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**MANAGEMENT REGULATIONS**

**15 July 2022**

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in respect of the

**Allegro Short Term Bond Fund**

*Organisme de placement collectif en valeurs mobilières*

Management Company:

Ocorian Fund Management S.à r.l.

These management regulations ("**Management Regulations**") in respect of the **Allegro Short Term Bond Fund** are established by Ocorian Fund Management S.à r.l. (formerly named Allegro S.à r.l.) (the "**Management Company**") and acknowledged by Hauck Aufhäuser Lampe Privatbank AG, Niederlassung Luxemburg (the "**Depositary** ") as of 15 July 2022.

The Management Company and the Depositary being referred to herein as the "**Parties**".

**WHEREAS:**

The Management Company was formed on 1 February 2008 and is governed by Chapter 15 of the Law (as defined below).

The Allegro Short Term Bond Fund is an unincorporated co-ownership of securities and other assets, managed in the exclusive interests of its co-owners by the Management Company, and is subject to the provisions of the Law (as defined below).

**Article 1 – The Fund**

**Allegro Short Term Bond Fund** (the "**Fund**") is an undertaking for collective investment in transferable securities in the form of a common fund ("*fonds commun de placement*") established under the laws of the Grand Duchy of Luxembourg for an unlimited duration. The Fund is an unincorporated co-ownership of securities and other eligible assets and the entire net assets of the Fund are the undivided property of all unitholders in the Fund (the "**Unitholders**") who have equal rights in proportion to the number of units in the Fund (the "**Units**") they hold. The Fund does not have legal personality and is therefore managed in the exclusive interests of the Unitholders by the Management Company in accordance with Luxembourg law, the Management Regulations and the prospectus of the Fund (the "**Prospectus**"). The Fund is subject to Part I of the law of 17 December 2010 on undertakings for collective investment (the "**Law**") transposing Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (as amended).

The Fund's assets shall be separate from the assets of the Management Company and hence shall not be liable for the obligations of the Management Company.

There is no provisions for any meeting of the Unitholders.

The Management Company may issue various classes of Units (each referred to as "**Unit Class**") or types of Units with different characteristics. The differences between the Unit Classes may relate to the initial subscription price, the reference currency, the types of investors who are eligible to invest, the subscription and redemption frequency, the fee structure or any other feature as the Management Company may in its discretion determine.

The existing investment objective and policy as well as the available Unit Classes and their characteristics are described in the Prospectus. The Prospectus also indicates the reference currency ("**Reference Currency**") and the reference currency for each Unit Class.

## **Article 2 – The Management Company**

The Management Company is authorized to manage the Fund in its own name, but for the exclusive benefit and on behalf of the Unitholders of the Fund. In particular, the Management Company is authorized to buy, sell, subscribe, convert and receive transferable securities and other assets permitted by the Law. It shall exercise all rights associated directly or indirectly with the assets of the Fund.

The Management Company determines the investment policy of the Fund in accordance with the provisions of the Law as set out in the present Management Regulations and specified in the Prospectus. The Management Company may in general make use of information, advisory and other services in the interest of the Fund.

Moreover, the Management Company may delegate under its responsibility and supervision to third parties one or more of its functions in accordance with the provisions of the Law.

The Management Company complies with CSSF Circular 18/698 on the authorisation and organisation of investment fund managers incorporated under Luxembourg law.

## **Article 3 – The Depositary**

The Management Company has appointed the Depositary as depositary and paying agent of the Fund. The Depositary fulfils its obligations and assumes the responsibilities arising from the Law and the Depositary Agreement (the “**Depositary Agreement**”), as amended. The Depositary shall fulfil the duties and assume, towards the Fund and its Unitholders, the responsibilities provided for by the Law as well as by all other applicable Luxembourg laws and regulations.

In accordance with the provisions of the Depositary Agreement and the provisions of the Law, the Depositary may, subject to certain conditions and in order to effectively conduct its duties, delegate part or all its safekeeping functions over the Fund's assets to one or more third-party delegates appointed by the Depositary from time to time.

The Management Company or the Depositary may, at any time, terminate their contractual relationship in accordance with the provisions of the Depositary Agreement. However, the Management Company, acting in its own name but on behalf of the Fund, may dismiss the Depositary or the Depositary may voluntary withdraw only if a new credit institution is appointed within two months to take over the functions and responsibilities of the Depositary. After its dismissal or voluntary withdrawal, the Depositary must continue to carry out its functions and responsibilities until such time as the entire assets of the Fund have been transferred to the new depositary.

## **Article 4 – Investment Objective and Investment Policy**

The aim of the Fund is to invest in a diversified portfolio of liquid and safe short term assets, debt instruments and claims, including on ancillary basis cash and time deposits, not containing any speculative character, with an aggregated average maturity of less than three

years, and the view to achieve adequate earnings, while giving due consideration to an adequate diversification of the Fund's assets.

There can be no guarantee that the investment objective of the Fund will be achieved. The value of investments may go down as well as up and investors may not recover the value of their initial investment.

The assets of the Fund are invested following the principle of risk diversification mainly in debt securities and claims. Debt securities and claims (i) include bonds, notes (including loan participation notes) and similar fixed- and floating-rate debt instruments issued by international and supranational organisations, public corporations, private borrowers and semi-public issuers, as well as similar securities, and (ii) are securities as defined in Article 41 of the Law where this is required under the terms of the investment restrictions detailed below.

In order to ensure that investments are broadly diversified in terms of markets, sectors, borrowers, ratings and companies, the Fund may invest up to 25% of its assets in existing UCITS or UCIs.

Up to one-third of the Fund's assets may be directed to investments denominated in non-EUR G7 currencies. At least one third of the corresponding currency exposure has to be hedged against the EUR. For the avoidance of doubt, the Fund may alternatively achieve such currency exposure by directly investing up to 22,2% of its assets in investments denominated in non-EUR G7 countries without hedging the corresponding currency exposure.

The Fund may also invest its assets in money market instruments and hold liquidities on an ancillary basis in all currencies in which investments are made.

The Management Company may in view of achieving the investment policy, within the limits as described in the Prospectus, use special techniques and financial instruments whose underlying assets are securities, money market instruments and other financial instruments. The markets in options, futures and swaps are volatile; both the opportunity to achieve gains as well as the risk of suffering losses are higher than with investments in securities. These techniques and instruments will be employed only if they are compatible with the investment policy of the Fund and do not diminish their quality. Similarly, the Management Company may invest in all derivative financial instruments listed in Article 5.

The Fund may not invest in equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates.

## **Article 5 – Investment Restrictions**

The following conditions also apply to the investments made by the Fund:

**5.1** The Management Company may decide that investments of the Fund may include transferable securities and any other assets permitted by and within the restrictions of Part I of the Law as specified in the Prospectus, including:

- a) Transferable securities and money market instruments admitted to or dealt in on a regulated market; for these purposes, a regulated market is any market for financial

instruments within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments as amended;

- b) Transferable securities and money market instruments dealt in on another market in a Member State which is regulated, operates regularly and is recognized and open to the public; for the purpose of this Chapter “**Member State**” means a Member State of the European Union (“**EU**”) or the States that are contracting parties to the agreement creating the European Economic Area (“**EEA**”);
- c) Transferable securities and money market instruments admitted to official listing on a stock exchange in a non-Member State of the European Union or dealt in on another market in a non-Member State of the European Union which is regulated, operates regularly and is recognized and open to the public, and is established in a country in Europe, America, Asia, Africa or Oceania;
- d) Recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on stock exchanges or markets as per paragraphs a), b) or c) above and provided such admission takes place within one year of issue;
- e) Units or shares of undertakings for collective investment in transferable securities authorized according to Directive 2009/65/EC (“**UCITS**”) and/or other undertakings for collective investment within the meaning of Article 1, paragraph 2, points a) and b) of Directive 2009/65/EC (“**UCI**”), whether or not established in a Member State, provided that:
- these other UCI are authorized under laws which provide that they are subject to supervision considered by the supervisory authority responsible for the Fund, to be equivalent to that required by EU Community law and that cooperation between the supervisory authorities is sufficiently ensured,
  - the level of protection for share-/unitholders of the other UCIs is equivalent to that provided for share-/unitholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC,
  - the business activities of the other UCIs are reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
  - the UCITS or other UCIs whose units/shares are to be acquired, may not, pursuant to their management regulation or instruments of incorporation, invest more than 10% of their total net assets in units/shares of other UCITS or other UCIs;
- f) Deposits with a credit institution which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the supervisory authority responsible for the Fund, as equivalent to those laid down in EU Community law;

- g) Financial derivative instruments, including equivalent cash-settled instruments which are dealt in on the regulated markets specified under paragraphs a), b) and c) above and/or financial derivative instruments which are dealt in over-the-counter ("**OTC Derivatives**"), provided that:
- the underlying consists of instruments within the meaning of Article 41, paragraph (1) of the Law, financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives,
  - the counterparties to OTC Derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the supervisory authority responsible for the Fund, and
  - the OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative;
- h) Money market instruments other than those dealt in on a regulated market but which are normally traded on the money market and are liquid, and whose value can be precisely determined at any time, provided the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that these investments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in case of a federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
  - issued by an undertaking any securities of which are dealt in on regulated markets referred to in paragraphs a), b) or c) above, or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU Community law, or issued or guaranteed by an establishment that is subject to and complies with supervisory rules considered by the supervisory authority responsible for the Fund, to be at least as stringent as those required by EU Community law, or
  - issued by other bodies belonging to the categories approved by the supervisory authority responsible for the Fund, provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent of this paragraph h) and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (EUR 10,000,000) and which presents and publishes its annual financial statements in accordance with the fourth Directive 78/660/EEC or is an entity, which within a group of companies comprising one or several listed companies, is dedicated to the financing of the group, or is an entity which is dedicated to the financing of securitization vehicles which benefit from a banking liquidity line.

**5.2** The Fund shall not, however, invest more than 10% of their total net assets in transferable securities or money market instruments other than those referred to in Article 5.1. The Fund may hold ancillary liquid assets in different currencies.

In addition, the Fund will not invest in ABS.

The Fund will not invest in contingent convertible bonds.

- 5.3** The Management Company applies a risk management process in accordance with CSSF Circular 11/512 which enables it to monitor and measure at any time the risk of the investment positions and their contribution to the overall risk profile of the portfolio and a process for accurate and independent assessment of the value of OTC Derivatives.

The Fund may for the purpose of (i) hedging, and/or (ii) efficient portfolio management, and/or (iii) implementing its investment strategy, and subject to the provisions set out below engage in foreign exchange transactions and/or use financial derivative instruments and/or techniques based on transferable securities, money market instruments or forward contracts on stock exchange indices within the meaning of Part I of the Law.

- a) In order to manage interest rate risks, the Fund may buy and sell interest rate futures as well as interest rate options or call and put options provided that the commitments entered into do not exceed the value of the securities held in this currency.
- b) Subject to the conditions and restrictions specified in the present Article 5.3, the Fund may, for the purpose of efficient portfolio management, buy and sell futures and options (which may have all financial instruments as underlying) and enter into swap transactions (interest rate swaps and combined interest rate/currency swaps). The counterparty to these transactions must be a first-class financial institution which is specialized in this type of transactions. The overall risk associated with the swap transactions must not exceed the total net assets of the Fund.

Furthermore, in the case of OTC transactions, the overall risk of default in relation to the same counterparty must not exceed 10% of the assets of the Fund. The counterparties to such transactions must have sufficient liquidity to meet their obligations at market conditions at any time. The instruments underlying the OTC transactions must comply with Art. 41 (1) of the Law.

- c) For the purpose of managing credit risks, the Management Company may also conclude credit default swaps (CDS), provided that the counterparty is a first-class financial institution specialized in this type of transaction. In such transactions, both the contracting partner and the underlying borrower/s are at all times subject to the investment principles set out in Article 5.4 below.
- d) In order to hedge currency risks the Fund may sell and buy currency futures, call options on currencies, put options on currencies and currency forwards or engage in currency swap transactions with first-class financial institutions specialized in this type of transaction. In case of hedging transactions, there must be a direct link between the transactions and the assets to be hedged; i.e. the volume of the above-mentioned transactions in any particular currency may not exceed the total net assets of the Fund denominated in that currency, nor may the duration of such transactions exceed the period for which the assets are held by the Fund.

The global exposure related to the use of financial derivatives is calculated taking into account the current value of the underlying assets, the counterparty risk, future market

movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

As part of its investment policy and within the limits laid down in below Article 5.4 paragraph e), the Fund may invest in financial derivative instruments, provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in Article 5.4. If the Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in Article 5.4. When a transferable security or a money market instrument embeds a derivative instrument, the derivative instrument shall be taken into account when complying with the requirements of Article 5.4.

The global exposure will be calculated through the commitment approach, which converts the financial derivative position into the market value of an equivalent position in the underlying asset of that derivative. When calculating global exposure using the commitment approach, the Fund may benefit from the effects of netting and hedging arrangements.

The Fund shall ensure that its global exposure to financial derivative instruments computed on a commitment basis does not exceed 100% of its total net assets.

The risk management of the Management Company supervises the compliance of these provisions in accordance with the requirements of applicable circulars or regulation issued by the CSSF or any other European authority authorized to issue related regulation or technical standards.

#### **5.4 Further diversification requirements**

a) No more than 10% of the total net assets of the Fund may be invested in transferable securities or money market instruments issued by the same issuer. In addition, the total value of all transferable securities or money market instruments of those issuers in which the Fund has invested more than 5% of its total net assets may not exceed 40% of its net assets. The Fund may not invest more than 20% of its total net assets in deposits made with the same body. The risk exposure to a counterparty in an OTC Derivative transaction and/or efficient portfolio management techniques may in aggregate not exceed the following percentages:

- 10% of the total net assets if the counterparty is a credit institution referred to in Article 5.1, paragraph f), or
- 5% of the net assets in other cases.

b) The 40% limit specified in Article 5.4 paragraph a) is not applicable to deposits and OTC Derivative transactions made with financial institutions subject to prudential supervision.

Irrespective of the limits specified in Article 5.4 paragraph a), the Fund shall not combine, where this would lead to investing more than 20% of its total net assets in a single body any of the following:

- investments in transferable securities or money market instruments issued by that body,
- deposits made with that body or
- exposures arising from OTC Derivative transactions undertaken with that body.



- c) The limit of 10% stipulated in Article 5.4 paragraph a) is raised to a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State, by its public local authorities, by a non-Member State or by public international bodies to which one or more Member States belong.
- d) The 10% limit stipulated in Article 5.4 paragraph a) is raised to 25% for bonds 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 bondholders. In particular, sums deriving from the issue of those bonds must be invested in accordance with the legal requirements in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. If the Fund invests more than 5% of its total net assets in bonds referred to in this paragraph which are issued by a single issuer, the total value of these investments may not exceed 80% of the Fund's total net assets.
- e) The transferable securities and money market instruments referred to in paragraphs c) and d) of this Article 5.4 shall not be taken into account for the purpose of applying the limit of 40% referred to under paragraph a) of this Article. The limits specified under paragraphs a), b), c) and d) shall not be combined; thus investments in transferable securities or money market instruments issued by the same issuer or in deposits or derivative instruments made with this body carried out in accordance with paragraphs a), b), c) and d) shall not exceed in total 35% of the Fund's total net assets. Companies which belong to the same group for the purposes of the preparation of consolidated financial statements in accordance with Directive 83/349/EEC as amended or restated or in accordance with internationally recognized accounting rules, shall be regarded as a single issuer for the purpose of calculating the investment limits specified in the present Article 5.4. The Fund may cumulatively invest up to a limit of 20% of its total net assets in transferable securities and money market instruments within the same group.
- f) The limit of 10% stipulated in Article 5.4 paragraph a) is raised to 100% if the transferable securities and money market instruments involved are issued or guaranteed by a Member State, one or more of its local authorities, by any other state which is a member of the Organization for Economic Cooperation and Development ("**OECD**"), by Brazil or Singapore or by a public international body to which one or more Member States of the European Union belong. In such case, the Fund concerned must hold securities or money market instruments from at least six different issues, and the securities or money market instruments of any single issue shall not exceed 30% of the Fund's total assets.

## 5.5 UCITS and other UCIs

The Fund will not invest more than 25% of the total net assets in units/shares of other UCITS and/or in other UCIs ("**Target Funds**") pursuant to Article 5.1 paragraph e), while no more than 25% of the Fund's total net assets may be invested in units/shares of a single UCITS or other UCI.

Where the Fund invests in units/shares of other UCITS and/or other UCI that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a direct or indirect holding of more than 10% of the capital or votes (“**Affiliated Funds**”), the Management Company or the other company may not charge subscription or redemption fees on account of the Fund’s investment in the units/shares of such Affiliated Funds.

## **5.6 Significant influence and further restrictions**

- a) The Fund’s assets may not be invested in securities carrying voting rights which would allow the Fund to exercise significant influence on the management of an issuer.
- b) Moreover, the Fund may not acquire more than
  - 10% of the non-voting shares of the same issuer,
  - 10% of the debt instruments of the same issuer,
  - 25% of the units/shares of one and the same UCITS or other UCI,
  - 10% of the money market instruments of any single issuer.

In the last three cases, the restriction shall not apply if the gross amount of bonds or money market instruments, or the net amount of the instruments in issue cannot be calculated at the time of acquisition.

The restrictions set out under Article 5.6 paragraphs a) and b) above shall not apply to:

- Transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities,
- Transferable securities and money market instruments issued or guaranteed by a non-Member State of the European Union,
- Transferable securities and money market instruments issued by public international bodies to which one or more Member States of the European Union belong.

## **5.7 Borrowing**

The Management Company may not borrow any money except for:

- a) The purchase of foreign currency using a back-to-back loan,
- b) An amount equivalent to not more than 10% of the Fund’s total net assets and borrowed on a temporary basis.

## **5.8 Loans**

The Fund may not grant loans or act as guarantor for third parties.

## **5.9 Securities Lending**

The Fund shall not enter into securities lending transactions or repurchase/reverse repurchase agreements.

### **5.10 Other assets**

The Fund may not invest its assets directly in real estate, precious metals or certificates representing precious metals and goods.

### **5.11 Short sales**

The Fund may not carry out uncovered sales of in transferable securities, money market instruments or other financial instruments referred to in Article 5.1 paragraphs e), g) and h).

### **5.12 Pledge of assets**

Except in relation to borrowing conducted within the limitations set out in the Prospectus, the Management Company may not pledge the assets of the Fund or assign them as collateral. In such cases, not more than 10% of the assets of the Fund shall be pledged or assigned. The collateral that must normally be made available to recognized securities settlement systems or payment systems in accordance with their respective regulations for the purpose of guaranteeing settlement within these systems, and the customary margin deposits for derivatives transactions, shall not be regarded as being a pledge under the terms of this regulation.

The restrictions set out above shall not apply to the exercise of subscription rights.

### **5.13 Derogation period and further stipulations**

During the first six months following official authorization of the Fund in Luxembourg, the restrictions set out in Article 5.4 above need not to be complied with, provided that the principle of risk-spreading is observed.

If the limits referred to above are exceeded for reasons beyond the control of the Management Company or as a result of the exercise of subscription rights, the Management Company shall as a matter of priority remedy that situation, taking due account of the interests of the Unitholders.

The Management Company is entitled to issue, at any time, further investment restrictions, in the interests of the Unitholders, if for example such restrictions are necessary to comply with legislation in those countries in which Units of the Fund are or will be offered for sale or for purchase.

### **5.14. Derivatives**

- a) While observing the restrictions stipulated in Art. 5.4 "Further diversification requirements", the Management Company may employ derivative financial instruments for the Fund. Derivative financial instruments are instruments that derive their value from other finance instruments (so-called underlyings).

Derivatives may be conditional or unconditional. Conditional derivatives (contingent claims) are those that give a party to the legal transaction the right, but not the obligation, to use a derivative instrument (e.g. an option). Unconditional derivatives

(futures) impose the obligation on both parties to provide the service owed at a specific time defined in the contract (e.g. forwards, futures, swaps).

Derivatives are traded on stock exchanges (exchange-traded derivatives), as well as over the counter (OTC Derivatives). In the case of derivatives traded on a stock exchange (e.g. futures), the stock exchange itself is also one of the parties in each transaction. These transactions are cleared and settled through a clearing house (clearing agent). OTC Derivatives (e.g. forwards and swaps) are entered into directly by two parties, whereas exchange-traded derivatives are entered into using a middleman.

b) Risks connected with the use of derivatives

Investments in derivatives are subject to general market risk, settlement risk, credit risk and liquidity risk. However, the nature of these risks may be altered as a result of the special features of the derivative financial instruments, and may in some cases be higher than the risks associated with an investment in underlying instruments. For this reason, the use of derivatives requires not only an understanding of the underlying instrument, but also in-depth knowledge of the derivatives themselves.

With derivatives, the credit risk is the risk that a party may not meet (or cannot meet) its obligations under a specific or multiple contracts. The credit risk for derivatives traded on a stock exchange is, generally speaking, lower than that of OTC Derivatives traded on the open market, because the clearing agent that acts as counterparty of every market-traded derivative accepts a settlement guarantee (see above). To reduce the overall risk of default, the guarantee is supported by a daily payment system maintained by the clearing agent, in which the assets required for cover are calculated (see below). Despite derivatives not possessing any such settlement guarantee, their default risk is generally limited by the investment restrictions set out in the section entitled "Investment Restrictions". Even in cases where the difference between the mutually owed payments (e.g. interest rate swaps) is owed, as opposed to the delivery or exchange of the underlying assets (e.g. options, forwards, credit default swaps), the Fund's potential loss is limited to this difference in the event of default by the counterparty.

The credit risk can be reduced by depositing collateral. To trade derivatives on a stock exchange, participants must deposit collateral with a clearing agent in the form of liquidities (initial margin). The clearing agent will evaluate (and settle, where appropriate) the outstanding positions of each participant, as well as re-evaluate the existing collateral on a daily basis. If the collateral's value falls below a certain threshold (maintenance margin), the participant in question will be required by the clearing agent to bring this value up to its original level by paying in additional collateral (variation margin). With OTC Derivatives, this credit risk may also be reduced by the respective counterparty providing collateral (see below), by offsetting different derivative positions that were entered into with this counterparty, as well as through a careful selection process for counterparties (see the section entitled "Investment Restriction", Art. 5.2(g)). There are also liquidity risks, as it may be difficult to buy or sell certain instruments. When derivative transactions are particularly large, or the corresponding market is illiquid (as may be the case with derivatives traded over-the-counter on the open market), it may in

some cases not always be possible to fully execute a transaction, or else it may only be possible to liquidate a position subject to high costs.

Other risks associated with the use of derivatives include the risk of incorrectly valuing or determining the price of derivatives. There is also the possibility that derivatives do not completely correlate with their underlying assets, interest rates or indices. Many derivatives are complex and are frequently subjectively valued. Inappropriate valuations can result in higher cash payment requirements in relation to counterparties or in a loss of value for the Fund.

c) Risk management

Risk management in accordance with the commitment approach is applied pursuant to the applicable laws and regulatory provisions. Pursuant to ESMA/2014/937 (on the ESMA guidelines on ETFs and other UCITS issues) and CSSF Circular 13/559, the risk management procedure will also be applied within the scope of collateral management (see sub-section "Collateral management" below) and the techniques and instruments for the efficient management of the portfolio.

d) Leverage

Leverage denominates every technique through which the exposure to a certain asset class is multiplied, without changing the investment in this reference asset class. Leverage may thus result in artificially increased leverage amounts, as some derivatives through which leverage may be built up and that can be used for hedging purposes may be included in the calculation. Consequently, this information does not necessarily reflect the precise actual leverage risk that the investor is exposed to.

The Fund shall not make use of leverage.

e) Collateral Management

Where the Fund enters into OTC Derivatives and/or efficient portfolio management transactions, collateral may be used to reduce counterparty risk exposure subject to the following conditions:

- Liquidity - any collateral received other than cash must be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation.

The following types of securities are accepted as collateral provided they comply with the above requirements:

- 1) Fixed income securities, and
- 2) Equities in the form of world stock indices.

Further information on the types of securities accepted as collateral is available on the Management Company's website at <http://www.ocorian.com>.

Collateral received must also comply with the provisions of Article 48 of the Law.

- Valuation - collateral received will be valued on at least a daily basis. Assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative haircuts are in place.
- Issuer credit quality - collateral received must be of high quality.

- Correlation - collateral received must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- Collateral diversification (asset concentration) - collateral must be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from a counterparty of OTC Derivative and/or efficient portfolio management transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When the Fund is exposed to different counterparties, the different baskets of collateral must be aggregated to calculate the 20% limit of exposure to a single issuer.
- Risks linked to the management of collateral, such as operational and legal risks, will be identified, managed and mitigated in accordance with the Management Company's risk management process concerning the Fund.
- Where there is a title transfer, the collateral received must be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- Collateral received must be capable of being fully enforced by the Management Company at any time without reference to or approval from the counterparty.
- Non-cash collateral received must not be sold, re-invested or pledged.

Cash collateral received in the context of derivatives should only be:

- placed on deposit with entities prescribed in Art. 41 (1) of the Law;
- invested in high-quality government bonds;
- invested in short-term money market funds as defined in the CESR Guidelines on a Common Definition of European Money Market Funds (Ref. CESR/10-049).

Reinvested cash collateral should further be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out above.

Reinvestment of cash collateral involves risks associated with the type of investments made. Reinvestment of collateral may create a leverage effect which will be taken into account for the calculation of the Fund's global exposure.

If the Fund receives collateral for at least 30% of its assets it will put in place an appropriate stress testing policy to ensure regular stress tests which are carried out under normal and exceptional liquidity conditions to enable the sub-fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy will at least prescribe the following:

- a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
- b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
- c) reporting frequency and limit/loss tolerance threshold/s; and
- d) mitigation actions to reduce loss including haircut policy and gap risk protection.

## **Article 6 – Units of the Fund**

All units are issued in uncertificated registered form (the register of Unitholders is conclusive evidence of ownership). The Management Company treats the registered owner of a unit as the absolute and beneficial owner thereof. Upon issue, units are entitled to participate equally in the profits and dividends of the Fund attributable to the relevant Class in which the units have been issued, as well as in the liquidation proceeds of the Fund. Units do not carry any preferential or pre-emptive rights and each unit, irrespective of the Class to which it belongs or its net asset value. Units are issued without par value and must be fully paid for subscription. No general meetings of Unitholder shall be held and no voting rights shall be attached to the units. Upon the death of a unitholder, the Management Company reserves the right to require the provision of appropriate legal documentation in order to verify the rights of all and any successors in title to units. A conversion of registered units into bearer units may not be requested. No fractional units will be issued for the issue of units of the Fund.

## **Article 7 – Issue of Units**

Subscription orders for the issue of Units are to be submitted to the Management Company.

The Management Company reviews the subscription application and support documents, and is empowered to reject subscription applications at its discretion. The Management Company does not permit any transactions which it considers could jeopardise the interests of Unitholders, for instance “market timing” and “late trading”, as further detailed below. It is entitled to refuse any application for subscription or conversion that it considers to be allied to such practices. The Management Company is further entitled to take any actions it deems necessary in order to protect the Unitholders from such practices.

Units are issued twice per month, on the 1st and 15th day of each month, and, if such day is not a business day in Luxembourg, on the next-following business day in Luxembourg (“**NAV Calculation Date**”). No issue of Units will take place on days on which the Management Company has decided not to calculate net asset value as described in the Prospectus.

Subscription orders have to be submitted to the Management Company no later than 13:00 CET on the business day prior to the NAV Calculation Date, and will be processed on the NAV Calculation Date. This means that the net asset value for settlement purposes is not known when the order is placed (forward pricing). It will be calculated on the basis of the latest market prices available at the end of the business day prior to the NAV Calculation Date (i.e. closing prices, or if they do not reflect a reasonable market value in the opinion of the Management Company, at the most recent and adequate prices available at the time of valuation), in accordance with the provisions outlined in Article 10, including, where applicable, the use of the swing pricing principle.

The Management Company is authorised to charge a commission for the issue of Units and an adjustment of the net asset value in application of the swing pricing principle in accordance with the Prospectus.

The issue price of Units is to be paid no later than on the second business day following the NAV Calculation Date, to the Depositary, in favour of the Fund.

### **Late trading**

The Management Company determines the price of the units on a forward basis. This means that it is not possible to know in advance the net asset value per unit at which units will be subscribed or redeemed (exclusive of any charges). Subscription applications have to be received and will be accepted for the Fund only in accordance with the deadlines laid down in the section above headed "Issue of units".

### **Market timing**

The Fund is not designed for investors with short term investment horizons. Activities which may adversely affect the interests of the Unitholders (for example that disrupt investment strategies or impact expenses) such as market timing or the use of the Fund as an excessive or short term trading vehicle are not permitted.

While recognising that Unitholders may have legitimate needs to adjust their investments from time to time, the managers of the Management Company in their discretion may, if it deems that such activities adversely affect the interests of the Unitholders, take action as appropriate to deter such activities.

### **Article 8 – Redemption of Units**

Redemption orders are to be submitted to the Management Company no later than 13:00 CET on the business day prior to the NAV Calculation Date, and will be processed on the NAV Calculation Date (forward pricing). This means that the net asset value for settlement purposes is not known when the order is placed (forward pricing). It will be calculated on the basis of the latest market prices available at the end of the business day prior to the NAV Calculation Date (i.e. closing prices, or if they do not reflect a reasonable market value in the opinion of the Management Company, at the most recent and adequate prices available at the time of valuation), in accordance with the provisions outlined in Article 10, including, where applicable, the use of the swing pricing principle.

The Management Company is authorised to charge a redemption levy for the redemption and an adjustment of the net asset value in application of the swing pricing principle in accordance with the Prospectus.

The redemption is paid no later than on the second business day following the NAV Calculation Date to the investor redeeming the Units according to the Unitholder's payment instructions, unless legal provisions, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Management Company or Depositary, make it impossible to transfer the redemption amount to the country in which the redemption application was submitted. Upon payment of the redemption amount, Units shall be withdrawn from the register and cease to exist.

The development of the net asset value determines whether the redemption price is higher or lower than the issue price paid by the investor.



In the event of redemption applications exceeding 10% of the Fund's net asset value, the Management Company and Depositary may decide to delay execution of redemption applications until the corresponding assets of the Fund have been sold without unnecessary delay. Should such a measure be necessary, all redemption applications received on the same day will be calculated at the same price.

If investors no longer meet the requirements of a unit class, the Management Company is obliged to request that the investors concerned:

- a) Return and redeem their units within 30 calendar days in accordance with the provisions on redemption of units; or
- b) Transfer their units to another investor who meets the requirements for acquisition in the unit class, subject to the approval of the Management Company.

In addition, the Management Company is empowered to redeem at any time units which were purchased in defiance of an exclusion order.

## **Article 9 – Conversion of Units**

Unitholders are not entitled to request the conversion of their Units into Units of a different Class.

## **Article 10 – U.S. Matters**

Units may not be offered, sold or delivered to citizens and/or residents of the United States of America and/or other persons or entities whose income and/ or revenue is subject to US income tax, irrespective of its origin, including those deemed to be US persons under Regulation S of the US Securities Act of 1933 and/ or the US Commodity Exchange Act, as amended. Units furthermore may not be offered, sold or delivered within the US.

## **Article 11 – Net Asset Value**

### **11.1 Net asset value**

The net asset value and the issue and redemption price per Unit of each Unit Class are expressed in EUR and are calculated at least twice per month, on the 1st and 15th day of each month, and, if such day is not a business day in Luxembourg, on the next-following business day in Luxembourg by dividing the overall net assets of the Fund attributable to each Unit Class by the number of Units in circulation in this Unit Class. The principles regarding the determination of the value of the overall net assets are further described in Article 10.3 below. The reference date used for such determination is the business day immediately prior to the NAV Calculation Date, and the net asset value will be calculated on the basis of the end-of-day closing prices of the business day prior to the NAV Calculation Date.

The percentage of the net asset value attributable to each Unit Class is determined by the ratio of the Units in circulation in each Unit Class to the total number of Units in circulation, taking into account the fees charged to that Unit Class. It changes each time Units are issued or redeemed.

## 11.2 Swing pricing principle

If the total subscriptions or redemptions of all the Unit Classes on a single NAV Calculation Date come to a net capital inflow or outflow, the Fund's net asset value may be increased or reduced by an adjustment factor as described in the Prospectus. This adjustment factor is to offset the estimated transaction costs, estimated bid/offer spread of the assets in which the Fund invests, tax charges and similar. The adjustment leads to an increase in net asset value if the net movements result in a rise in the number of Units, respectively to a reduction of net asset value if the net movements bring about a fall in the number of Units. The Management Company can set a threshold value for triggering the application of the swing pricing so that the net asset value would be adjusted only if this threshold were to be exceeded on a trading day. Such threshold may consist in the net movement on a trading day in relation to the net Fund assets or an absolute amount.

## 11.3 Asset valuation policy

The value of the assets held by the Fund is calculated as follows:

- a) Liquidities - whether in the form of cash, bank deposits, bills of exchange and sight securities and receivables, prepaid expenses, cash dividends and declared or accrued interest that has not yet been received - are valued at their full value unless it is unlikely that this value will be fully paid or received, in which case their value is determined by taking into consideration a deduction that seems appropriate in order to portray their true value.
- b) Securities, derivatives and other investments listed on a stock exchange are valued at the last-known market prices. If these securities, derivatives or other investments are listed on several stock exchanges, the latest available price on the stock exchange that represents the major market for these investments will apply. In the case of securities, derivatives and other investments infrequently traded on a stock exchange and for which a secondary market among securities traders exists with pricing in line with the market, the Management Company may value these securities, derivatives and other investments based on these prices. Securities, derivatives and other investments not listed on a stock exchange but which are traded on another regulated market which operates regularly and is recognised and open to the public are valued at the last available price on this market.
- c) Securities and other investments that are not listed on a stock exchange or traded on another regulated market, and for which no appropriate price can be obtained, are valued by the Management Company according to other principles chosen by it in good faith on the basis of the likely sales prices.
- d) Derivatives not listed at a stock exchange (OTC Derivatives) are valued on the basis of independent pricing sources. In case only one independent pricing source of a derivative is available, the plausibility of the valuation obtained will be verified by means of calculation methods recognised by the Management Company and the

Fund's auditors, based on the market value of the underlying instrument from which the derivative originates.

- e) Units of other undertakings for collective investment in transferable securities (UCITS) and/or undertakings for collective investment (UCI) are valued at their last-known net asset value.
- f) For money market instruments, the valuation price will be gradually adjusted to the redemption price, based on the net acquisition price and retaining the ensuing yield. The valuation price, calculated as such, may therefore deviate from the actual market price. In the event of a significant change in market conditions, the basis for the valuation of the individual investments is brought into line with the new market yields.
- g) Securities, money market instruments, derivatives and other investments denominated in a currency other than the reference currency of the fund and not hedged by foreign-exchange transactions, are valued at the middle-market rate of exchange (midway between the bid and offer rate) known in Luxembourg or, if not available, on the most representative market for this currency.
- h) Fixed-term deposits and fiduciary investments are valued at their nominal value plus accumulated interest.
- i) The value of swaps is calculated by an external service provider and a second independent valuation is provided by another external service provider. The calculation is based on the net present value of all cash flows, both inflows and outflows. In some specific cases, internal calculations (based on models and market data made available from Bloomberg), and/or broker statement valuations may be used. The valuation methods depend on the respective security and are determined pursuant to the Global Valuation Policy.

The Management Company is authorised to apply other generally recognised and auditable valuation criteria in good faith in order to achieve an appropriate valuation of the net assets if, due to extraordinary circumstances, a valuation in accordance with the aforementioned regulations proves to be unfeasible or inaccurate.

In extraordinary circumstances, additional valuations can be carried out over the course of the day. These new valuations will then be authoritative for subsequent issues and redemptions of Units. In determining the net asset value per unit, income and expenditure are treated as accruing daily.

## **Article 12 – Suspension of Calculation of the Net Asset Value and of the Issue, Redemption and Conversion of Units**

The Management Company may temporarily suspend calculation of the net asset value and hence the issue and redemption of Units on one or more business days when:

- a) One or more stock exchanges or other markets which provide the basis for valuing a substantial portion of the net assets, or foreign exchange markets in whose currency the net asset value or a major part of the net assets of the Fund is denominated, are closed other than for normal holidays or if dealings therein are suspended, or if these stock exchanges or markets are subject to restrictions or to major price fluctuations in the short term;

- b) Events beyond the control, liability or influence of the Management Company make it impossible to access the net assets under normal conditions or such access would be detrimental to the interests of the Unitholders;
- c) Disruptions in the communications network or any other reason make it impossible to calculate the value of a considerable part of the net assets;
- d) If it is not possible for the Management Company to repatriate the funds to pay redemption applications, or if the transfer of funds from the sale or for the acquisition of investments or for payments resulting from redemptions of units cannot be carried out, in the view of the Management Company, at normal exchange rates;
- e) If political, economic, military or other circumstances outside the control of the Management Company makes the disposal of the assets of the Fund impossible under normal conditions without seriously harming the interests of the Unitholders;
- f) When for any other reason the prices of investments cannot be promptly or accurately determined;
- g) When a decision by the Management Company for the purpose of the liquidation of the Fund has been published; and
- h) The Fund can no longer transact its business due to restrictions on foreign exchange and capital movements.

A suspension of the calculation of the net asset value and of the issue or redemption of Units be notified without delay to the CSSF in addition to being published in a Luxembourg daily newspaper.

### **Article 13 – Costs**

The Fund shall pay all expenses, fees and costs incurred in connection with the administration, portfolio management and safekeeping of the Fund's assets as well as distribution, including amongst others:

- All taxes which may be payable on the assets, income and expenses, including the payment of the *taxe d'abonnement*;
- The management fee in favour of the Management Company, payable quarterly in arrears on the average net asset value of the Fund during such quarter;
- Standard brokerage and bank charges incurred by the Fund through securities transactions in relation to the portfolio (these charges shall be included in the acquisition cost of such securities and deducted from the sales proceeds);
- Commission and expenses of the Depositary for the safekeeping of the Fund's assets, dealing with payments and other duties, as required under the Law;
- Annual fees and expenses for approving and supervising the Fund in Luxembourg and abroad, if applicable, and other fees charged by the supervisory authorities;
- Printing of the regulations, prospectuses and annual and semi-annual reports;
- All costs of printing and marketing of the Fund, including the production of the KII or the corresponding documents for the Fund's sales countries;
- Price publications and publication of notices to investors;
- Fees incurred in connection with the listing of the Fund and sales within Luxembourg and abroad, if applicable;
- Fees and other expenses for the payment of dividends to investors;

- Expenses including those for legal advice, which may be incurred by the Management Company or the Depositary through measures taken on behalf of the Unitholders;
- Auditor’s fees and expenses;
- and costs that may occur in relation to the reporting under the European Market Infrastructure Regulation; and
- Any further similar fees and expenses arising in connection with the administration of the Fund assets.

The Depositary and Management Company are furthermore entitled to be reimbursed the costs of non-routine arrangements made by them in the interests of the investors; otherwise such expenses will be charged directly to the Fund.

Costs which can be allocated to the individual unit classes will be charged to these unit classes. If costs pertain to several or all unit classes, these costs will be charged to the unit classes concerned in proportion to their relative net asset values. Costs for establishing the Fund or new unit classes may be written off over a period of up to five years.

Details on the on-going charges of the Fund can be found in the KIID.

#### **Article 14 – Accounting Year, Audit**

The accounting year of the Fund closes on 31 March of each year.

The Fund’s assets shall be audited by an authorized independent auditor appointed by the Management Company. The auditor shall carry out the duties prescribed by the Law.

#### **Article 15 – Distribution**

The Management Company decides what distribution shall be made from the net investment income attributable to each Unit Class of the Fund. In addition, gains made on the sale of assets belonging to the Fund may be distributed to Unitholders. Further distributions may be made from the Fund’s assets in order to achieve an appropriate distribution ratio.

In the event of a distribution, this may take place on an annual basis or at any intervals to be specified by the Management Company.

Distributions as well as interim distributions may be composed of realised or unrealised income, capital gains and/or capital, and they may include or exclude fees and expenses. Investors in certain countries may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Any distribution results in an immediate reduction of the net asset value per unit of the Fund. The payment of distributions must not result in the net assets of the Fund falling below the minimum amount for fund assets laid down by law. If distributions are made, payment will be effected within four months after the end of the financial year.

Entitlements to distributions and allocations not claimed within five years of falling due will lapse and be paid back into the Fund.

## **Article 16 – Amendments to the present Management Regulations**

The Management Company may, at any time, amend all or part of the present Management Regulations with the approval of the Depositary.

Any amendment of this Management Regulations will be deposited with the *Registre de Commerce et des Sociétés* of the Grand Duchy of Luxembourg and shall, unless otherwise determined, come into force on the day of signature of these Management Regulations. A note of deposit will be published in the Luxembourg “*Recueil Électronique des Sociétés et Associations*” (“RESA”).

## **Article 17 – Information for Unitholders**

An annual report is published for the Fund within four months after financial year end, as at 31 March, and for the first time for the financial year ending on 31 March 2016, and a semi-annual report within 2 months following 30 September, and for the first time within 2 months following 30 September 2015. Both reports are available at the registered office of the Management Company and the Depositary. The annual report contains the annual accounts audited by the independent auditors and details on the underlying assets including, if applicable, on the use of derivative financial instruments, the counterparties to these derivative transactions, as well as the collateral provided by its counterparties.

Notices to the Unitholders will be addressed to Unitholders and also be published in a Luxembourg daily newspaper

The following documents are available free of charge at the registered office of the Management Company as well as on [www.ocorian.com](http://www.ocorian.com):

- 1) The net asset value (also published, together with the issue and redemption price);
- 2) The Management Regulations;
- 3) The latest annual and semi-annual reports for the Fund;
- 4) The latest KIID;
- 5) The procedures issued by the Management Company with respect remuneration, conflicts of interest, complaints handling, best execution as well as the exercise of voting rights.

Furthermore, the following documents are available free of charge at the registered office of the Management Company:

- 6) The articles of incorporation of the Management Company;
- 7) The agreements concluded between the Depositary and the Management Company.

## **Article 18 – Lifetime, Liquidation and Merger**

### **18.1 Liquidation of the Fund and unit classes**

Unitholders, their heirs or other beneficiaries may not demand the division or liquidation of the Fund or a Unit Class. The Management Company is empowered, however, to liquidate the Fund or a Unit Class provided that, taking into account the interests of the Unitholders, such liquidation is considered reasonable or necessary for

the protection of the Management Company and the Fund or for reasons of investment policy.

If the total net asset value of the Fund or of a Unit Class has fallen below a value, or has not reached that value, which is required for the economically efficient management of the Fund or that Unit Class, or in the event of a substantial change in the political, economic and monetary environment, or as part of a rationalisation, the Management Company may decide to redeem all Units at the net asset value (taking into account the actual realisation prices and realisation cost of the investment) as at the valuation day or date on which the decision takes effect.

The decision by the Management Company to liquidate the Fund or a Unit Class will be published in the RESA and in at least two newspapers with adequate circulation, at least one of which must be a Luxembourg newspaper.

No units may be issued after the date of such a decision. In the event of liquidation, the Management Company will realise the Fund's assets in the best interests of the Unitholders and instruct the Depositary to distribute the net proceeds from the liquidation of the Fund/Unit Class to the Unitholders of the Fund/Unit Class in proportion to their respective holdings. At the latest nine months after the decision to initiate the liquidation, (i) any liquidation proceeds which cannot or could not be distributed to the Unitholders on completing the liquidation will be deposited with the "Caisse de Consignation" in Luxembourg until expiry of the limitation period, and (ii) the liquidation will be completed.

Liquidation of the Fund is mandatory in the cases prescribed by law and in the event of the Management Company being liquidated. Any such liquidation will be published in the "RESA", and a Luxembourg daily newspaper.

## **18.2 Merger of the Fund with another undertaking for collective investment ("UCI")**

Mergers are permissible under the conditions provided for in the Law. The legal consequences of a merger are based on the Law.

Under the conditions described in the Article 17.1, the Management Company may decide to allocate the assets of a Unit Class to another existing Unit Class of the Fund or to another UCI pursuant to Part I of the Law or to a foreign UCITS pursuant to the provisions of the Law and the redesignation of the Units of the Fund or Unit Class in question as units of another Fund or of another Unit Class (as a result of the split or consolidation, if necessary, and through the payment of an amount that corresponds to the *pro rata* entitlement of the Unitholders).

The Unitholders will be informed of the decision by the Management Company to merge in the same way as described above in Article 17.1.

Should the Management Company take such a decision, the merger shall be binding for all Unitholders of the Fund/Unit Class concerned after expiry of a 30-day period

commencing on the date on which the decision is published. During this period, Unitholders may submit their Units for redemption without having to pay any redemption fee or administration costs. Units not presented for redemption will be exchanged on the basis of the net asset value of the Units of the concerned, calculated for the day for which the exchange ratio is calculated.

#### **Article 19 – Statute of Limitations**

Any claims of the Unitholders in relation to distributions and allocations with respect to the Management Company or the Depositary shall lapse five years after the date of the event which gave rise to such claims.

#### **Article 20 – Applicable Law, Jurisdiction and binding Languages**

This Management Regulations are governed by the laws of the Grand Duchy of Luxembourg.

The District Court of Luxembourg is the place of performance for all legal disputes between the Unitholders, the Management Company and the Depositary.

The English version of the present Management Regulations shall be binding.

Luxembourg, 11 July 2022

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Ocorian Fund Management S.à  
r.l.

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Hauck Aufhäuser Lampe Privatbank  
AG, Niederlassung Luxemburg