

ALLEGRO SHORT TERM BOND FUND

Investment fund under Luxembourg law
15 July 2022

Prospectus

The Fund is an undertaking for collective investment in transferable securities in the legal form of a *fonds commun de placement* (FCP) subject to Part I of the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended from time to time (the “Law”).

Units in **ALLEGRO SHORT TERM BOND FUND** may be acquired on the basis of this Prospectus, the Management Regulations, the latest annual report and, if already published, the subsequent semi-annual report. Only the information contained in this Prospectus and in one of the documents referred to in the Prospectus shall be deemed to be valid. Furthermore, a KIID is made available to investors before subscribing to units. The issue and redemption of units in the Fund are subject to the regulations prevailing in the Grand-Duchy of Luxembourg.

Units of this Fund 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 of this Fund furthermore may not be offered, sold or delivered within the US.

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

Capitalised terms in this Prospectus have the meanings ascribed to them in Schedule 1.

1. Organisation

1.1. Management Company

Ocorian Fund Management S.à r.l., 17, Boulevard F.W. Raiffeisen, L-2411 Luxembourg.

Ocorian Fund Management S.à r.l. (formerly ALLEGRO S.à r.l.) has been incorporated in the Grand Duchy of Luxembourg, for an unlimited duration, in the form of a Luxembourg S.à r.l., on 1 February 2008, by notarial deed published in the Mémorial on 7 March 2008. The articles of incorporation of the Management Company have been deposited with the Luxembourg Register of Commerce and Companies under the number B 136517. The paid-up capital of the Management Company amounts to EUR 1,500,000 as per the issuance date of the Prospectus.

The Management Company also acts as management company of the *fonds commun de placement* Generali Financial Holdings FCP-FIS and acts as alternative investment fund manager of other FCPs, SICAVs and similar structures. The Management Company complies with CSSF Circular 18/698 of 23 August 2018 concerning the authorisation and organisation of investment fund managers incorporated under Luxembourg law and containing specific provisions on the fight against money laundering and terrorist financing applicable to investment fund managers and entities carrying out the activity of registrar agent (“Circular 18/698”).

The board of managers of the Management Company is composed of Thomas Fahl (Chairman), Simon Burgess and Frédéric Michels. Conducting Officers are, Thomas Fahl, Giulia Ciocca, Pascal Loscheider, Yulia Martin and Jehan Dossin.

The Management Company has adopted a remuneration policy, the objectives of which are to ensure that staff remuneration is in line with the applicable regulations, and more specifically with the requirements of (i) Article 12 and Annex II of the AIFM Law implementing Article 13 and Annex 2 of the AIFM Directive, (ii) the Commission delegated regulation No 231/2013 of 19 December 2012 supplementing the AIFM Directive with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (the “Delegated Regulation”), (iii) ESMA guidelines 2013/232 of 3 July 2013 on sound remuneration policies under the AIFM Directive, as amended by ESMA UCITS Remuneration Guidelines (as defined below) (“ESMA AIFMD Remuneration Guidelines”), (iv) section 5.5.9 of Circular 18/698 and (v) Regulation (EU) 2019/2088 of 27 November 2019 on the sustainability-related disclosures in the financial services sector (the “SFDR”). Such remuneration policy is reviewed at least annually.

The general remuneration rules contained in the remuneration policy, concerning in particular the governance and the general risk management of the remuneration, apply to all categories of staff of the Management Company, whilst the specific remuneration rules of the policy, concerning in particular the assessment of the performances within a multi-year approach and the pay-out process rules applicable to the variable component of the remuneration, apply only to the

Management Company's material risk takers whose professional activities have a material impact on the risk profiles of the Management Company or of the funds it manages.

The Management Company's overall philosophy to remuneration is designed to support both its culture and its business strategy. It is based on the approach that remuneration should be linked to the performance and behaviour of an individual, be in line with the business strategy, objectives, values and interests of the Management Company's and of the Unitholders. The remuneration approach is intended to be consistent with and promotes sound and effective risk management by (i) providing competitive, transparent and fair rewards, benefits and conditions and (ii) rewarding achievement of short and long-term individual objectives and business strategy. The remuneration principles of the Company do not encourage excessive risk-taking with respect to sustainability risks and are linked to risk-adjusted performance. When awarding variable remuneration, the Management Company operates a proper balance approach of variable to fixed remuneration for all staff. The details of the up to date remuneration policy of the Management Company, including but not limited to a description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, in case such committee exists, are available on the website of the Management Company (www.ocorian.com) and a paper copy will be made available free of charge upon request. Any relevant disclosures shall be made in the financial statements of the Fund in accordance with the Law.

1.2. Depositary and Paying Agent

The Management Company has appointed Hauck Aufhäuser Lampe Privatbank AG, Niederlassung Luxemburg, as Depositary and paying agent of the Company.

The Depositary is a branch of Hauck Aufhäuser Lampe Privatbank AG, Kaiserstr. 24, D-60311 Frankfurt am Main (the "Branch"), a fully-licensed German credit institution as defined in the "Kreditwesengesetz" (KWG, which is the German Banking Act) and as defined in the Luxembourg Law of 5 April 1993 on the financial sector, as amended.. It is registered in the Commercial Register of Frankfurt am Main Local Court under HRB 108617. The Branch is based in 1c, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg and registered in the commercial register of Luxembourg under the number B 175937.

Hauck Aufhäuser Lampe Privatbank AG the Branch is supervised by the German Federal Financial Supervisory Authority (BaFin). Additionally, the Branch is subject to the Commission de Surveillance du Secteur Financier (the "CSSF") regarding liquidity, money laundering and market transparency.

All duties and responsibilities of the Depositary are carried out by the Branch. Its role is particularly defined by the Law of 2010, the Circular CSSF 16/644, the Depositary Agreement and the Sales Prospectus as well as the Management Regulations. In particular, the Depositary shall assume the following tasks:

- a) ensure that the Funds' cash flows are properly monitored and that payments made by or on behalf of investors upon the subscription of shares in the Fund have been received and that all cash of the Fund has been booked in cash accounts which the Depositary is authorized to monitor pursuant to the applicable statutory and regulatory provisions;
- b) safekeeping of the assets belonging to the Fund that are to be held in custody (including book-managed securities);
- c) verification of ownership and keeping of records of assets of the Fund that are not to be held in custody;
- d) ensuring that the sales, issues, redemptions and cancellations of shares carried out on behalf of the Fund correspond to the applicable statutory and regulatory provisions and the relevant investment restrictions;
- e) ensuring that the consideration of transactions involving the assets of the Fund are remitted to the Fund within the usual time limits;
- f) ensuring that the Fund's income is used in accordance with the applicable statutory and regulatory provisions and the relevant investment restrictions;

- g) ensuring that the Funds' Net Asset Value (NAV) is calculated in accordance with the applicable statutory and regulatory provisions, the relevant investment restrictions and the Management Regulations of the Fund;
- h) carrying out the instructions of the Management Company or a third party to which the portfolio management of the Fund or the Management Company has been outsourced unless these instructions are in breach of the applicable statutory and regulatory provisions and the relevant investment restrictions the Fund;
- i) monitoring (ex-post) compliance with the statutory investment limits stipulated in the Prospectus;
- j) management of the Funds' assets, especially taking the necessary measures for collecting dividends and interest;

In performing its duties, the Depositary acts honestly, reputably, professionally and independently as well as in the interest of the Fund and its investors.

The tasks of the Management Company and the Depositary shall not be performed by the same company.

The Depositary is subjected in some cases to different duties and other, stricter liability for the safeguarding of financial instruments (such as securities, money market instruments, Units in undertakings for collective investment) than for the safeguarding of other assets. Financial instruments to be safeguarded are kept in safe custody by the Depositary in segregated depositary accounts. With the exception of a few individual cases, the Depositary is liable for the loss of these financial instruments even in case the loss was caused by a third party rather than the Depositary itself. Other assets are not safeguarded in securities, the Depositary rather keeps records regarding the assets for which it has made certain they are in property of the Fund. The Depositary is liable for the fulfilment of these tasks vis-à-vis the Management Company in the case of gross negligence and wilful misconduct.

The Depositary shall not reuse the Fund's assets held in custody.

The Depositary may transfer the performance of its duty to safeguard financial instruments to another company (the "Sub-depositary"). A corresponding overview of the Sub-depositaries, if any are appointed, is provided on the Depositary's website.

<https://www.hal-privatbank.com/impressum>

For the safeguarding of assets of any kind, the Depositary may appoint a Sub-depositary, service providers, proxies and other third parties ("Correspondents") in order to safeguard the assets in accordance with the provisions indicated in the Law of 2010. The Depositary's liability towards the Management Company and the Fund remains unaffected by the commissioning of a Correspondent. For financial instruments which have to be safeguarded, the names of the correspondents may be requested from the Fund or Depositary. No third party is, in principle, commissioned for the safeguarding of other assets, unless otherwise expressly indicated in the sales Prospectus.

As far as possible, Conflicts of interest shall be avoided and in case of existence to be treated in compliance with the applicable statutory and regulatory provisions. Potential conflicts of interest may arise as a result of the appointment of third parties as sub-depositaries. In so far as third parties are appointed as sub-depositaries, the Depositary shall ensure that it and its delegated third parties have taken all necessary measures to comply with the requirements for the organisation and prevention of conflicts of interest as laid down in the applicable Luxembourg laws and regulations. If such conflicts of interest arise, they are solved or disclosed to the investors in accordance with existing guidelines and procedures. If, in spite of the above-mentioned circumstances, a conflict of interest arises at the level of the Depositary, the Depositary shall at all times observe the duties and obligations laid down in the Depositary Agreement and act

accordingly. If, despite all the measures taken, a conflict of interest which involves the risk of substantial and adverse effects on the Fund and the investors of the Fund is not resolved by the Depositary, having regard to the duties and obligations laid down in the Depositary Agreement, the Depositary shall notify the Fund, which would initiate appropriate measures. As the financial landscape and the organizational structure of the Fund may change over time, the nature and extent of possible conflicts of interest and the circumstances under which conflicts of interest may arise at the depositary level may also change.

When a Correspondent is commissioned for financial instruments that are to be safeguarded, the Depositary is, in particular, obliged to check that the Correspondent is subject to an effective supervision (including minimum capital requirements) and regular external auditing that guarantees that the assets are in its possession (“**supervision requirement**”). The Depositary also has to ensure that the Correspondent separates these financial instruments from its own assets and special assets of the Depositary.

For financial instruments which have to be safeguarded in a certain state that is not a member of the EU and the resident law prescribes that certain financial instruments must be kept in safe custody by a local authority that does not fulfil the above-mentioned supervision requirement (a “**Inadequate Depositary**”), the Depositary can commission this inadequate Depositary if certain legal requirements are met: Amongst other things, the safeguarding of financial instruments can only be transferred to an Inadequate Depositary upon express instruction from the Board of Directors of the Investment Company.

Prior to commissioning an Inadequate Depositary, the Investment Company will properly inform the Shareholders.

The Depositary or the Company are entitled to terminate the appointment of the Depositary at any time, in compliance with the Depositary agreement. In the event of termination, the Board of Directors is obliged to either dissolve the company or appoint a new Depositary prior to the expiry of a time limit of two months, which assumes the duties and functions as the Depositary. Until a new Depositary is appointed, the former depositary will fulfil its duties and functions as the depositary in full in accordance with the statutory provisions.

Updated information on the Depositary’s custody duties and conflicts of interest that may arise shall be obtained, free of charge and upon request, from the Depositary.

1.3. Sales agent and Distributor

Ocorian Fund Management S.à r.l., 17, Boulevard F.W. Raiffeisen, L-2411 Luxembourg.

1.4. Auditor

Ernst & Young S.A., 35E, Avenue John F. Kennedy, L-1855 Luxembourg.

1.5. Legal Advisor

Clifford Chance, 10, boulevard Grand Duchesse Charlotte, L-1011 Luxembourg.

2. Information to Unitholders

2.1. Regular reports and publications

An annual report is published for the Fund within four months after financial year end, as at 31 March, and a semi-annual report within 2 months following 30 September. 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.

2.2. Consultation of documents

The following documents are available free of charge at the registered office of the Management Company as well as on www.ocorian.com:

- 1) The net asset value (also published, together with the issue and redemption price);
- 2) This Prospectus;
- 3) The Management Regulations;
- 4) The latest annual and semi-annual reports for the Fund;
- 5) The latest KIID;

- 6) The procedures issued by the Management Company with respect remuneration, conflicts of interest, complaints handling, best execution, data and privacy, sustainability risk 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:

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

2.3. Potential conflict of interests

In accordance with the Law of 17 December 2010 and the applicable administrative provisions of the CSSF, the Management Company has adequate and appropriate organisational structures and internal control mechanisms. In particular, it acts in the best interest of the Fund and ensures that conflicts of interest are avoided, that resolutions and procedures are adhered to and that investors in the Fund are treated fairly.

The policy for the prevention and management of conflicts of interest of the Management Company primarily covers the following areas:

1. Conflicts of interest of members of the management/governing body if acting both for the Management Company and a fund (i.e. an investment vehicle using the services of the Management Company);
2. Conflicts of interest between the Management Company and a fund or the funds' investors, e.g. any action from which the Management Company would benefit while the fund(s) or their investors would simultaneously suffer from such action, or vice-versa;
3. Conflicts of interest between several Funds or the Funds' investors, e.g. when the Management Company would treat one fund in such manner that this fund or its investors would benefit, whereas another fund or its investors would simultaneously suffer from such action;
4. Conflicts of interest between a fund or the investors in that fund and another client of the Management Company.
5. Group conflict (conflict of interest between the Management Company and other entities belonging to Ocorian Group)

The Conducting Officers of the Management Company, the Compliance Officer and the Risk Manager of the Management Company, under the supervision of the Board, are responsible for identifying, avoiding and minimising any potential, perceived or real conflicts of interest. Any of the Conducting Officers, the Compliance Officer and/or the Risk Manager of the Management Company shall initiate or cause initiation of immediate action upon identification of any of the matters described below. Such identification is to be notified immediately upon occurrence and documented/minuted in the next upcoming meeting of the Conducting Officers.

The Compliance Officer shall report such event as part of the Monthly Compliance Report to the Board.

There are no conflicts of interest for the fund and/or the investors. Should conflicts of interest arise in the future, they will be disclosed and dealt with in accordance with applicable laws and the policy for the prevention and management of conflicts of interest of the Management Company.

2.4. Regulation (EU) 2016/1011 of the European Parliament and of the Council ("Benchmark-Regulation")

In the case of (sub-)funds for which a benchmark serves as a reference, the Management Company shall ensure that only benchmarks by administrators are used who are registered in the ESMA Register. This register is published by ESMA in accordance with the provisions of the Benchmark-Regulation and can be viewed at <https://www.esma.europa.eu/benchmarks-register>.

Currently, the Management Company does not use any benchmark as a reference for any (sub-)fund under management.

2.5. Integration of Sustainability Risks

This Prospectus contains the information required to be disclosed under Article 6 of SFDR.

In accordance with Article 2(22) of the SFDR, sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment ("Sustainability Risk").

The Management Company shall categorise the Fund in accordance with the SFDR. Further information and disclosures can be found in the sections “3. The Fund” and “4. Investment objective, policy and requirements” below.

3. The Fund

3.1. Fund structure

The Fund offers investors various types of unit classes.

As per the issuing date of this Prospectus, units in class “I” are available to institutional investors committing to invest an initial amount above EUR 100,000,- while subsequent investments must be of at least EUR 10,000.-. Units in class “I” have a maximum issuing commission of 3.00%, a maximum redemption levy of 1,50% a maximum adjustment of the net asset value in application of the swing pricing principle of 2.00% and a maximum management fee of up to 0.50% per annum. Their smallest tradable unit is 1. During the initial offering period, which took place between 01 December 2014 and 02 December 2014, units in class “I” were issued at the initial issue price of EUR 1,000.-.

The ISIN of class “I” is LU1143165634.

The Management Company may decide to launch units in class “R”, subject to prior notification of the CSSF and at the conditions mentioned hereafter. Units in class “R” shall be available to retail investors committing to invest an initial amount above EUR 10,000.- while subsequent investments must be of at least EUR 1,000.-. Units in “R” class shall have a maximum issuing commission of 5.00%, a maximum redemption levy of 2.50% a maximum adjustment of the net asset value in application of the swing pricing principle of 2.00% and a maximum management fee of up to 0.50% per annum. Their smallest tradable unit shall be 1. During the initial offering period, which will be determined by the Management Company, units in class “R” will be issued at the initial issue price of EUR 1,000.-.

The ISIN of class “R” is LU1143166798.

The Management Company can resolve to launch further classes of units in accordance with the Management Regulations.

3.2. Legal aspects

The Fund has been established by the Management Company on 1 December 2014 as an undertaking for collective investment in transferable securities subject to Part I of the Law in the form of a common fund (“*fonds commun de placement*”) for an unlimited duration. The net assets of the Fund must reach EUR 1,250,000.- within the first six months following its authorisation.

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 who have equal rights in proportion to the number of units they hold. There is no provision for any meeting of the Unitholders.

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 and the Management Regulations.

The Management Regulations were lodged with the Commercial and Company Register (*Registre de Commerce et des Sociétés*) of the District Court in Luxembourg on 1 December 2014 and were published in the *Mémorial* on 8 December 2014 and may be amended in observance of the provisions of the Law. Each amendment deposited is announced in the *RESA*. The amended Management Regulations come into force on the date they are signed by the Management Company and the Depositary. The consolidated version of the Management Regulations is held by the Commercial and Company Register (*Registre de Commerce et des Sociétés*) for inspection. The Management Regulations have been amended for the last time on 2 June 2015. The amended Management Regulations were published by reference in the *Mémorial* on 11 June 2015.

Investments of the Fund are performed in accordance with the investment policy, objective and requirements applicable to it according to this Prospectus and the Management Regulations.

The Fund’s financial year ends on the last day of March.

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

3.3. Risk profile

3.3.1 General

The Fund is suitable for investors who wish to invest in a diversified portfolio of liquid and safe short term debt instruments and claims, including on ancillary basis cash and time deposits, with an aggregated average maturity of less than 3 years.

Investors should be aware that the investments of the Fund are subject to market fluctuations and other risks associated with the investments in transferable securities and other financial instruments. No guarantee can be given that the value of a Fund unit will not fall below its value at the time of acquisition. There is no assurance that the investment objective of the Fund will be achieved or that any increase in the value of the assets will occur. Past performance is not a reliable indicator of future results. Factors that can trigger such fluctuations on the value of the investments of the Fund and hence its net asset value, respectively factors which can influence their scale include but are not limited to company-specific changes, changes in interest rates, changes in exchange rates, changes in geo-political factors, changes affecting economies such as employment, public expenditure and indebtedness, inflation, changes in the legal and regulatory environment, changes in investor confidence in certain asset classes, markets, countries, industries and sectors, changes in the prices of raw materials etc.. By diversifying investments, the Management Company seeks to partially reduce the negative impact of these risks on the value of the Funds.

The Management Company may use special techniques and financial instruments whose underlying assets are securities, money market instruments and other financial instruments. The risks connected with the use of these techniques are further described in this Prospectus.

3.3.2 Risk Factors

Prospective investors should consider the following risk factors before investing in the Fund. However, the risk factors set out below do not purport to be an exhaustive list of risks related to investments in the Fund. Prospective investors should read the entire Prospectus, and where appropriate consult with their legal, tax and investment advisers, in particular regarding the tax consequences of subscribing, holding, converting, redeeming or otherwise disposing of units under the law of their country of citizenship, residence or domicile. Investors should be aware that the investments of the Fund are subject to market fluctuations and other risks associated with investments in transferable securities and other financial instruments. The value of the investments and the resulting income may go up or down and it is possible that investors will not recoup the amount originally invested in the Fund, including the risk of loss of the entire amount invested. There is no assurance that the investment objective of the Fund will be achieved or that any increase in the value of the assets will occur. Past performance is not a reliable indicator of future results.

The net asset value of the Fund may vary as a result of fluctuations in the value of the underlying assets and the resulting income. Investors are reminded that in certain circumstances their right to redeem units may be suspended.

Depending on the currency of the investor's domicile, exchange-rate fluctuations may adversely affect the value of an investment in the Fund.

Market Risk

Market risk is a general risk which may affect all investments to the effect that the value of a particular investment could change in a way that is detrimental to the Fund's interests. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies.

Interest Rate Risk

The Fund's net asset value may fall in value due to fluctuations in interest rates. Generally, the value of fixed income securities rises when interest rates fall. Conversely, when interest rates rise, the value of fixed income securities can generally be expected to decrease. Long-term fixed income securities will normally be subject to greater price volatility than short-term fixed income securities.

Foreign Exchange Risk

The Funds' investments may be made in other currencies than the relevant reference currency and therefore be subject to currency fluctuations, which may affect the Fund's net asset value favorably or unfavorably. Currencies of certain countries may be volatile and therefore affect the value of securities denominated in such currencies. If the currency in which an investment is denominated appreciates against the reference currency of the Fund, the value of the investment will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the investment. The Fund may enter into hedging transactions on currencies to protect against a decline in the value of investments denominated in currencies other than the reference currency, and against any increase in the cost of investments denominated in currencies other than the reference currency. However, there is no guarantee that the hedging will be successful. Although it is the policy of the Management Company to hedge the currency exposure of the Fund, hedging transactions may not always be possible and currency risks cannot therefore be excluded.

Credit Risk

The Fund is subject to the risk that issuers may not make payments on fixed income securities. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity. The Fund may be susceptible to these problems and its value may be volatile.

Counterparty Risk

The Fund may enter into over-the-counter transactions which will expose the Fund to the risk that the counterparty may default on its obligation to perform under such contracts. In the event of bankruptcy of the counterparty, the Fund could experience delays in liquidating the position and significant losses.

Liquidity Risk

There is a risk that the Fund will suffer liquidity issues because of unusual market conditions, an unusually high volume of redemption requests or other reasons. In such case the Fund may not be able to pay redemption proceeds within the time period stated in this Prospectus.

Management Risk

The Fund is actively managed and may therefore be subject to management risks. The Management Company will apply its investment strategy (including investment techniques and risk analysis) when making investment decisions for the Fund, however, no assurance can be given that the investment decision will achieve the desired results. The Management Company may in certain cases decide not to use investment techniques, such as derivative instruments, or they may not be available, even under market conditions where their use could be beneficial for the Fund.

Sustainability Risk

Sustainability risks can arise from environmental and social impacts on a potential investment as well as from the corporate governance of a company associated with an investment. Sustainability risk can either represent a risk of its own or have an impact on other portfolio risks and contribute significantly to the overall risk, such as market risks, liquidity risks, credit risks or operational risks. Upon occurrence of those, they can have a significant impact on the value and/or return of the investment, up to a total loss. Negative effects on an investment can also negatively impact the returns of the Fund.

Investments in Fixed Income Securities

Investments in securities of issuers from different countries and denominated in different currencies offer potential benefits not available from investments solely in securities of issuers from a single country, but also involve certain significant risks that are not typically associated with investing in the securities of issuers located in a single country. Among the risks involved are fluctuations in interest rates as well as fluctuations in currency exchange rates and the possible imposition of exchange control regulations or other laws or restrictions applicable to such investments. A decline in the value of a particular currency in comparison with the reference currency of the Fund would reduce the value of certain portfolio securities that are denominated in such a currency. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, may fluctuate independently of each other. As the net asset value of the Fund is calculated in its reference currency, the performance of investments denominated in a currency other than the reference currency will depend on the strength of such currency against the reference currency and on the interest rate environment in the country issuing the currency. In the absence of other events that could otherwise affect the value of non-reference currency investments (such as a change in the political climate or an issuer's credit quality), an increase in the value of the non-reference currency can generally be expected to increase the value of the Fund's non-reference currency investments in terms of the reference currency.

The Fund may invest in investment grade debt securities. Investment grade debt securities are assigned ratings within the top rating categories by rating agencies on the basis of the creditworthiness or risk of default. Rating agencies review, from time to time, such assigned ratings and debt securities may therefore be downgraded in rating if economic circumstances impact the relevant debt securities issue. Moreover, the Fund may invest in debt instruments in the non-investment grade sector (high yield debt securities). Compared to investment grade debt securities, high yield debt securities are generally lower-rated and will usually offer higher yields to compensate for their reduced creditworthiness or increased risk of default.

Investments in Target Funds

Investors should note that investments in Target Funds may incur the same costs both at the Fund level and at the level of the Target Funds. Furthermore, the value of the units or shares in the Target Funds may be affected by currency fluctuations, currency exchange transactions, tax regulations (including the levying of withholding tax) and any other economic or political factors or changes in the countries in which the Target Fund is invested, along with the risks associated with exposure to the emerging markets. The investment of the Fund's assets in units or shares of Target Funds entails a risk that the redemption of the units or shares may be subject to restrictions, with the consequence that such investments may be less liquid than other types of investment.

Small to medium-sized Companies

The Fund may invest in small and mid-cap companies. Investing in the securities of smaller, lesser-known companies involves greater risk and the possibility of greater price volatility due to the less certain growth prospects of smaller firms, the lower degree of liquidity of the markets for such stocks and the greater sensitivity of smaller companies to changing market conditions.

Securities Lending

Securities lending transactions involve counterparty risk, including the risk that the lent securities may not be returned or returned in a timely manner. Should the borrower of securities fail to return the securities lent by the Fund, there is a risk that the collateral received may be realized at a lower value than the securities lent, whether due to inaccurate pricing of the collateral, adverse market movements, decrease in the credit rating of the issuer of the collateral or the illiquidity of the market in which the collateral is traded which could adversely impact the performance of the Fund.

Taxation

The proceeds from the sale of securities in some markets or the receipt of any dividends and other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at source. It is possible that the tax law (and/or the current interpretation of the law) as well as the practice in countries, into which the Fund invests or may invest in the future, might change. As a result, the Fund could become subject to additional taxation in such countries that is not anticipated either at the date of this Prospectus or when investments are made, valued or disposed of.

3.4. Issue and redemption of units of the Fund

3.4.1 Form of Units

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.

3.4.2 Prevention of money laundering and terrorist financing

The Fund must observe the provisions of the Luxembourg law of 12 November 2004 on the prevention of money laundering, as amended, as well as the statutory instruments and the applicable circulars of the CSSF.

Accordingly, investors must provide proof of their identity and the Management Company shall require at a minimum the following identification documents:

- for individuals a certified copy of the passport/identity card;
- for companies or other legal entities (i) a certified copy of the articles of incorporation, (ii) a certified copy of the extract from the Commercial Register, (iii) a copy of the most recently published annual accounts and (iv) the full name of the beneficial owner(s).

The Fund keeps all investor information confidential, unless otherwise required by statutory or regulatory provisions.

3.4.3 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.

Fund 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 (the "**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 section "Suspension of the net asset value calculation and of the issue and redemption of units".

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 section "Fund net asset value", including, where applicable, the use of the swing pricing principle.

The Management Company is authorised to charge a commission for the issue of units of not more than 5.00%. The maximum adjustment of the net asset value in application of the swing pricing principle is 2.00%.

The issue price of Fund 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.

3.4.4 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. 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 section "Fund net asset value", including, where applicable, the use of the swing pricing principle.

The Management Company is authorised to charge a redemption levy for the redemption of units of not more than 2.50%. The maximum adjustment of the net asset value in application of the swing pricing principle is 2.00%.

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 10.00% 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.

3.4.5 Compulsory redemption of units

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.

3.5. Fund net asset value

3.5.1 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 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, i.e. on the NAV Calculation Date, 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 the section "Asset valuation policy" below. The reference date used for such determination is the 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.

3.5.2 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 of maximum 2.00%. 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 in the Fund concerned, 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.

3.5.3 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.

3.5.4. Suspension of the net asset value calculation and of the issue and redemption 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 evaluate 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.

3.6. Distribution

The Management Company will decide in accordance with the Management Regulations whether and to what extent distributions and interim distributions are to be paid to Unitholders.

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.

3.7. Taxes and expenses

3.7.1 Taxation

In accordance with current legislation in the Grand Duchy of Luxembourg, the Fund is not subject to any Luxembourg withholding, income, capital-gains or wealth taxes.

From the total net assets of the Fund, however, a tax of 0.05% p.a. ("*taxe d'abonnement*"), payable to the Grand Duchy of Luxembourg, is due at the end of every quarter, as calculated on the total net assets of the Fund at the end of every calendar quarter. This rate is reduced to 0.01%, *inter alia*, for classes of units reserved to one or more institutional investors. With entry into force of the Luxembourg law of 21 June 2005, European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments has been subsumed into Luxembourg law with effect from 01 July 2005. In accordance with this Directive, withholding tax is payable on interest income which, pursuant to said Directive, accrues from distributions or from the transfer, exchange or redemption of units of Fund and is directly credited by a paying agent to a beneficial owner who is a natural person resident in another EU Member State. The above shall only apply, however, if the investments of the Fund which generate interest income as defined in European Council Directive 2003/48/EC exceed 15% of the Fund's total net assets in case of a distribution or 25% of total net assets in the case of the transfer, exchange or redemption of units. The rate at which such interest is taxable is 35%. However, beneficial owners entitled to such interest payments who receive the payments from a paying agent which is domiciled in Luxembourg or maintains a permanent establishment there may request this paying agent to opt for an official exchange of information instead.

The aforementioned represents a summary of the fiscal effects and makes no claim to be exhaustive. It is the responsibility of purchasers of units to seek information on the laws and regulations governing the purchase, possession and sale of units in connection with their place of residence and their nationality.

3.7.2 Expenses paid by the Fund

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 Depository 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 Depository through measures taken on behalf of the Unitholders;
- Auditor's fees and expenses;
- and costs that may occur in relation to the reporting under EMIR; and
- Any further similar fees and expenses arising in connection with the administration of the Fund assets.

The Depository 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.

3.7.3 Ongoing Charges

Units in class "I" as well as units in class "R" pay a maximum management fee of up to 0.50% per annum.

The Depository is entitled to receive fees out of the assets of each class at a rate not exceeding 0.10% per annum.

The ongoing charges per year of class "I" and class "R" over a year amount to up to 0.7% of the net asset value of the relevant class. The ongoing charges figures excludes portfolio transaction costs, except in the case of any entry/exit charge paid by the fund when buying or selling units in another collective investment undertaking.

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

3.8. Liquidation and merger of the Fund

3.8.1 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 Depository 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.

3.8.2 Merger of the Fund with another 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 section “Liquidation of the Fund and unit classes”, 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 the section “Liquidation of the Fund and unit classes”.

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.

4. Investment objective, policy and requirements

4.1. Investment objective

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 an ancillary basis cash and time deposits, not containing any speculative character, with an aggregated average maturity of less than 3 years, and the view to achieve adequate earnings, while giving due consideration to an adequate diversification of the Fund’s assets.

4.2. Investment policy

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 this 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 the below section “Investment requirements”.

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

4.3. Investment requirements

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

1. The Fund’s investments may comprise only one or more of the following:

- 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 EU or the States that are contracting parties to the agreement creating the 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 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.

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 section 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.

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.

4. SFDR:

Description of the manner in which Sustainability Risks are integrated into investment decisions:

The Management Company will take into account Sustainability Risks in its investment decision process, in accordance with Article 6 of the SFDR. Sustainability Risks are considered at various stages of the investment process, in respect of each individual investment opportunity. Investment decisions are taken by the Management Company on the basis of several factors thereby always acting in the best interest of the Unitholders. Sustainability Risks and ESG considerations are included in the investment decision process together with financial factors.

For example, aspects of good corporate governance and compliance with labour law requirements are considered before taking an investment decision.

Likely Impacts of Sustainability Risks on the result of the Fund:

Sustainability Risks can lead to a significant deterioration in the financial profile, liquidity, profitability or reputation of the underlying investment.

The Management Company aims to ensure that the negative financial impacts of Sustainability Risks associated with a potential investment are mitigated, protecting, to the extent possible, the returns of the Fund. Furthermore, the assessment of ESG-related factors may also highlight areas where value creation can be enhanced and can therefore improve the returns of the financial products available, ultimately having a positive effect on the returns to the Fund.

A failure to take Sustainability Risks into account could lead to a significant adverse effect on the ability of the Fund to sell an investment, an investment's ability to generate income, the market price of an investment and/or reputational issues that could have an impact on financial returns to the Fund.

Principal adverse impacts on sustainability factors:

As per article 7(2) of SFDR, the Management Company does not currently consider principal adverse impacts of investment decisions on sustainability factors. The relevant data needed to identify and weight principal adverse sustainability impacts is not yet available in the market to a sufficient extent or of the required quality.

The Management Company will review the data situation on a regular basis and, if necessary, decide again on this basis on the possibility of taking into account principal adverse impacts of investment decisions on sustainability factors as part of internal strategies.

5. Disclosure under article 7 of the Taxonomy Regulation

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. The portfolio of this financial product consists of 0% taxonomy aligned investments.

6. The Fund does not invest in short-term assets and has no distinct or cumulative objectives offering returns in line with money market rates or preserving the value of the investment in accordance with Regulation (EU) 2017/1131 on money market funds.

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 section 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 section 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 section 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 section 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 section 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 this section.

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.

7. 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 Chapter 6, “Investment Restrictions”, section 1) paragraph f), or
 - 5% of the net assets in other cases.
- b) The 40% limit specified in section 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 section 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 section 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 section 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 section 4) shall not be taken into account for the purpose of applying the limit of 40% referred to under paragraph a) of this section. 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 section 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 section 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 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.**

8. UCITS and other UCIs

The Fund will not invest more than 25% of the total net assets in units/shares of Target Funds pursuant to section 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 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.

9. 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 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.

10. 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.

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

12. Securities Lending

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

13. Other assets

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

14. Short Sales

The Fund may not carry out uncovered sales of in transferable securities, money market instruments or other financial instruments referred to in section 1) paragraphs e), g) and h).

15. 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.

16. Derogation period and further stipulations

During the first six months following official authorization of the Fund in Luxembourg, the restrictions set out in section 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.

17. Derivatives

a) While observing the restrictions stipulated in Section 4.3 “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 principles”, sub-section “Risk diversification”. 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 principles”, sub-section “Permitted investments of the Fund”, point 1.1(g), indent 4). 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 (see the section entitled “Special techniques and instruments that have securities and money market instruments as underlying assets”).

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 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 Depository. For other types of collateral arrangement, the collateral can be held by a third party depository 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.

18. Haircut Policy

The Management Company has implemented a haircut policy in respect of each class of assets received as collateral. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the collateral management policy. Subject to the framework of agreements in place with the relevant counterparty, which may or may not include minimum transfer amounts, it is the intention of the Management Company that any collateral received shall have a value, adjusted in light of the haircut policy, which equals or exceeds the relevant counterparty exposure where appropriate.

The Management Company will apply haircuts to the collateral received according to the below table:

Eligible Collateral	Remaining Maturity	Valuation Percentage
Cash	N/A	100%
Government Bonds	One year or under	100%
	More than one year up to and including three years	95%
Corporate Bonds	One year or under	100%
	More than one year up to and including three years	85%

In case of unusual market volatility, the Management Company reserves the right to temporarily increase the haircut it applies to collateral for such period of time and in such measure as justified by the circumstances. As a consequence, the Management Company will receive more collateral to secure its counterparty exposure. Should that situation persist, this haircut policy will be updated accordingly.

19. Securities Financing Transactions

The Fund does currently not intend to make use of any securities financing transactions ("SFTs") covered by Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012. Especially, the Fund does not invest in total return swaps (TRS).

5. Data Protection Policy

The Fund and the Management Company are committed to protect the personal data of the investors (including potential investors) and of the other individuals whose personal information comes into their possession in the context of the investors' investments in the Fund.

The Fund and the Management Company have taken all necessary steps to ensure compliance with the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard

to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC and with any implementing legislation applicable to them (together, the "**Data Protection Legislation**") in respect of the personal data they processed in connection with the investments made by investors into the Fund. This includes (non-exclusively) actions required in relation to: information about processing of investors' personal data and, as the case may be, consent mechanisms; procedures for responding to requests to exercise individual rights; contractual arrangements with suppliers and other third parties; security measures; arrangements for overseas data transfers and record keeping and reporting policies and procedures. Personal data shall have the meaning given in the Data Protection Legislation and includes any information relating to an identifiable individual, such as the investor's name, address, invested amount, the Unitholder's individual representatives' names as well as the name of the ultimate beneficial owner, where applicable, and financial information such as the investor's bank account details.

When subscribing for units of the Fund, each investor is informed of the processing of his/her personal data (or, when the investor is a legal person, of the processing of such investor's individual representatives and/or ultimate beneficial owners' personal data) via a data privacy notice ("Data Privacy Notice") which will be attached to the application form and is also made available under <https://www.ocorian.com/jurisdiction/luxembourg>. This Data Privacy Notice will inform the investors about the processing activities undertaken by the Fund and the Management Company, and by their delegates and service providers in more details.

SCHEDULE 1 DEFINITIONS

"**ABS**" means asset-backed securities.

"**Affiliated Funds**" means 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.

"**Auditor**" means the auditor of the Fund qualifying as an independent auditor (*réviseur d'entreprises agréé*).

"**CSSF**" means the Luxembourg supervisory authority for the financial sector, the *Commission de Surveillance du Secteur Financier*, or any successor authority from time to time.

"**Depositary**" means Hauck Aufhäuser Lampe Privatbank AG, Niederlassung Luxemburg, in its capacity as such, or such other credit institution within the meaning of Luxembourg law dated 5 April 1993 relating to the financial sector, as amended, that may subsequently be appointed as Depositary in accordance with the Management Regulations.

"**Depositary Agreement**" means the Depositary agreement entered into between the Management Company acting in its own name and on behalf of the Fund and the Depositary, as amended from time to time.

"**EEA**" means the European Economic Area.

"**EMIR**" means the European Market Infrastructure Regulation.

"**ESG**" refers to environmental, social and governance criteria, which are three central factors used in measuring the sustainability and ethical impact of an investment in securities of an issuer. By way of example, "environmental" may cover themes such as climate risks and natural resources scarcity, "social" may include labour issues and product liability risks such as data security and "governance" may encompass items such as business ethics and executive pay.

"**EU**" means the European Union.

"**Fund**" means ALLEGRO SHORT TERM BOND FUND, a *fonds commun de placement*, governed by Part I of the Law and acting through the Management Company; for the purposes of this Prospectus, "Fund" shall also mean, where appropriate, the Management Company acting in its own name and on behalf of the ALLEGRO SHORT TERM BOND FUND.

"**KIID**" means the key investor information document for each class of units of the Fund, as amended from time to time.

"**Law**" means the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended from time to time.

"**Management Company**" means Ocorian Fund Management S.à r.l., with registered office at 17, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg.

"**Management Regulations**" means the management regulations of the Fund, as amended from time to time.

"**Member State**" means a member state of the EU or the states that are contracting parties to the agreement creating the EEA.

"**Mémorial**" means the Mémorial C, Recueil des Sociétés et Associations, the official gazette of the Grand Duchy of Luxembourg, which has been replaced by the RESA.

"**NAV Calculation Date**" means the date on which the net asset value per unit of the Fund is calculated.

"**OECD**" means the Organization for Economic Cooperation and Development.

"**Operation and Administration Expenses**" means:

1. All costs and expenses incurred in relation to the production and distribution of the reports and accounts in respect of the Fund and the valuations and certifications required pursuant to the Management Regulations including the fees payable to any independent expert, appraiser or valuer in relation to the (regular) valuation of any asset held by the Fund and the fees of the Auditor in connection therewith;
2. All fees and expenses charged by lawyers, accountants and other professional advisors in relation to the Fund; and
3. All other fees, costs and expenses in relation to the operation and administration of the Fund generally.

"**Organisational Expenses**" means out-of-pocket costs and expenses incurred by the Management Company and any of its affiliates for the purposes of structuring and establishing the Fund.

"**OTC Derivatives**" means derivatives not listed at a stock exchange.

"**Prospectus**" means this prospectus of the Fund as amended from time to time.

"**RESA**" means the *Recueil Électronique des Sociétés et Associations*.

"**SFT**" means securities financing transactions ("SFTs") covered by Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012. SFTs include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back or sell-buy back transactions and margin lending transactions.

"**SFDR**" means Regulation (EU) 2019/2088 of 27 November 2019 on the sustainability-related disclosures in the financial services sector.

"**Target Funds**" means other UCITS and/or in other UCIs in which the Fund may invest.

"**Taxonomy Regulation**" means Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainability investment and amending SFDR.

"**UCI**" means undertaking for collective investment.

"**UCITS**" means undertaking for collective investment in transferable securities.

"**Unitholders**" means a holder of units in the Fund.