation and registration costs; competent authorities' ongoing licensing, filing and other fees and charges; licence fees payable to licence holders of an index; expenses for legal, accounting and auditing services; stamp duties, all taxes and VAT, company secretarial fees, any costs incurred in respect of meetings of Shareholders; marketing and distribution costs, investment transaction charges; costs incurred in respect of the distribution of income to Shareholders; the fees and expenses of any paying agent or representative appointed in compliance with the requirements of another jurisdiction; any amount payable under indemnity provisions contained in the Articles or any agreement with any appointee of the Company; cost of any proposed listings and maintaining such listings; all reasonable out-of-pocket expenses of the Board of Directors and Service providers; foreign registration fees and fees relating to the maintenance of such registrations including translation costs and legal costs and other expenses due to supervisory authorities in various jurisdictions and local representatives' remunerations in foreign jurisdictions; insurance; interest; the costs of printing and distributing this Prospectus and any costs incurred as a result of periodic updates of this Prospectus or the relevant Supplement, reports, accounts and any explanatory memoranda, any necessary translation fees, any fees in respect of circulating details of the Net Asset Value and such other information which is required to be published in the different jurisdictions, or of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any applicable code, whether or not having the force of law) may also be paid out of the assets of the Funds.

- **Setting Up Costs**

Setting Up Costs include the cost of establishing the Company and new Funds.

The Setting Up Costs incurred in connection with the formation, structuring and organisation of the Company as a whole (including, without limitation, expenses consisting of fees payable in connection with registration and licensing of the Company, the costs incurred in connection with the preparation and distribution of this Prospectus (excluding the Offering Supplements relating to specific Funds), printing and marketing costs relating to the Company in general, travelling costs and legal and other consultancy professional fees), whether advanced by the Founder Shareholders and/or other persons, have been or

will be borne and reimbursed by and attributable to the Company in accordance with the Companies Act. These expenses (as well as any VAT or other tax having a similar effect which may be payable in respect thereof) will be or have been allocated, attributed and apportioned to and amongst, and recovered from and out of the assets of, the Funds established at the time of the first Prospectus issued by the Company after the date of its registration (in this paragraph referred to as the "First Funds"), as a liability of such First Funds, in equal portions between them. The said general preliminary expenses of the Company, as allocated to such First Funds, may, for Fund pricing purposes, be amortised over a period of up to sixty (60) Months, or such shorter period as the Directors may determine, so long as the relevant First Funds are in operation, whether or not this is consistent with International Financial Reporting Standards (IFRSs), and in the event that a First Fund terminates prior to the lapse of the amortisation period, any unamortised expenses so allocated to such First Fund shall be accelerated. Notwithstanding what is provided above, the said general preliminary expenses of the Company may be allocated, attributed and apportioned to and amongst and be recovered also from and out of the assets of other Fund/s established by the Company from time to time after the date of the first Prospectus during the period of amortisation of such expenses by the First Funds, as a liability of such other Fund/s, in such proportion and on the basis of such criteria as the Directors may deem to be reasonable in the circumstances (after taking into account the period elapsed between the date of incorporation of the Company and the date of establishment of the relevant Fund/s).

The Setting Up Costs which specifically relate to the formation, structuring and organisation of any particular Fund (including, without limitation, expenses consisting of fees payable in connection with licensing of such Fund), the costs incurred in connection with the preparation and distribution of the Supplement relating to such Fund, initial offering expenses relating to such Fund, printing and marketing costs in respect of such Fund, travelling costs and legal and other consultancy professional fees incurred in connection with the organisation of such Fund), as well as any VAT or other tax having a similar effect which may be payable in respect thereof, will be solely allocated and attributable to and constitute a liability of and be paid exclusively by and out of the assets of the relevant Fund. Such expenses may, for Fund pricing purposes, be amortised over a period of up to sixty (60) months, or such shorter period as the Directors may determine, so long as the Fund is in operation, whether or not this is consistent with International Financial Reporting Standards (IFRSs). In the event that the Fund terminates prior to the lapse of the amortisation period from the Fund's launch, any unamortised expenses will be accelerated.

- **Transaction Fees**

Transaction Fees are any fees and expenses incurred in buying and selling securities or other investments held by a Fund, e.g., brokerage costs and commissions and correspondence fees for transferring securities or investments or other interests, unless otherwise specified in the relevant Supplement.

To the extent that general expenses (whether or not specifically mentioned as Fixed Fees) are not specific to any particular Fund/s (but not all) and save to the extent that such general expenses may be waived or otherwise discharged by any person other than the Company and to the extent that they are not to be discharged otherwise in terms of the foregoing provisions of this section or of the Supplements or terms of issue of Shares of any Fund, such expenses shall be allocated and attributable to and constitute a liability of and be paid exclusively by and out of the assets of all the Fund/s of the Company established at the relevant time of payment, in equal portions between them. However, should any such expenses relate or be attributable solely to one or more specific Funds (but not to all), such expenses and any VAT or other tax having a similar effect which may be payable in respect thereof will be solely allocated and attributable to and constitute a liability of and be paid exclusively by and out of the assets of the relevant Fund/s, equally between such relevant Funds.

The Company will on an on-going basis keep proper accounting records of all expenses and

dates when these are incurred, as well as of the attribution, apportionment and charging of expenses to each of the Funds and their respective assets, which shall be kept in such manner as to constitute appropriate evidence that the rules on payment of expenses mentioned above have been duly followed.

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## **TAXATION**

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### **General**

**The following statements on taxation are with regard to the law and practice in force in the relevant jurisdiction at the date of this document and do not constitute legal or tax advice to Shareholders or prospective Shareholders. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely as the basis for, and rates of, taxation can fluctuate.**

**Prospective Shareholders should familiarise themselves with and, where appropriate, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and repurchase of, Shares in the places of their citizenship, residence and domicile.**

**The levels and bases of taxation are dependent on individual circumstances and subject to change and therefore it is highly recommended that you consult a professional tax adviser.**

### **Malta**

This section aims to summarise the tax regime applicable to the Company and to give an indication of whether deductions are made at source from the income and capital gains that may be paid by the Company to Shareholders, under Maltese tax law.

#### **The Company**

The tax regime for collective investment schemes is based on the classification of funds into prescribed or non-prescribed funds in terms of the conditions set out in the Collective Investment Schemes (Investment Income) Regulations, 2001 (Legal Notice 55 of 2001 as amended). In general, a prescribed fund is defined as a resident fund which has declared that the value of its assets situated in Malta amount to at least eighty-five per cent (85%) of the value of the total assets of the fund.

In respect of Funds which are classified as non-prescribed funds, a tax exemption at the Fund level applies on all the income/capital gains (except for income from immovable property situated in Malta, if any).

Investment income (other than investment income paid by another licensed collective investment scheme) as defined in the Income Tax Act (Chapter 123 of the Laws of Malta) received by a prescribed Fund is subject to a withholding tax and such income cannot be received by the Fund gross of tax. The applicable rate of withholding tax is currently 15% on local bank interest and 10% on investment income other than local bank interest.

The Company (whether in respect of prescribed or non-prescribed Funds) is not entitled to a credit or to a refund of any tax at source deducted from income received by the Company. Other income and capital gains (except for income from immovable property situated in Malta, if any) remain exempt in the hands of prescribed Funds.

In respect of both prescribed and non-prescribed Funds, capital gains, dividends, interest and any other income from non-Maltese securities or other investments and assets held by the Company may be subject to tax imposed by the country of origin concerned and such taxes may not be recoverable by the Company or its Shareholders.

## The Shareholders

### (i) Capital gains realised by non-Maltese resident Shareholders

Capital gains (or gains) realised on transfers or redemptions by non-Maltese-residents of Shares in the Company (whether Shares of prescribed Funds or Shares of non-prescribed Funds) are exempt from Maltese income tax. For such an income tax exemption to apply all of the following conditions should be satisfied:

- the gains must be derived by a person (whether corporate or otherwise) who is not resident in Malta, and
- the beneficial owner of the gain is a person (whether corporate or otherwise) not resident in Malta and such person is not owned and controlled by, directly or indirectly, nor acts on behalf of an individual or individuals who are ordinarily resident and domiciled in Malta.

### (ii) Capital gains realised by Maltese resident Shareholders

The provisions of this paragraph (ii), as they relate to the tax treatment of capital gains by Maltese resident Shareholders, are given by way of information only and shall be without prejudice to the selling and holding restrictions and disqualifications applicable to Shares in terms hereof or of the Articles.

Capital gains realised by Maltese-resident Shareholders of the Company on the redemption, liquidation, or cancellation of Shares in resident non-prescribed Funds may be subject to a 15% final withholding tax and the obligation to deduct such tax at source lies on the Company. However the resident Shareholder has the option to request the Company not to effect the deduction of the said 15% withholding tax in which case the Shareholder would be required to declare the gains in his income tax return and will be subject to tax at the normal rates.

Without prejudice to the provisions of the section 'Exchange of Shares' under the part 'Share Dealings' above, switching of Shares from a non-prescribed Fund to another Fund (whether prescribed or non-prescribed) of the Company constitutes a taxable transfer for income tax purposes. However no tax is chargeable at the point of the switch. When switched securities are eventually disposed of, the calculation of the taxable gains in the hands of Maltese-resident Shareholders will take into account any chargeable gains or allowable losses arising from all intermediate switches as well as from the final transfer.

Capital gains realised by Maltese-resident Shareholders on direct transfers (if any) of Shares in non-prescribed Funds to third parties must be declared by the transferor in his tax return and tax is charged thereon at normal rates, so however that on an eventual redemption, the gain on redemption is calculated without reference to the direct intermediate transfer.

Capital gains realised by resident Shareholders by way of a transfer or redemption of Shares in prescribed Funds would be exempt for as long as the Shares are listed on the Malta Stock Exchange.

### (iii) Dividends paid by the Company to non-Maltese resident Shareholders

Distributions of dividends by the Company to non-Maltese resident Shareholders (whether such dividends are reinvested or otherwise) should not be liable to any Maltese tax, whether by way of withholding or otherwise, as long as such non-Maltese resident Shareholders are not owned and controlled by, directly or indirectly, nor act on behalf of, an individual who is ordinarily resident and domiciled in Malta.

### (iv) Dividends paid by the Company to Maltese resident Shareholders

The provisions of this paragraph (iv), as they relate to the tax treatment of dividends to

Maltese resident Shareholders, are given by way of information only and shall be without prejudice to the selling and holding restrictions and disqualifications applicable to Shares in terms hereof or of the Articles.

In terms of the Income Tax Act, dividends from Malta source taxed profits, Malta source profits which are exempt from tax up to the level of the ultimate shareholder, or profits received by the Company from the foreign income account of another Maltese company should *inter alia* not be subject to a withholding tax or to further tax in the hands of the Maltese resident Shareholders. In the case of distributions from the Company's Final Tax Account (income allocated to such an account would include *inter alia* "investment income" as defined in the Income Tax Act received by a prescribed Fund) the Shareholders would not be entitled to claim a credit or refund of any tax directly or indirectly paid on such profits.

Distributions from the Company's foreign source profits allocated to the Company's Untaxed Account to a Maltese resident person (other than a company) or to a non-resident person who is owned and controlled by, directly or indirectly, or who acts on behalf of a person who is ordinarily resident and domiciled in Malta, should *inter alia* be subject to a withholding tax of 15%. The withholding tax should be deducted by the Company and the dividend would be passed on to the Shareholders net of the tax. The Maltese resident Shareholder (other than a company) may opt to declare such dividends paid from the Untaxed Account of the Company in the income tax return and in that case the 15% withholding tax would be available as a credit (or refund, as the case may be) against the Shareholder's tax liability.

Distributions from the Company's equalisation reserve are treated as dividends for income tax purposes and are likely to be subject to a withholding tax of 15% when paid to a Maltese resident person (other than a company). The Maltese resident Shareholder (other than a company) has the option to declare such a dividend in the income tax return with the 15% withholding tax being available as a credit (or a refund, as the case may be) against the Shareholder's tax liability.

### **EU Savings Directive**

Shareholders who are individuals resident in an EU Member State or certain other jurisdictions should be aware of the provisions of the Council Directive 2003/48/EC of June 3, 2003 on taxation of savings income in the form of interest payments (**Savings Directive**) pursuant to which income/ gains realized from shares in certain undertakings for collective investment may (depending upon the location, classification and investment portfolio of the undertaking) possibly become subject to the exchange of information regime (or where the paying agent in terms of the Savings Directive is established in Luxembourg and Austria, to the transitional withholding tax regime) imposed by the Savings Directive, if such payment is made by a paying agent established either in an EU Member State or in certain other jurisdictions which have agreed to introduce an equivalent reporting regime in respect of such payments.

However in the context of collective investment schemes there may be instances where the Directive may not be applicable. Due to the fact that these rules are complex and their implementation is subject to the specific nature of each case (and the Company's circumstances may also be subject to change), Shareholders who are individuals or acting as nominees and who are resident in the European Union or in certain other jurisdictions covered by the Savings Directive should consult their own tax advisers as to applicability or otherwise of the Savings Directive.

The above descriptions of tax consequences of an investment in a Fund are based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Company at the date of this Prospectus, in respect of a subject on which no official guidelines exist. Potential and existing Investors are reminded that tax law and practice and their interpretation as well as the levels of tax may change from time to time.

## Shareholders

Each Fund may have a different tax treatment in the different jurisdictions, which may depend upon whether or not the fund has obtained the so called “European Passport” by proper communication to the different regulators. It is the sole responsibility of each shareholder to request external legal and tax advisory in order to assess whether each fund constitutes an “adequate” or tax efficient investment for its purposes.

The tax consequences of any investment can vary considerably from one jurisdiction to another, and ultimately will depend on the tax regime of the jurisdictions within which a person is tax resident. **Therefore the Directors strongly recommend that Shareholders obtain tax advice from an appropriate source in relation to the tax liability arising from the holding of Shares in the Company and any investment returns from those Shares.** It is the Director’s intention to manage the affairs of the Company so that it does not become resident outside of Malta for tax purposes.



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## **GENERAL INFORMATION**

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### **Reports and Accounts**

The Company's year end (accounting reference date) is 31 December of each year. The first year end will be 31<sup>st</sup> December 2012 as for being the first accounting reference date. The annual report and audited annual accounts of the Company will be submitted to the MFSA (and if Shares of a Fund are listed on the Luxembourg Stock Exchange, sent to the Luxembourg Stock Exchange) and made available to Shareholders within four Months after the conclusion of each accounting year. The first annual report will be published within four Months of 31 December 2013. The Company will also prepare unaudited semi-annual reports which will be submitted to the MFSA and made available to Shareholders within two Months after 30 June in each year.

A copy of the annual and semi-annual reports will be supplied to Shareholders free of charge upon request.

Such reports and accounts will contain the information required in terms of the MFSA Rules and the Companies Act, including a statement of the Net Asset Value of each Fund and of the investments comprised therein as at the Company's year end or the end of such semi-annual period.

The Directors may send such reports and accounts electronically to Shareholders in accordance with the MFSA Rules.

### **Incorporation and Share Capital**

The Company was incorporated and registered in Malta under the Companies Act as a multi-fund public limited liability company (p.l.c.) with variable share capital (SICAV) on the 20<sup>th</sup> April 2012 with registered number SV 224. Pursuant to the appropriate election made in the Articles, the Company comprises or will comprise one or more segregated Funds, each represented and constituted by a different class or group of classes of Investor Shares, and constituting separate patrimonies in terms of the SICAV Regulations. The identity of the ultimate beneficial owners will be disclosed to investors upon request.

At the date hereof, the authorised share capital of the Company is ten billion € (10.bn €) shares with no nominal value assigned to them. The share capital of the Company will be equal to the value for the time being of the issued share capital of the Company.

As at the date of this Prospectus 100 fully paid up Class 'A' Subscriber Shares in the Company have been issued, at a price (subscription value) of EUR1.00 per share. The Subscriber Shareholders are:

- FCS Group Ltd.; and
- Daniel Alonso-Pulpon Nuñez

The actual value of the paid up share capital of any Fund shall at all times be equal to the Net Asset Value of such Fund as determined in accordance with this Prospectus and the Articles.

The Directors will exercise all the powers of the Company to allot or issue Shares in the Company (excluding Subscriber Shares). The maximum number of Shares which may be allotted or issued by the Company may not exceed the number of ten billion (10,000,000)

authorised shares (inclusive of the number of any Shares in the Company already issued at the relevant time). However, any Shares which have been repurchased shall be deemed never to have been issued for the purpose of calculating the maximum number of Shares which may be issued. Any such Shares which have been repurchased by the Company will be cancelled as provided in the Articles. The Directors have delegated to the Administrator the duties of processing applications for subscription to, and of allotting or issuing, new Shares in the Funds, as well as the duties of processing applications for redemptions or the registration of transfers, transmissions *causa mortis* and pledges of and other transactions in, Shares in the Funds and co-ordinating payments in respect of such issues and redemptions, subject to the parameters set by the Company governing the role of the Administrator in relation to such tasks. Unless otherwise stated in the Supplement for the Fund, there is no limit on the number of Shares which the Directors may issue in any Fund, subject to the total limit of ten billion (10,000,000) authorised shares referred to above, which shall apply on an aggregate basis for all shares (including the Subscriber Shares and all Shares in all Funds) which may be issued by the Company at any one time.

The Company may have its share capital denominated in different currencies. The base currency of the Company, in which the annual accounts of the Company and reports or financial statements of the Company required under the Companies Act or by the MFSA, are to be drawn up is the euro. The Base Currency of the Funds may differ from the base currency of the Company and is specified in respect of each Fund in the Supplements. The Base Currency of any Fund will be the base currency of any Class of Shares constituting that Fund. In the case of a Fund comprising two or more Classes of Shares, such Classes may be denominated in different currencies and the other Classes may accordingly be denominated in a currency different to the Base Currency of such Fund. The Company will maintain proper accounting records of the assets and liabilities of each Fund in the Base Currency of such Fund. The conversion from the base currency of any Class of Shares (or from the Base Currency of any Fund) into the base currency of the Company (where applicable) shall be in accordance with generally accepted accounting principles.

Subject to the exceptions set out in the Articles, this Prospectus and any further restrictions as set out in the Supplement of the relevant Fund, the Shares issued by the Company are freely transferable.

The right of holders of any Shares to participate in the assets of the Company is limited to the assets (if any) of the Fund relating to such Shares. If the realised net assets of any Fund are insufficient to pay any amounts due on the relevant Shares in full in accordance with the Supplement and the Articles, the relevant Shareholders will have no further right of payment in respect of such Shares or any claim against any other Fund or any other assets of the Company. Each Shareholder's right to any return of capital or income on the Shares is subject to this Prospectus, the relevant Supplement and the Articles generally.

If a Fund has two or more Classes of Shares, the claims of the holders of such Classes to the assets of the relevant Fund will, subject to the terms of the relevant Fund, rank *pari passu* with each other, and, on a winding-up of the Fund or Company, the holders of each such Class will participate in the assets (if any) comprised in such Fund *pro rata* to the amount paid up on the Shares of each such Class. Each separate Class relating to one Fund will have recourse only to the assets comprised within the relevant Fund. Consequently, if on any Scheduled Maturity Date or on the winding-up of the Company or the Fund, the assets of a Fund (after payment of all fees, expenses and other liabilities (other than amounts owing to Shareholders) which are to be borne by such Fund) are insufficient to pay the full Repurchase Proceeds payable in respect of all Classes of Shares relating to the relevant Fund, the proceeds of the relevant Fund will be distributed equally amongst each Shareholder of the relevant Fund *pro rata* to the amount paid up on the Shares held by each Shareholder. See "Risk Factors – Cross Liability between Classes".

### **Registered Office**

The Company's registered office is at 102/1, Sandra Flats, Windsor Terrace, Sliema SLM 1858, Malta

## **Classes and Shares**

### **Class 'A' Subscriber Shares**

Class 'A' Subscriber Shares are ordinary voting shares and entitle their holder(s) to receive notice of and to attend at general meetings of the Company and to vote on all matters regarding the Company in general and any of its Funds.

Save as otherwise provided in the Memorandum or in the Articles of Association of the Company, Subscriber Shares, whatever their class, rank 'pari passu' amongst themselves in all respects. Save as otherwise provided in the Memorandum or the Articles of Association of the Company or disclosed in this Prospectus, the Subscriber Shareholders shall also be participating Shares which entitle their holder(s) to profits and assets of the Company available for distribution in terms of law (if any) by way of dividends and on the winding up of the Company (following the settlement of the liabilities of the Company itself (if any) excluding, for the avoidance of doubt, liabilities of or attributable to any Fund in terms hereof, the Articles of Association of the Company, the Prospectus and/or the relevant terms of issue): provided that this shall relate solely and exclusively to profits and assets of the Company constituting the general assets of the Company (if any) and not attributable to any Fund (and the profits and assets attributable to any Fund shall be available exclusively to the creditors and holders of Investor Shares in such Fund).

Subscriber Shareholders shall not be entitled to have their Subscriber Shares redeemed or repurchased by the Company.

### **Investor Shares**

Save as otherwise stated in the Memorandum, in the Articles of Association, the Prospectus or in the relevant terms of issue, the Investor Shares are ordinary voting shares and entitle their holder(s) to receive notice of and to attend at general meetings of the Company and to vote on all matters regarding the Company and the Fund to which they relate; provided that Investor Shares shall not entitle their holders to vote on the creation or issue of or variations concerning Subscriber Shares.

Unless and to the extent otherwise stated as aforesaid, Investor Shares in any Fund participate equally in the profits and distributions (including distributions upon liquidation) of the relevant Fund and they rank 'pari passu' and enjoy equal rights accordingly and do not carry any preferential or pre-emptive rights, whether on new issue and allotment by the Company or on a transfer by the holder/s thereof; provided that in the case of a Fund comprising two or more classes of Investor Shares, the Directors may assign to them different rights, entitlements and restrictions in respect of profits and distributions (including upon liquidation) of the Fund and otherwise as provided in the Articles of Association, the Prospectus and the relevant terms of issue, in which case such classes shall rank between them in proportion to their respective entitlements. Unless otherwise stated as aforesaid, in the event of the liquidation of a Fund (or of the Company in general), the holders of Investor Shares in such Fund or (where appropriate) the holders of Investor Shares of each class in such Fund, shall be entitled to the net assets of the Fund or (as appropriate) the net assets of the Fund attributable to the relevant class 'pari passu' after payment of debts and expenses and other liabilities of or attributable to the Fund or (as appropriate) to the relevant class (including any accrued fees of the respective Service Providers and other persons or other fees and charges which may be payable on such liquidation and including also such proportion of the liabilities of the Company which by virtue of the Articles of Association or by virtue of the terms of issue of Investor Shares in such Fund or by virtue of or as described in the Prospectus, are or are to be attributable to and to be paid out of the assets of such Fund).

The Investor Shares may be redeemed or repurchased in accordance with the redemption and repurchase provisions in the Articles of Association and in accordance with the terms and conditions of issue and as stated in the Prospectus.

## **Payments to Shareholders**

Subject to any additional or different details which may be set out herein or in the Supplement of the relevant Fund or in the Articles or in the respective application or request forms with respect to the form, manner, timing, currency or other matters relating to payments, the following provisions shall apply generally to payments (whether of dividends, repurchase prices, liquidation proceeds or otherwise) made by the Company / any Fund to any Shareholders.

Payments shall be made (without interest) in the form of a bank cheque, electronic transfer or other means of settlement determined by the Company or its delegates authorised to this effect, at the risk and cost of the Shareholder, at such address or bank account as set out in the most recent payment instructions received from the Shareholder as at the relevant time (whether via *ad hoc* instructions at the relevant time or the appropriate instructions given by the Shareholder in the Application Form, Transfer Registration Form or Repurchase Form, as applicable) or in the absence of such instructions or if not possible to follow such instructions because of applicable anti-money laundering restrictions or other good reason, at the address or bank account of the Shareholder as appears on the Register or from which the Shareholders' subscription funds originally were received, as may be deemed appropriate by the Company or its delegates (or, as the case may be, by the liquidator) and in compliance with applicable anti-money laundering laws and requirements, and in all such cases such payment will be a good discharge to the Company / the relevant Fund. The Company and its delegates shall not be responsible for any loss or delay in transmission. Bank or other charges and expenses in connection with the transfer of funds will be at the charge of the Shareholder, and the Company or its delegates on its behalf shall be entitled to give clear instructions to this effect ('all charges for recipient') to the bank or financial institution wiring or transferring the funds, and in any case the Company or its delegates on its behalf will be entitled to deduct or recover all such transfer charges and expenses otherwise incurred by it from the monies due.

All payments are subject in all cases to any pledge (duly constituted and recognised and registered in the Register) of the Shares and to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments by the Company in respect of Shares shall be made net of any amount which the Company is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed or levied by or on behalf of the Government of Malta or authority thereof or therein having power to tax.

Regarding Dividends or interests, it is important to be taken into account that no this Company Dividend Policy is an "accumulation fund policy" and that no dividends or interests on funds will be paid to shareholders of funds.

In relation to redemptions to shareholders of units of funds this will be processed electronically by the administrator of the Company when the orders are processed correctly via euroclear (fund settle) or via direct redemption in written to the administrator,

For direct redemptions and a successful payment of shares to shareholders of funds, the shareholders would have to complete and fulfil the necessary redemption forms with the administrator as well as the necessary due diligence of the administrator.

Both, in the cases of subscription via Euroclear or via Administrator, orders should be correctly processed until the cut off time (17:00 CET) with at least one business day preceding the dealing date; this unless otherwise specified in the relevant Fund annex to this prospectus.

## **Data Protection**

Prospective Shareholders (or pledgees of Shares) should note that by completing and submitting the standard Application / Transfer Registration Form (or request (notice) for

registration of a pledge) relative to Shares in any of the Funds and accompanying documentation and information and by providing such other forms, documentation and information to the Company (acting through the relevant Administrator) or to the relevant Administrator, Investment Manager or other authorised persons as may be required in terms of or pursuant to this Prospectus, they are providing personal information, which may constitute personal data within the meaning of the Data Protection Act (Chapter 440 of the Laws of Malta) and the Company may be a controller (within the meaning of the Data Protection Act) of such personal data.

Personal data so provided by or on behalf of prospective or existing Shareholders (or pledgees of Shares) and personal data otherwise collected by or on behalf of the Company will be processed for the following purposes: identification and verification of investor or pledgee and its eligibility to hold Shares or rights to Shares in the relevant Fund, administration, transfer agency, provision of services by Service Providers, statistical analysis, market research, to comply with any applicable legal or regulatory requirements (including but not limited to, compliance with the relevant Licence Conditions and with applicable prevention of money laundering and funding of terrorism legislation and requirements thereunder applicable to the Company and/or Service Providers).

Processing of personal data may validly take place, even without the consent of the prospective or existing Shareholder (or pledge), in the circumstances and for the purposes mentioned in the Data Protection Act.

Personal data may be processed by the Company and may be disclosed to and processed by persons authorised by the Company in that respect, in particular (without limitation) the Administrator, the Investment Manager, the Custodian and other Service Providers, and their or the Company's duly authorised agents and any of their respective group companies and affiliates wherever located (including outside the EU). Personal data may also be disclosed to and processed by third parties, including regulatory bodies and tax authorities (including outside the EU).

By signing and submitting the standard Application / Transfer Registration Form or request /notice for registration of a pledge relative to Shares in any of the Company's Funds, the applicant consents to the processing of personal data for any of the purposes and by any of the persons specified above, it being understood that such processing may take place before, during and after the time that the applicant holds Shares or rights to Shares in any of the Funds and even in the event that the application / request is rejected by the Company or the Administrator. A natural person in relation to whom personal data are processed by or on behalf of the Company (the "data subject"), has the right to request the Company to provide him with information about the processing of his personal data and to request the rectification (and, where applicable, the erasure) of personal data concerning him or her, in accordance with the provisions of the Data Protection Act.

The data subject may at any time, revoke his consent to the processing of personal data as aforesaid for compelling legitimate grounds relating to his particular situation, in which case he must specify in respect of which data and which processing such revocation relates. This is without prejudice to the provisions of the Data Protection Act which permit the processing of personal data, even without the consent of the data subject, in the circumstances and for the purposes mentioned in the Data Protection Act (in which case the right of the data subject to object to such processing will be available in the circumstances and as provided in the Data Protection Act).

The Administrator processing and collecting information in respect of applications, as well as the relevant Investment Manager or other entities marketing the Shares of any Fund or other authorised persons collecting information from Shareholders or prospective Shareholders may also be subject to and comply with data protection legislation in the relevant jurisdiction.

### **Register and Registration of Shares**

A Register of Shares will be kept on behalf of the Company by the Administrator at the

registered office of the Administrator and/or at any other place as may be determined by the Company and specified in the Articles. In such Register will be entered the names and addresses of the Shareholders and particulars of the Shares held by them respectively, as well as pledges of any Shares recognised by the Company (subject to the relevant provisions of this Prospectus and the Articles), and such other particulars as may be required by the Articles or by law. A copy of the Register will at all reasonable times during business hours, upon notice of at least two (2) Banking Days, be open to inspection of the Shareholders without charge. The Register may be kept on magnetic tape or in electronic form or in accordance with some other appropriate mechanical or electronic system or on some other medium, provided that legible evidence can be produced therefrom to satisfy the requirements of applicable law and of the Articles.

Any change to the personal details of any person entered in the Register must be notified to the Company or the Administrator immediately in writing. The Company and the Administrator reserves the right to request indemnity or verification before accepting such notification.

The Company may close the Register (and the register of debentures, if any), for any time or times not exceeding, in total, thirty (30) days in each calendar year.

Shares, and the transfer, transmission or pledge thereof, must be registered as provided in this Prospectus under the part "Share Dealings".

A person in whose name a Share will be registered as owner shall (to the fullest extent permitted by law) be treated at all times and for all purposes as the absolute owner of such Share regardless of any notice of ownership or trust. Accordingly, the Company will recognise an absolute right of title to Shares in the registered holder thereof and will not be bound by or recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Shares or any other right in respect of any Shares, except only as otherwise expressly provided herein or in the Articles or as may be required by law. Nothing in the foregoing will be construed as prohibiting the Company from registering, recognising and/or acknowledging a transfer, assignment, transmission or pledge on any of its Shares in accordance and subject to the provisions hereof and of the Articles.

### **Shares held jointly**

In the case of Shares in respect of which an Application Form or Transfer Registration Form is made jointly by several persons (including husband and wife), the joint applicants may nominate one of their number as their representative and his/her/its name will be entered first in the Register with such designation. Failing such nomination, the joint applicant whose name will be inserted first in the field giving details of the applicant/s on the Application Form or the Transfer Registration Form, will be entered first in the Register. Such joint Shareholder first named in the Register will for all intents and purposes be deemed to be and be treated as the single registered holder of the Shares so held (except for such purposes as may be mentioned in the Articles and in this Prospectus). Accordingly, without prejudice to the generality of the foregoing, the Company (acting through the relevant Administrator as appropriate) will not be bound to issue more than one written confirmation of ownership or contract note or registration advice for such Shares and the delivery thereof and of any notices whatsoever to the joint Shareholder first named on the Register will be deemed sufficient delivery to all, and the payment of dividends, repurchase or liquidation monies or other amounts due by the Company / any Fund in respect of such Shares to such first named joint Shareholder will be deemed sufficient payment to all and will accordingly be a good discharge to the Company / the relevant Fund.

Notwithstanding what is stated above, the joint applicants for / holders of Shares will be liable, jointly and severally, in respect of all subscription monies due to the Company / any Fund and in respect of the production of documents and information and all other obligations which may be due by applicants or (as the case may be) by holders of Shares to the Company / any Fund or the relevant Administrator.

The Company will not be bound to register more than four (4) persons as joint holders of any Shares.

The provisions of this heading 'Shares held jointly' will apply *mutatis mutandis* to joint pledgees of Shares in their capacity as pledgees and in respect of their rights in such capacity.

### **Litigation and Arbitration**

Since incorporation the Company has not been involved in any litigation or arbitration nor are the Directors aware of any pending or threatened litigation or arbitration.

#### **Directors' Interests**

1. There are no service contracts in existence between the Company and any of its Directors, nor are any such contracts proposed.
2. Mr. Daniel Alonso-Pulpón is both Director of the Company and an employee of FCS Asset Management, Ltd.

### **Material Contracts**

The following contracts have been entered into by the Company and are or may be material.

1. The Custodian Agreements dated 19<sup>th</sup> September, 2014 between the Company and the Custodian in respect of the existing Funds. The Custodian Agreement provides that the appointment of the Custodian will continue unless terminated by either party giving to the other party six months written notice, although in certain circumstances the Custodian Agreement may be terminated forthwith by notice in writing by either party to the other. Any successor custodian must be acceptable to the Company and must be an entity approved by the MFSA. In addition, the appointment of the successor custodian must be approved by the MFSA. If no successor is appointed at the end of the 90 day notice period or such other periods as may be agreed between the parties from the giving of such notice, the Company may be wound up. In such case, the Directors shall apply in writing to the MFSA for revocation of the Company's licence and the Custodian shall remain as the Custodian, notwithstanding the expiration of the notice period, until such time as the MFSA has revoked the Company's licence. The Custodian Agreement contains certain indemnities payable out of the assets of the relevant Fund in favour of the Custodian which are restricted to exclude matters arising as a result of the Custodian's unjustifiable failure to perform its obligations, or the improper performance of them (which shall include negligence, bad faith, fraud, or wilful default on the part of the Custodian).

The Custodian Agreement also contemplates the appointment of one or more sub-custodians, but the Custodian's responsibility and liability is not affected by the appointment of a sub-custodian.

The Custodian Agreement contains limited recourse provisions under which the Company has granted indemnities to the Custodian, in respect of actions brought against it provided that such actions did not arise from fraud, wilful default, negligence, including the unjustifiable failure to perform in whole or in part its obligations under this Agreement or the improper performance of the Custodian's obligations, on the part of the Custodian.

2. The Administration Agreement dated 27<sup>th</sup> February, 2015 between the Investment manager, the Company and the Administrator. The Administration Agreement provides that the appointment of the Administrator will be for indefinite period, until terminated by either party giving to the other not less than 90 days' written notice, although in certain circumstances the Administration Agreement may be terminated

forthwith by notice in writing by either party to the other.

The Administration Agreement contains limited recourse provisions under which the Company and the Investment Manager have granted indemnities to the Administrator, in respect of actions brought against it in its respective capacities provided that such actions did not involve wilful misconduct, bad faith, negligence or material breach of its obligations and duties under the Administrator Agreement.

3. The Investment Management Agreements dated 23<sup>rd</sup> April 2012 between the Company and the Investment Manager. The Investment Management Agreement provides that the appointment of the Investment Manager will continue unless and until terminated by either party giving to the other not less than one month written notice (provided that the Company may not other than as outlined below terminate the appointment of the Investment Manager for three years from the date of licensing of the Company by the MFSA) although in certain circumstances the Investment Management Agreement may be terminated forthwith by notice in writing by either party to the other. The Investment Management Agreement contains certain indemnities payable out of the assets of the relevant Fund in favour of the Investment Manager which are restricted to exclude matters resulting from the fraud, wilful default or negligence of the Investment Manager in the performance or non-performance of its obligations and duties.

The Investment Management Agreement contains limited recourse provisions under which the Company has granted indemnities to the Investment Manager, in respect of actions brought against it in its respective capacities provided that such actions did not involve wilful misconduct, bad faith, negligence or material breach of its obligations and duties under the Investment Management Agreement.

4. The Distribution Agreement dated 23<sup>rd</sup> April 2012 between the Investment Manager and the Distributor. The Distribution Agreement provides that the appointment of the Distributor will continue unless and until terminated by either party giving to the other not less than 90 days' written notice although in certain circumstances the Distribution Agreement may be terminated forthwith by notice in writing by either party to the other; the.

Please refer to each Supplement for details of other relevant material contracts (if any) in respect of a Fund.

#### Miscellaneous

Save as disclosed under the "Incorporation and Share Capital" section above, no share or loan capital of the Company has been issued or agreed to be issued, is under option or otherwise. As of the date of this Prospectus, the Company does not have any loan capital (including term loans) outstanding or created but unissued or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptance or acceptance credits, hire purchase or finance lease commitments, guarantee or other contingent liabilities which are material in nature.

Save as may result from the entry by the Company into the agreements listed under "Material Contracts" above or any other fees, commissions or expenses discharged, no amount or benefit has been paid or given or is intended to be paid or given to any promoter of the Company.

Save as disclosed under the "Conflicts of Interest" section above, no commissions, discounts, brokerages or other special terms have been paid or granted or are payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or loan capital of the Company.



### Documents for Inspection

Copies of the latest version of the Prospectus (including the Supplements and the Articles attached thereto), the latest annual report and any subsequent semi-annual report shall be available to investors upon request and free of charge from the Company, the Investment Manager and the Administrator.

The Prospectus and KIID may be provided to investors in a durable medium or in electronic form, subject to the MFSA Rules. A paper copy of the Prospectus and/or KIID will nevertheless be delivered to the investor upon his request and free of charge, by the Investment Manager or the Administrator (on behalf of the Company) or the financial intermediaries placing or selling the Fund's units. The Prospectus will be made available in a printed form at the registered office of the Company and of the Investment Manager or of the Distributor or (other) financial intermediaries placing or selling the units in the Funds, during normal business hours at the address of the Company. .

A copy of the Articles is annexed to this Prospectus in Appendix II.

The following documents may also be inspected at the registered office of the Company during normal business hours at the address shown in the Directory section below:

1. the Articles;
2. the latest version of the Prospectus;
3. the Supplements of the Funds;
4. the latest version of the KIIDs;
5. the most recent annual and semi-annual reports relating to the Company;
6. details of notices sent to Shareholders;
7. the material contracts referred to above; and
8. the Licence Conditions.

The above mentioned documents will be available in the English language, but certain may be translated in such other languages as the Directors may decide or where required by law.

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## APPENDIX I

### *MARKETS*

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Save where otherwise provided in the Supplement for the relevant Fund, and subject to the provisions of the Licence Conditions and with the exception of permitted investments in unlisted securities, the Company (in respect of the Funds) will only invest in securities listed or traded on the following stock exchanges and regulated markets which meets with the regulatory criteria (regulated, operate regularly, be recognised and open to the public):

- 1 (a) any stock exchange which is:
- located in an EEA Member State; or
  - located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States of America; or
- (b) any stock exchange included in the following list:-
- |            |   |   |
|------------|---|---|
| Argentina  | - | Bolsa de Comercio de Buenos Aires, Cordoba, Mendoza, Rosario and La Plata Stock Exchange;   |
| Bahrain    | - | Bahrain Stock Exchange;   |
| Bangladesh | - | Chittangong Stock Exchange and Dhaka Stock Exchange;  |
| Bolivia    | - | Mercada La Paz Stock Exchange and Santa Cruz Stock Exchange;  |
| Botswana   | - | Botswana Stock Exchange;  |
| Brazil     | - | Bolsa de Valores de Sao Paulo, Bolsa de Valores de Brasilia, Bolsa de Valores de Bahia-Sergipe - Alagoas, Bolsa de Valores de Extremo Sul, Bolsa de Valores de Parana, Bolsa de Valores de Regional, Bolsa de Valores de Santos, Bolsa de Valores de Pernambuco e Paraiba and Bolsa de Valores de Rio de Janeiro; |
| Bulgaria   | - | Sofia Stock Exchange;   |

Channel Islands (Guernsey, Jersey & Isle of Man)	-	Channel Islands Stock Exchange;
Chile	-	Santiago Stock Exchange and Valparaiso Stock Exchange;
China	-	Shanghai Stock Exchange, Fujian Stock Exchange, Hainan Stock Exchange and Shenzhen Stock Exchange;
Colombia	-	Bolsa de Bogota and Bolsa de Medellin;
Ecuador	-	Quito Stock Exchange and Guayaquil Stock Exchange;
Egypt	-	Cairo Stock Exchange and Alexandria Stock Exchange;
Ghana	-	Ghana Stock Exchange;
India	-	Mumbai Stock Exchange, Madras Stock Exchange, Delhi Stock Exchange, Ahmedabab Stock Exchange, Bangalore Stock Exchange, Cochin Stock Exchange, Guwahati Stock Exchange, Magadh Stock Exchange, Pune Stock Exchange, Hyderabad Stock Exchange, Ludhiana Stock Exchange, Uttar Pradesh Stock Exchange, Calcutta Stock Exchange and the National Stock Exchange of India;
Indonesia	-	Jakarta Stock Exchange and Surabaya Stock Exchange;
Jordan	-	Amman Stock Exchange;
Kazakstan	-	Kazakhstan Stock Exchange;
Kenya	-	Nairobi Stock Exchange;
Korea	-	Korean Stock Exchange;
Kuwait	-	Kuwait Stock Exchange;
Lebanon	-	Beirut Stock Exchange;
Malaysia	-	Kuala Lumpur Stock Exchange;
Malta	-	Malta Stock Exchange
Mauritius	-	Stock Exchange of Mauritius;
Mexico	-	Bolsa Mexicana de Valores;
Morocco	-	Casablanca Stock Exchange;
Namibia	-	Namibian Stock Exchange;
Nigeria	-	Lagos Stock Exchange, Kaduna Stock Exchange and Port Harcourt Stock Exchange;
Oman	-	Muscat Securities Market;
Pakistan	-	Lahore Stock Exchange and Karachi Stock Exchange;
Palestine	-	Palestine Stock Exchange;
Peru	-	Bolsa de Valores de Lima;
Philippines	-	Philippines Stock Exchange;
Qatar	-	Doha Stock Exchange;
Romania	-	Bucharest Stock Exchange;
Russia	-	RTS Stock Exchange, MICEX (solely in relation to equity securities that are traded on level 1 or level 2 of the relevant exchange);
Saudi Arabia	-	Riyadh Stock Exchange;
Singapore	-	The Stock Exchange of Singapore;
South Africa	-	Johannesburg Stock Exchange;
Swaziland	-	Swaziland Stock Exchange;
Sri Lanka	-	Colombo Stock Exchange;

Taiwan	-	Taipei Stock Exchange Corporation;
Thailand	-	The Stock Exchange of Thailand;
Turkey	-	Istanbul Stock Exchange;
Ukraine	-	Ukrainian Stock Exchange;
Uruguay	-	Montevideo Stock Exchange;
Venezuela	-	Caracas Stock Exchange and Maracaibo Stock Exchange;
Zambia	-	Lusaka Stock Exchange;

(c) any of the following:

The market organised by the International Securities Market Association;

The (i) market conducted by banks and other institutions regulated by the FSA and subject to the Inter-Professional Conduct provisions of the FSA's Market Conduct Sourcebook and (ii) market in non-investment products which is subject to the guidance contained in the Non Investment Products Code drawn up by the participants in the London market, including the FSA and the Bank of England;

The market in U.S. government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York and the U.S. Securities and Exchange Commission;

The over-the-counter market in the United States conducted by primary and second dealers regulated by the Securities and Exchanges Commission and by the National Association of Securities Dealers (and by banking institutions regulated by the U.S. Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);

KOSDAQ;

NASDAQ;

SESDAQ;

TAISDAQ/Gretai Market;

The Chicago Board of Trade;

The Chicago Mercantile Exchange;

The over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;

The Over-the-Counter market in Canadian Government Bonds as regulated by the Investment Dealers Association of Canada;

The French market for Titres de Creance Negotiable (over-the-counter market in negotiable debt instruments);

- 2 In relation to any exchange traded financial derivative contract, any stock exchange on which such contract may be acquired or sold and which is regulated, operates regularly, is recognised and open to the public and which is (i) located in an EEA Member State, (ii) located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland or the United States, (iii) the Channel Islands Stock Exchange, or (iv) listed at (c) above.

The stock exchanges and regulated markets described above are set out herein in accordance with the requirements of the Authority.

