

# Universe, The CMI Global Network Fund

## Prospectus

**December 2024**

## **UNIVERSE, THE CMI GLOBAL NETWORK FUND**

This prospectus (the "**Prospectus**") is published in connection with the continuous offer to investors to subscribe for Shares in a number of Sub-Funds with different features, some of them containing several Classes of Shares in UNIVERSE, THE CMI GLOBAL NETWORK FUND (the "**Fund**").

The Fund is an investment company organised as a *société anonyme* under the laws of the Grand Duchy of Luxembourg and is qualified as a *société d'investissement à capital variable* (SICAV). The Fund is established for an undetermined duration but may be dissolved by resolution of an extraordinary general meeting of Shareholders. The Fund was incorporated in Luxembourg on 12 April 1990 and its Articles were published in the *Mémorial C, Recueil des Sociétés et Associations* (the "**Mémorial**") on 27 June 1990. They were amended for the last time by notarial deed of 29 May 2020 which has been published in the *Recueil électronique des Sociétés et Associations, RESA*. The Articles provide that the exclusive object of the Fund is to place the funds available to it in transferable securities, money market instruments and other permitted assets of any kind with the purpose of spreading investment risks and affording its Shareholders the results of the management of its Sub-Funds.

It is subject to the Luxembourg laws of 10 August 1915 on commercial companies (as amended) and to the Part I of the Luxembourg Law of 17 December 2010 on undertakings for collective investments, as may be amended from time to time (the "**2010 Law**"). The Fund has been registered with the *Registre de Commerce et des Sociétés de Luxembourg* under number B33463.

In Germany, the Fund is registered with the Bundesanstalt für Finanzdienstleistungsaufsicht (Bafin).

The Directors of the Fund, whose names appear in the section "Board of Directors of the Fund", are the persons responsible for the information contained in the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

The Shares in the capital of the Fund in issue from time to time are listed on the Euro Multilateral Trading Facility of the Luxembourg Stock Exchange.

The Shares which are described in this Prospectus have not been and will not be registered under the United States Securities Act of 1933, the United States Investment Company Act of 1940 or the securities laws of any of the states of the United States of America and may not be directly or indirectly offered or sold in the United States of America to or for the account or benefit of any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933, the United States Investment Company Act of 1940 and similar requirements of such state securities laws.

Neither the Fund nor the Sub-Funds have been or will be registered under the United States Investment Company Act of 1940, as amended.

Investment in Shares by or on behalf of US Persons is not permitted.

The Articles of the Fund contain provisions designed to prevent the holding of its shares by US Persons under circumstances that would cause the Fund to violate United States law, and require the immediate redemption or purchase under certain circumstances of shares purchased or beneficiary owned by US Persons.

The Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

The circulation and distribution of the Prospectus and/or the application form and the offering of any Class or Classes of Shares may be restricted in certain jurisdictions. It is the responsibility of any persons in possession of the Prospectus and/or the application form and any persons wishing to apply for Shares pursuant to the Prospectus and/or the Application form to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions including any applicable exchange control regulations and taxation consequences in the countries of their respective citizenship, residence or domicile.

Any information given, or representation made, by any dealer, salesman or other person and not contained in the Prospectus should be regarded as unauthorised and should accordingly not be relied upon. Neither the delivery of the Prospectus nor the offer, issue or sale of any Class or Classes of Shares shall, under any circumstances, constitute a representation that the information given in the Prospectus is correct as of any time subsequent to the date of the Prospectus.

It should be noted that investors' rights under the Fund may not be protected by the United Kingdom Financial Services Compensation Scheme.

Any investor wishing to make a complaint regarding any aspect of the Fund or its operations may do so to the Fund or to the Management Company at their respective addresses set out below.

The Fund draws the investors' attention to the fact that any investor will only be able to fully exercise his investor's rights directly against the Fund, notably the right to participate in general meetings of the Shareholders, if the investor is registered himself and in his own name in the register of Shareholders of the Fund.

In case where an investor invests in the Fund through an intermediary investing in the Fund in his own name but on behalf of the investor, (i) it may not always be possible for the investor to exercise certain Shareholder rights directly against the Fund and (ii) investors' rights to compensation in the event of Net Asset Value calculation error, non-compliance with the investment rules and/or any other error in a Sub-Fund may be affected. Investors are advised to take advice on their rights.

As in the case of any investment, the prices of Shares in the Fund may go down as well as up. There can be no certainty that the investment objectives of any particular Sub-Fund will be achieved.

The purchase of Shares in the Fund is not the same as placing the funds on deposit with a bank or deposit taking company.

Investors are informed that their personal data or information given in the application form or otherwise obtained in the course of their relationship as Shareholders in the Fund will be collected, stored in digital form and otherwise processed by the Fund, the Management Company, the Investment Managers, the Depositary, the Administrative Agent, any entity of the Lloyds Banking Group and/or their agents and delegates (together hereafter the "Entities") in compliance with the data protection law applicable in Luxembourg (including but not limited to the provisions of the Luxembourg Law of 2 August 2002 on data protection) as data processor or data controller, as appropriate. Personal data includes identification data, account information, contractual and other documentation and transactional information of investors and/or their representatives, authorised signatories or ultimate beneficial owners. Personal data will be processed for the purposes of processing subscription and redemption orders, maintaining registers of Shareholders, corporate actions and carrying out the services provided by the Entities as well as to comply with legal and regulatory obligations including, but not limited to, legal obligations under applicable fund and company law, anti-money laundering legislation, FATCA regulations, common reporting standard ("CRS") or similar laws and regulations at OECD or EU level.

Investors are also informed that, in general practice, telephone conversations and instructions may be recorded, as proof of a transaction or related communication. Such recordings will be processed in accordance with data protection law applicable under Luxembourg and shall not be released to third parties, except in cases where the Fund, the Management Company or/and Administrative Agent are compelled or entitled by laws or regulations or court order to do so.

Personal data shall be disclosed to third parties where necessary for legitimate business interests or required by laws and regulations or court order. This may include disclosure to third parties such as governmental or regulatory bodies including tax authorities, auditors, accountants, investment managers, investment advisers, paying agents and subscription and redemption agents, distributors as well as permanent representatives in places of registration and any other agents of the Entities who may process the personal data for carrying out their services and complying with legal obligations as described above.

Investors accept the aforementioned processing of their personal data and, in particular, the disclosure of their personal data to, and the processing of their personal data by, the Entities referred to above which may be located in countries outside the European Union (including the United States of America, Australia, Canada, Hong Kong, Malaysia, Singapore and Switzerland), and which may not offer protection similar to the data protection laws in Luxembourg and the European Union.

Investors acknowledge and accept that failure to provide relevant personal data requested by the Fund, the Management Company and/or the Administrative Agent in the course of their relationship with the Fund may prevent them from maintaining their holdings in the Fund and may be reported by the Fund, the Management Company and/or the Administrative Agent to the relevant Luxembourg authorities.

Investors acknowledge and accept that the Fund, the Management Company or the Administrative Agent will report any relevant information in relation to their investments in the Fund to the Luxembourg tax authorities which will exchange this information on an automatic basis with the

competent authorities in the United States or other permitted jurisdictions as agreed in the FATCA Law, CRS at OECD and EU levels or equivalent Luxembourg legislation.

Failure to provide relevant personal data requested by the Fund, the Management Company and/or the Administrative Agent in the course of their relationship with the Fund may prevent them from maintaining their holdings in the Fund and may be reported by the Fund, the Management Company and/or the Administrative Agent to the relevant Luxembourg authorities.

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THE PROSPECTUS YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.

Universe, The CMI Global Network Fund  
Prospectus

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Copies of the Prospectus can be obtained from Lemanik Asset Management S.A. at:

106 route d'Arlon

L-8210 Mamer

Grand-Duchy of Luxembourg

Tel: +352 26 39 60

Fax: +352 26 39 60 02

## **Glossary**

### **Articles**

The Articles of Incorporation of the Fund

### **Auditor**

Deloitte Audit  
20, Boulevard de Kockelscheuer, L-1821 Luxembourg  
Grand Duchy of Luxembourg

### **Benchmark Regulation**

Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds

### **Business Day**

Any full day on which banks are open for business both in Luxembourg and London

### **Class or Classes**

Any class or classes of Shares offered in respect of each Sub-Fund

### **CSSF**

Commission de Surveillance du Secteur Financier

### **Depository and Administrative Agent**

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

### **Dealing Day**

With respect to any Sub-Fund, any Business Day where stock exchanges and/or regulated markets in countries where the relevant Sub-Fund is materially invested are open for normal trading. A Dealing Day is treated as commencing at 9.00 a.m. and ending at 1.00 p.m. (Luxembourg time)

### **Dealing Price**

The price at which Shares are issued, repurchased and switched disregarding any applicable charges (see "Calculation of Net Asset Value and Dealing Price")

### **Directors**

The directors of the Fund

### **Eligible Market**

A Regulated Market in an Eligible State

### **Eligible State**

Any Member State of the European Union ("EU") or any other state in Eastern and Western Europe, Asia, Africa, Australia, North and South America and Oceania



**ETF**

Exchange Traded Fund(s)

**FATCA**

Foreign Account Tax Compliance Act

**Fund**

Universe, The CMI Global Network Fund

**Key Information Document(s)**

Means the key information document within the meaning of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014, on key information documents for packaged retail and insurance based investment products

**International Currencies**

In the Prospectus: US Dollars refers to United States Dollars

Sterling and £ refer to United Kingdom pounds sterling

EUR refers to Euro

**Institutional Investors**

Any investor that falls under the definition of Institutional Investors within the meaning of the 2010 Law

**Investment Managers**

Insight Investment Management (Global) Limited

160, Queen Victoria Street

London EC4V 4LA

United Kingdom

BlackRock Investment Management (UK) Limited

12, Throgmorton Avenue

London EC2N 2DL

United Kingdom

Schroder Investment Management Limited

One London Wall Place

London EC2Y 5AU

United Kingdom

**Legal Advisers in Luxembourg**

Elvinger Hoss Prussen, *société anonyme*

2, Place Winston Churchill, L-1340 Luxembourg, Grand Duchy of Luxembourg

**Management Company and Global Distributor**

Lemanik Asset Management S.A.

106, route d'Arlon, L-8210 Mamer, Grand Duchy of Luxembourg

**Net Asset Value**

In relation to any Class or Sub-Fund (as the case may be), the market value of the net assets of that Class or Sub-Fund determined in accordance with the provisions described under "Calculation of Net Asset Value and Dealing Price"

**Registered Office of the Fund**

106, route d'Arlon, L-8210 Mamer, Grand Duchy of Luxembourg

**Regulated Market**

A market within the meaning of directive 2014/65/EU of 15 May 2014 on markets in financial instruments and any other market which is regulated, operates regularly and is recognised and open to the public

**Shareholder or Shareholders**

Any shareholder or shareholders of the Fund

**Sub-Funds**

The Sub-Funds created from time to time within the Fund upon a decision of the Directors

**Share or Shares**

Any share or shares in the Fund

**Transfer Agent**

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

**UCI**

Undertaking for Collective Investment

**UCITS**

Undertaking for Collective Investment in Transferable Securities, in the meaning of the Directive

**UCITS Directive**

The Directive 2009/65/EC of 13 July 2009, as amended

**US**

The United States of America (including the States and District of Columbia), its territories, possessions and all other areas subject to its jurisdiction

**US Person**

Unless otherwise determined by the Fund:

- (i) a national, a citizen, or a resident of the US;

- (ii) a partnership, limited liability company, corporation or other entity organised in or under the laws of the US or any State or any entity taxed as such or required to file a tax return as such under the US Federal income tax laws;
- (iii) any estate of which any executor or administrator is a US Person; except in the cases of an estate of which any professional fiduciary acting as executor or administrators a US Person if
  - (a) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate, and (b) the estate is governed by non US foreign law;
- (iv) any trust of which any trustee, beneficiary or, if the trust is revocable, any settlor is a US Person; except in the cases of a trust of which any professional fiduciary acting as a trustee is a US Person, if a trustee who is not a US Person has sole or shared investment discretion with respect to trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person;
- (v) any agency or branch of a foreign entity located in the US;
- (vi) any discretionary or non-discretionary account or similar account (other than an estate or trust) held by a dealer or fiduciary for the benefit or account of a resident of the US;
- (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised or incorporated in the US, or (if an individual) a resident of the US, except in the cases of any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US person by a dealer or other fiduciary organised or incorporated in the US, or (if an individual) a resident of the US;
- (viii) any employee benefit plan unless such employee benefit plan is established and administered in accordance with the laws of a country other than the US and the customary practices and documentation of such country;

and

- (ix) any person or entity whose ownership of Shares or solicitation for ownership of Shares the Fund, through its officers or Directors, shall determine may violate any securities laws or banking laws of the US or any state or other jurisdiction thereof.

Except that a US Person shall not include corporations, partnerships or other entities which are organised or incorporated under the laws of any non-US jurisdiction, unless such corporation, partnership or other entity was formed by such US Person principally for the purpose of investing in securities not registered under the US Securities Act of 1933, as amended.

## **INTRODUCING UNIVERSE, THE CMI GLOBAL NETWORK FUND**

### **The Fund**

Universe, The CMI Global Network Fund is an open-ended investment company based in the Grand Duchy of Luxembourg. The Fund aims to provide investors with a wide range of Sub-Funds covering international markets under the shelter of one corporate entity.

The Sub-Funds are distinguished mainly by their investment policies, the currencies in which they are denominated or any other specific features.

Pursuant to the Articles, the Directors may decide to create within each Sub-Fund different Classes of Shares the subscription proceeds of which will be commonly invested in accordance with the investment policy of the Sub-Fund concerned, but where different currency hedging techniques and/or sales, conversion or redemption fees and management charges and/or distribution policies minimum subscription or holding amounts or any other specific feature may be applied to each class. The issue of Shares of the different Classes may be restricted to specific investors. All references to a Sub-Fund shall, where the context requires, include any Class or Classes which form such Sub-Fund. Where no Classes have been issued within a Sub-Fund, references to a Class shall be to the Sub-Fund.

Except otherwise described under the section "Investing in the Fund", the Fund currently issues four Classes of Shares within each Sub-Fund. These Classes are denominated Class 1, Class 2, Class 3 and Class 7. As more fully described under the section "Investing in the Fund", different minimum subscription amounts and holding amounts may be applicable to each Class of Shares.

The Sub-Funds are denominated in a wide range of freely convertible currencies, and wherever possible this is the domestic currency of the country in which the Sub-Fund is investing (or a country in the region in which the Sub-Fund is investing). This means that the investor is able to clearly see the currency situation and its impact on the performance of the Sub-Fund.

The Fund may create new Sub-Funds and/or new Classes of Shares from time to time, in which case the Prospectus will be updated.

### **The Management Company**

The Directors have designated Lemanik Asset Management S.A. as management company of the Fund to perform investment management, administration and marketing functions for the Fund.

### **Investment Managers**

Insight Investment Management (Global) Limited has been appointed by the Fund and the Management Company as Investment Manager for the following Sub-Funds:

- CMIG Access 80% Sub-Fund;
- CMIG Access 70% Flexible Sub-Fund;

- CMIG Access 80% Flexible Sub-Fund; and
- CMIG Access 90% Flexible Sub-Fund.

BlackRock Investment Management (UK) Limited has been appointed by the Fund and the Management Company as Investment Manager for the following Sub-Funds:

- CMI Continental European Equity Sub-Fund;
- UK Equity Index Tracking Sub-Fund; and
- US Equity Index Tracking Sub-Fund.

Schroder Investment Management Limited has been appointed by the Fund and the Management Company as Investment Manager for the following Sub-Funds:

- CMI UK Equity Sub-Fund;
- CMIG Focus Euro Bond Sub-Fund;
- CMI Global Equity Sub-Fund;
- CMI US Enhanced Equity Sub-Fund;
- CMI Pacific Basin Enhanced Equity Sub-Fund; and
- CMI Global Mixed Sub-Fund.

The Investment Managers will, in accordance with the investment objectives as well as the Investment Safeguards of the Fund, be in charge of the day to day management of the investments of the assets of the Sub-Funds.

## **THE SUB-FUNDS**

Investments of the Sub-Funds are subject to market movements up and down. Consequently, there are no guarantees that investment objectives will be fulfilled or that capital growth will occur. In addition, investors may not get back the full amount invested.

Whilst the policy of the Fund will be that the assets of each Sub-Fund should be invested in pursuit of its investment objectives, the Fund has the right to maintain ancillary liquidity for any Sub-Fund for treasury purposes in the form of short-term investments (issued or guaranteed by first class borrowers), if the Directors consider it to be in the best interests of the Shareholders to do so. Subject to the investment restrictions in section "Investment Safeguards", each Sub-Fund will not hold more than 20% of its net assets in cash and deposits at sight (such as cash held in current accounts) for ancillary liquidity purposes in normal market conditions.

### **The Equity Sub-Funds**

The Fund has four equity Sub-Funds, two of which invest in a single country, one in a specific region and one on a global basis.

The investment objective of these Sub-Funds is capital growth. The aim is to provide capital growth with outperformance of a local stock market index over 3 to 5 years, and to be an upper quartile performer when compared with similar domestic stock market funds.

Risk Profile: Investment in equity Sub-Funds will involve greater risks than investing in bond funds. However the opportunity for a level of return above inflation is higher, especially over the long term.

Profile of the typical investor: These Sub-Funds are suitable for investors who seek capital growth over a long-term period (3-5 years) through a high to very high risk investment.

The investor must have experience in volatile products and must be able to accept significant temporary losses. These Sub-Funds are suitable for investors who can afford to set aside the capital for at least 5 years.

The use of financial derivative instruments is limited to (i) index future contracts with the sole objective of efficient portfolio management and (ii) forward exchange contracts with the objective to hedge currency risks.

### ***Single Country Sub-Funds***

#### **CMI UK Equity Sub-Fund**

The Sub-Fund seeks to achieve long-term capital growth by investing at least two thirds of its net assets in a diversified portfolio of United Kingdom equity or equity related securities of companies that are part of the FTSE All Share Index. The Sub-Fund is actively managed with an aim of outperforming the FTSE All Share Index. The Investment Manager aims to add value by selecting those companies, which have a greater than average growth potential, based on the Investment Manager's analysis of the companies' financial positions. The base currency of this Sub-Fund is Sterling.

The Investment Manager will take limited positions that deviate from the composition of the FTSE All Share Index, with the extent of those positions taking into account the risk of the overall market. These limited positions can be overweights or underweights compared to the FTSE All Share Index or be securities that are not part of such index. The Investment Manager seeks to limit the deviation between the performance of the Sub-Fund and the FTSE All Share Index, which constrains the extent of this difference in composition. This also limits the extent to which the Sub-Fund has opportunity to outperform the FTSE All Share Index.

#### **CMI US Enhanced Equity Sub-Fund**

The Sub-Fund seeks to achieve long-term capital growth by investing at least two thirds of its net assets in a diversified portfolio of US equities or equities related securities of companies that are part of the S&P 500 Index. The Sub-Fund is actively managed with an aim of outperforming the S&P 500 Index. The Investment Manager aims to add value by selecting those companies, which have a greater than average growth potential based on the Investment Manager's analysis of the companies' financial positions. The base currency of this Sub-Fund is US Dollars.

The Investment Manager will take limited positions that deviate from the composition of the S&P 500 Index, with the extent of those positions taking into account the risk of the overall market. These limited positions can be overweights or underweights compared to the S&P 500 Index or be securities

that are not part of such index. The Investment Manager seeks to limit the deviation between the performance of the Sub-Fund and the S&P 500 Index, which constrains the extent of this difference in composition. This also limits the extent to which the Sub-Fund has opportunity to outperform the S&P 500 Index.

### ***Regional Sub-Fund***

#### **CMI Pacific Basin Enhanced Equity Sub-Fund**

The Sub-Fund seeks to achieve long-term capital growth by investing at least two thirds of its net assets in a diversified portfolio of equities or equities related securities of companies in countries in the Pacific Basin (excluding Japan) that are part of the MSCI Asia Pacific ex Japan Index. The Sub-Fund is actively managed with an aim of outperforming the MSCI Asia Pacific ex Japan Index. The Investment Manager aims to add value by selecting those companies which have a greater than average growth potential, based on the Investment Manager's analysis of the companies' financial positions. The base currency of this Sub-Fund is US Dollars.

The Investment Manager will take limited positions that deviate from the composition of the MSCI Asia Pacific ex Japan Index, with the extent of those positions taking into account the risk of the overall market. These limited positions can be overweights or underweights compared to the MSCI Asia Pacific ex Japan Index or be securities that are not part of such index. The Investment Manager seeks to limit the deviation between the performance of the Sub-Fund and the MSCI Asia Pacific ex Japan Index, which constrains the extent of this difference in composition. This also limits the extent to which the Sub-Fund has opportunity to outperform the MSCI Asia Pacific ex Japan Index.

### ***Global Sub-Fund***

#### **CMI Global Equity Sub-Fund**

The Sub-Fund aims to provide long-term capital growth by investing in a diversified international portfolio of equities or equity related securities traded on the major stock markets of the world. Whilst emphasis will be on companies with a large capitalisation, the portfolio may also include selected shares of medium and small companies where significant growth potential has been identified. The base currency of this Sub-Fund is Sterling.

### **The Equity Index Tracking Sub-Funds**

The Fund has three equity index tracking Sub-Funds, which aim to match the performance of a relevant stock market index. It should be appreciated that there is no guarantee or assurance of exact or identical replication of the performance of the relevant index. As a result of this, there will be a tracking error that is the difference between the performance of the relevant index and the performance of the relevant Sub-Fund. The anticipated tracking error is not expected to exceed 0.20%. The annual and semi-annual reports of the Fund state the size of the tracking error at the end of the period under review.

The strategy for achieving the index tracking will be to purchase, where possible, an example of every constituent stock in the relevant index broadly in proportion to the respective weightings of the stocks. Should insufficient funds be available to do this then a carefully selected sample of stocks from each index will be purchased.

Additionally, the Investment Manager may hold a small percentage (~2%) of suitable index futures to manage cash flows and to reduce transaction costs within each Sub-Fund.

The Sub-Funds may, from time to time, hold securities that are not constituents of the relevant index as a result of:

- securities that are expected to enter the index may be held up to the estimated index weightings;
- securities that have exited the index may be held where there is good reason to do so;
  - corporate actions on index constituents;
  - other corporate activity on index constituents resulting in non-tradeable securities; or
- securities that have multiple listings. As long as the primary listing of the security is part of the index, the same security listed on another exchange may be held.

The Investment Manager aims to manage all Equity Index Tracking Sub-Funds' portfolios within 20 basis points ("**bps**") of their relevant index. However, the asset size of each Sub-Fund may make this objective difficult to reach.

The rebalancing transaction costs of the relevant index, over a year, tend to vary from index to index from 2 to 5 bps p.a. unless otherwise provided, the rebalancing frequency of the relevant index is determined by the index provider and is generally done on at least a semi-annual basis.

Investors should be aware that Equity Index Tracking Sub-Funds are passively managed and as such, investment performance will be expected to follow that of the relevant index, both in terms of rises and falls in the index. Additionally, index compositions can change and shares in the index may be delisted.

By offering the UK Equity Index Tracking Sub-Fund, the US Equity Index Tracking Sub-Fund and the CMI Continental European Equity Sub-Fund, the investor is able to have a stake in the major developed economies of the world, covering over 75% of the world's equity markets by capitalisation.

**Risk Profile:** Investment in equity Sub-Funds will involve greater risks than investing in bond Sub-Funds. However the opportunity for a level of return above inflation is higher, especially over the long term.

**Profile of the typical investor:** These Sub-Funds are suitable for investors who seek capital growth over a long-term period (3-5 years) through a high to very high risk investment.

The investor must have experience in volatile products and must be able to accept significant losses. These Sub-Funds are suitable for investors who can afford to set aside the capital for at least 5 years.



The use of financial derivative instruments is limited to index future and currency forward contracts with the sole objective of efficient portfolio management.

### **UK Equity Index Tracking Sub-Fund**

The Sub-Fund aims to achieve long-term capital growth by investing in a diversified portfolio of equities or equity related securities listed on the FTSE All-Share Custom Screened Index (the "**Index**") and wherever possible, in proportion to their weighting in that Index. The aim of the Sub-Fund will be to mirror, as closely as possible, the performance of the Index. The base currency of this Sub-Fund is Sterling.

The Index measures the performance of a sub-set of equity securities within the FTSE All-Share (the "**Parent Index**") which excludes companies from the Parent Index based on the following exclusions screening criteria:

- Manufacturers of controversial weapons prohibited by international conventions such as anti-personnel landmines, cluster munitions, chemical and biological weapons;
- Companies violating the principle of the United Nations Global Compact;
- Companies where 5% or more of their revenue is derived from thermal coal extraction and/or tar sand operations;
- Companies where 10% or more of their revenue is obtained via activities within tobacco production, sales or related services.

The Parent Index is a market-capitalisation weighted index whereby the weight of each company in the index is driven by the size of the company. This means that the larger the company the greater the weighting it has in the index. The Parent Index captures 98% to 99% of the UK's market capitalisation and represents the performance of all eligible companies listed on the London Stock Exchange's main market.

The Index and the Parent Index are reviewed on a quarterly basis in March, June, September and December. Any constituent changes are implemented to the Index and the Parent Index after trading closes on the 3rd Friday of the review month. The Index and the Parent Index include calculation rules to ensure minimum levels of free float, price accuracy for constituent securities and liquidity.

More details on the Index and the Parent Index (including its constituents) can be found at: <http://www.ftse.com/products/indices/uk> (the Parent Index) and <https://www.ftserussell.com/products/indices/custom-methodologies> (the Index).

The Sub-Fund is not connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "**LSE Group**").

All rights in the Index and the Parent Index vest in the relevant LSE Group company which owns the Indices. "FTSE®" is a trade mark of the relevant LSE Group company and is used by any other LSE Group company under license.

The Index and the Parent Index are published by FTSE International Limited and are calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. The LSE Group does not

accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index and the Parent Index or (b) investment in or operation of the Sub-Fund. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Sub-Fund or the suitability of the Index and the Parent Index.

### **US Equity Index Tracking Sub-Fund**

The Sub-Fund aims to achieve long-term capital growth by investing in a diversified portfolio of equities or equity related securities listed on the FTSE USA Custom Screened Index (the "**Index**") and wherever possible, in proportion to their weighting in that Index. The aim of the Sub-Fund will be to mirror, as closely as possible, the performance of the Index. The base currency of this Sub-Fund is US Dollars.

The Index measures the performance of a sub-set of equity securities within the FTSE USA Index (the "**Parent Index**") which excludes companies from the Parent Index based on the following exclusions screening criteria:

- Manufacturers of controversial weapons prohibited by international conventions such as anti-personnel landmines, cluster munitions, chemical and biological weapons;
- Companies violating the principle of the United Nations Global Compact;
- Companies where 5% or more of their revenue is derived from thermal coal extraction and/or tar sand operations;
- Companies where 10% or more of their revenue is obtained via activities within tobacco production, sales or related services.

The Parent Index is a market-capitalisation weighted index whereby the weight of each company in the index is driven by the size of the company. This means that the larger the company the greater the weighting it has in the index. The Parent Index captures large and mid-cap companies in the US.

The Index and the Parent Index are reviewed on a quarterly basis in March, June, September and December. Any constituent changes are implemented to the Index and the Parent Index after trading closes on the 3rd Friday of the review month. The Index and the Parent Index include calculation rules to ensure minimum levels of free float, price accuracy for constituent securities and liquidity.

More details on Index and the Parent Index (including its constituents) can be found at: <http://www.ftse.com/products/indices/geisac> (the Parent Index) and <https://www.ftserussell.com/products/indices/custom-methodologies> (the Index).

The Sub-Fund is not connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "**LSE Group**").

All rights in the Index and the Parent Index vest in the relevant LSE Group company which owns the Indices. "FTSE®" is a trade mark of the relevant LSE Group company and is used by any other LSE Group company under license.

The Index and the Parent Index are published by FTSE International Limited and are calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index and the Parent Index or (b) investment in or operation of the Sub-Fund. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Sub-Fund or the suitability of the Index and the Parent Index.

### **CMI Continental European Equity Sub-Fund**

The Sub-Fund aims to achieve long-term capital growth by investing in a diversified portfolio of equities or equity related securities listed on the FTSE Developed Europe ex-UK Custom Screened Index (the "**Index**"), wherever possible, in proportion to their weighting in that Index. The aim of the Sub-Fund will be to mirror, as closely as possible, the performance of the Index. The base currency of this Sub-Fund is Euro.

The Index measures the performance of a sub-set of equity securities within the FTSE Developed Europe ex-UK (the "**Parent Index**") which excludes companies from the Parent Index based on the following exclusions screening criteria:

- Manufacturers of controversial weapons prohibited by international conventions such as anti-personnel landmines, cluster munitions, chemical and biological weapons;
- Companies violating the principle of the United Nations Global Compact;
- Companies where 5% or more of their revenue is derived from thermal coal extraction and/or tar sand operations;
- Companies where 10% or more of their revenue is obtained via activities within tobacco production, sales or related services.

The Parent Index is a market-capitalisation weighted index whereby the weight of each company in the index is driven by the size of the company. This means that the larger the company the greater the weighting it has in the index. The Parent Index comprises large and mid-cap companies providing coverage of the developed markets in Europe (excluding the UK).

The Index and the Parent Index are reviewed on a quarterly basis in March, June, September and December. Any constituent changes are implemented to the Index and the Parent Index after trading closes on the 3rd Friday of the review month. The Index and the Parent Index include calculation rules to ensure minimum levels of free float, price accuracy for constituent securities and liquidity.

More details on the Index and the Parent Index (including its constituents) can be found at: <http://www.ftse.com/products/indices/geisac> (the Parent Index) and <https://www.ftserussell.com/products/indices/custom-methodologies> (the Benchmark Index).

The Sub-Fund is not connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "**LSE Group**").

All rights in the Index and the Parent Index vest in the relevant LSE Group company which owns the Indices. "FTSE®" is a trade mark of the relevant LSE Group company and is used by any other LSE Group company under license.

The Index and the Parent Index are published by FTSE International Limited and are calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index and the Parent Index or (b) investment in or operation of the Sub-Fund. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Sub-Fund or the suitability of the Index and the Parent Index.

### **The Global Managed Sub-Fund**

The Fund has one Global managed Sub-Fund, namely CMI Global Mixed Sub-Fund, described below, which currently issues Class 1, Class 2 and Class 7 Shares.

The use of financial derivative instruments is limited to (i) index future contracts with the sole objective of efficient portfolio management and (ii) forward exchange contracts with the objective to hedge currency risks.

### **CMI Global Mixed Sub-Fund**

The Sub-Fund aims to achieve long-term capital growth by primarily investing in a diversified international portfolio of fixed interest securities together with equity or equity related securities.

This Sub-Fund will principally invest in bonds and other debt securities issued or guaranteed by governments, local authorities or public companies in OECD member countries and in equities traded on the major stock markets of the world.

The base currency of this Sub-Fund is Sterling.

**Risk Profile:** As the Sub-Fund has a mixed allocation in equities and bonds, the investment in this Sub-Fund will involve greater risks than investing in bond Sub-Funds. However the opportunity for a level of return above inflation is higher, especially over the long term.

**Profile of the typical investor:** This Sub-Fund is suitable for investors who seek capital growth over a long-term period (3-5 years) through a high- risk investment.

This Sub-Fund is suitable for investors who can afford to set aside the capital for at least 5 years.

### **The CMIG Sub-Funds**

The Fund has five CMIG Sub-Funds, the shares of which may only be subscribed for by companies which are members of the Clerical Medical Group. The CMIG Access 80% Sub-Fund issues only Class 7 Shares.

Except for the CMIG Focus Euro Bond Sub-Fund, the use of financial derivative instruments is limited to (i) index future contracts with the sole objective of efficient portfolio management and (ii) forward exchange contracts with the objective to hedge currency risks.

### **CMIG Access 80% Sub-Fund**

The objective of this Sub-Fund is to achieve long-term capital growth by investing in a portfolio of equity securities of the Euro Stoxx 50 index, and by investing also in Euro denominated short-term securities and short-term instruments, money market instruments and deposits with credit institutions.

The allocation to equities, equity related investments (through ETFs and index futures as described below) will vary from 0 to 84%. Equity related investments also comprise ETFs which may represent more than 10%. Depending on market conditions and the fluctuation of the equity securities comprised in the Euro Stoxx 50 index and related index futures, the Investment Manager will, to achieve the objective of capital preservation, invest, temporarily or for a longer term, a substantial portion of the assets of the Sub-Fund (between 16 and 100%) in Euro denominated short-term securities and short-term instruments, money market instruments and deposits with credit institutions.

The base currency of this Sub-Fund is Euro.

Investments in ETFs and index futures may be used as determined from time to time by the Investment Manager with the objective of gaining exposure to equities within the Euro Stoxx 50 index in a more effective manner. The total commitments resulting from the use of financial derivative instruments may not exceed the total net assets of the Sub-Fund.

**Risk Profile:** Investment in equity Sub-Funds will involve greater risks than investing in bond funds. However the opportunity for a level of return above inflation is higher, especially over the long term.

**Profile of the typical investor:** This Sub-Fund is suitable for investors who seek capital growth over a long-term period (3-5 years) through a high to very high- risk investment.

The investor must have experience in volatile products and must be able to accept losses of up to 20% of its original investment. This Sub-Fund is suitable for investors who can afford to set aside the capital.

### **CMIG Access 70% Flexible Sub-Fund**

The objective of this Sub-Fund is to achieve long-term capital growth by investing in a portfolio of equity securities of the Euro Stoxx 50 index, and by investing also in Euro denominated short-term securities and short-term instruments, money market instruments and deposits with credit institutions.

The allocation to equities and equity related investments (through ETFs and index futures as described below) will vary from 0 to 100%. Equity related investments also comprise ETFs which may represent more than 10%. Depending on market conditions and the fluctuation of the equity securities comprised in the Euro Stoxx 50 index and related index futures, the Investment Manager will, to achieve the objective of capital preservation, invest, temporarily or for a longer term, a

substantial portion of the assets of the Sub-Fund (between 0 and 100%) in Euro denominated short-term securities and short-term instruments, money market instruments and deposits with credit institutions.

The base currency of this Sub-Fund is Euro.

Investments in ETFs and index futures may be used as determined from time to time by the Investment Manager with the objective of gaining exposure to equities within the Euro Stoxx 50 index in a more effective manner. The total commitments resulting from the use of financial derivative instruments may not exceed the total net assets of the Sub-Fund.

**Risk Profile:** Investment in equity Sub-Funds will involve greater risks than investing in bond funds. However the opportunity for a level of return above inflation is higher, especially over the long term.

**Profile of the typical investor:** This Sub-Fund is suitable for investors who seek capital growth over a long-term period (3-5 years) through a high to very high risk investment.

The investor should have experience in volatile products and should be able to accept losses of up to 30% of its original investment. This Sub-Fund is suitable for investors who can afford to set aside the capital.

### **CMIG Access 80% Flexible Sub-Fund**

The objective of this Sub-Fund is to achieve long-term capital growth by investing in a portfolio of equity securities of the Euro Stoxx 50 index, and by investing also in Euro denominated short-term securities and short-term instruments, money market instruments and deposits with credit institutions.

The allocation to equities and equity related investments (through ETFs and index futures as described below) will vary from 0 to 86.4%. Equity related investments also comprise ETFs which may represent more than 10%. Depending on market conditions and the fluctuation of the equity securities comprised in the Euro Stoxx 50 index and related index futures, the Investment Manager will, to achieve the objective of capital preservation, invest, temporarily or for a longer term, a substantial portion of the assets of the Sub-Fund (between 13.6 and 100%) in Euro denominated short-term securities and short-term instruments, money market instruments and deposits with credit institutions.

The base currency of this Sub-Fund is Euro.

Investments in ETFs and index futures may be used as determined from time to time by the Investment Manager with the objective of gaining exposure to equities within the Euro Stoxx 50 index in a more effective manner. The total commitments resulting from the use of financial derivative instruments may not exceed the total net assets of the Sub-Fund.

**Risk Profile:** Investment in equity Sub-Funds will involve greater risks than investing in bond funds. However the opportunity for a level of return above inflation is higher, especially over the long term.

Profile of the typical investor: This Sub-Fund is suitable for investors who seek capital growth over a long-term period (3-5 years) through a high to very high risk investment.

The investor must have experience in volatile products and must be able to accept losses of up to 20% of its original investment. This Sub-Fund is suitable for investors who can afford to set aside the capital.

### **CMIG Access 90% Flexible Sub-Fund**

The objective of this Sub-Fund is to achieve long-term capital growth by investing in a portfolio of equity securities of the Euro Stoxx 50 index, and by investing also in Euro denominated short-term securities and short-term instruments, money market instruments and deposits with credit institutions.

The allocation to equities and equity related investments (through ETFs and index futures as described below) will vary from 0 to 43.2%. Equity related investments also comprise ETFs which may represent more than 10%. Depending on market conditions and the fluctuation of the equity securities comprised in the Euro Stoxx 50 index and related index futures, the Investment Manager will, to achieve the objective of capital preservation, invest, temporarily or for a longer term, a substantial portion of the assets of the Sub-Fund (between 56.8 and 100%) in Euro denominated short-term securities and short-term instruments, money market instruments and deposits with credit institutions.

The base currency of this Sub-Fund is Euro.

Investments in ETFs and index futures may be used as determined from time to time by the Investment Manager with the objective of gaining exposure to equities within the Euro Stoxx 50 index in a more effective manner. The total commitments resulting from the use of financial derivative instruments may not exceed the total Net Asset Value held by the Sub-Fund.

Risk Profile: Investment in equity Sub-Funds will involve greater risks than investing in bond funds. However the opportunity for a level of return above inflation is higher, especially over the long term.

Profile of the typical investor: This Sub-Fund is suitable for investors who seek capital growth over a long-term period (3-5 years) through a high to very high risk investment.

The investor must have experience in volatile products and must be able to accept losses of up to 10% of its original investment. This Sub-Fund is suitable for investors who can afford to set aside the capital.

### **CMIG Focus Euro Bond Sub-Fund**

The objective of this Sub-Fund is to achieve a combination of income and long-term total return by investing principally in a diversified portfolio of investment grade rated fixed interest securities. This Sub-Fund will principally invest in Euro denominated bonds and other debt securities issued or guaranteed by governments, local authorities or public companies or issued by companies.

Financial derivative instruments may be used for efficient portfolio management, for investment purposes, for hedging purposes and/or to manage currency exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations and this Prospectus. Financial derivative instruments mainly include, futures, options, swaps (including, but not limited to, credit and credit-default, interest rate and inflation swaps) and forward exchange contracts. Such derivative instruments may result in the exposure to short positions.

**Risk profile:** Investments in bond Sub-Funds have traditionally involved lower risk than an equity investment.

The annual returns made by the Sub-Fund cannot be regarded as constant and the Sub-Fund has no specific maturity. This means that investors cannot count on a return on the investment at a certain value by a specific date in the future.

**Profile of the typical investor:** These Sub-Funds are suitable for investors who see investment funds as a convenient "savings" product. They are also suitable for more experienced investors wishing to obtain defined investment objectives.

In an investor's portfolio, it is a low-risk investment instrument or for more experienced investors a temporary investment in times of low market opportunities.

The base currency of this Sub-Fund is Euro.

## **SUSTAINABILITY-RELATED DISCLOSURES**

Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended (SFDR) governs the transparency requirements regarding the integration of sustainability risks into investment decisions, the consideration of adverse sustainability impacts and the disclosure of Environment, Social, and Governance (ESG) and sustainability-related information.

The Investment Managers identify, analyse and integrate sustainability risks in their investment decision-making process as they consider that this integration could help enhance long-term risk adjusted returns for investors. However, different asset classes, investment strategies and investment universes may require different approaches to the integration of such risks in investment decision-making.

Sustainability risk means an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Sub-Fund's investment. Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks.

Sustainability risks are integrated into the Management Company's risk management process. On a quarterly basis, using external data from third-party providers, the Management Company creates a



Sustainability Risk Report with ESG Scoring and Climate Risk Reporting for each Sub-Fund. The Management Company will monitor a variety of factors on the invested assets, such as third party ESG ratings at investee company level, carbon and water footprints, controversies on environmental, social and governance aspects etc.

Assessment of sustainability risks is complex and may be based on environmental, social, or governance data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

Consequent impacts to the occurrence of sustainability risk can be many and varied according to a specific risk, region or asset class. Generally, when sustainability risk occurs for an asset, there will be a negative impact and potentially a total loss of its value and therefore an impact on the net asset value of the relevant Sub-Fund.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

As of the date of this Prospectus, none of the Sub-Funds promotes environmental or social characteristics, or has as objective sustainable investment.

As at the date of this Prospectus, the Sub-Funds do not consider principal adverse impacts on sustainability factors as the investment policies of the Sub-Funds do not promote any environmental and/or social characteristics. The situation may however be reviewed going forward.

#### **Sub-Funds managed by Schroder Investment Management Limited:**

Schroder Investment Management Limited includes the consideration of sustainability risks alongside other factors in investment decision making for the Sub-Funds it manages in its risk management processes. Schroder Investment Management Limited will typically analyse potential investments by assessing (alongside other relevant considerations), for example, the overall costs and benefits to society and the environment that an issuer may generate or how the market value of an issuer may be influenced by individual sustainability risks such as a rise in carbon tax. Schroder Investment Management Limited will also typically consider the relevant issuer's relationships with its key stakeholders – customers, employees, suppliers and regulators - including an assessment of whether those relationships are managed in a sustainable manner and, therefore, whether there are any material risks to the market value of the issuer.

A range of proprietary tools may be used to perform these assessments, along with supplementary metrics from external data providers and the Investment Manager's own due diligence, as appropriate

#### **Sub-Funds managed by BlackRock Investment Management (UK) Limited:**

Due to the investment strategies of the Sub-Funds managed by BlackRock Investment Management (UK) Limited being to match, as closely as possible, the performance of a relevant stock market index, it has been determined that sustainability risks are not deemed relevant to the stock selection

decisions of these Sub-Funds.

### **Sub-Funds managed by Insight Investment Management (Global) Limited:**

Due to the investment strategies of the Sub-Funds managed by Insight Investment Management (Global) Limited, it has been determined that sustainability risks are not deemed relevant to the stock selection decisions of these Sub-Funds.

## **INVESTING IN THE FUND**

### **Why Luxembourg?**

Luxembourg is a well-accepted centre for the establishment of investment funds and has a high reputation as a financial centre in the international financial community. Luxembourg is a member of the EU and was the first member state to adopt the UCITS Directive into national law.

Luxembourg has tax laws, which recognise the special position of investment funds which subject them to minimal taxation.

### **Simplicity**

Shares of any Class can be bought, sold or switched at the Dealing Price of the relevant Dealing Day in accordance with the provisions of this Prospectus. For further details please refer to "How to apply?" and "REPURCHASES AND SWITCHES".

Subscriptions will be accepted in any freely convertible currency acceptable to the Fund. Subscriptions received in currencies other than the denominated currency of the relevant Sub-Fund will be sold for the requisite currency by the Fund, without its responsibility and at the expense and risk of the investor, and the net proceeds invested in the Fund. Shares will be allocated on the basis of the exchange rate prevailing at the relevant Dealing Day.

Shares may also be issued upon acceptance of the subscription against contributions in kind of transferable securities and other assets considered acceptable by the Board of Directors compatible with the investment policies and the investment objectives of the Sub-Funds, subject to applicable laws and regulations. Any such subscription in kind will be valued in a special report prepared by the Fund's auditor if legally required. Any expenses incurred in connection with such contributions shall be borne by the Shareholder(s) concerned.

Investors may normally purchase or redeem Shares on a daily basis at the Dealing Price.

Shares may not be issued other than to a person who shall, to the Fund, (a) represent that they are not a US person and are not purchasing the Shares for the account or benefit of a US Person and (b) agree to notify the Fund promptly if, at any time while they remain a holder of any shares, they should become a US Person or shall hold any Shares for the account or benefit of a US Person.

## **Publication of Dealing Prices**

Dealing Prices of the previous Dealing Day for Class 1 Shares can be found daily via the following website link:

<https://www.clericalmedical.com/sicav/dfp.asp?i1=0&i2=0&icb=0&lang=en&PageID=104>

For the CMIG Sub-Funds, for Class 2, Class 3 and Class 7 Shares, Dealing Prices will not be published but will be available at the registered office of the Fund.

## **What are the Risks?**

**The list of risk factors set out below does not intend to be a complete explanation of the risks involved in investing in Shares of the Fund. Before making any decision to subscribe for or buy Shares, prospective investors should carefully read the entire Prospectus and the Key Information Documents and consult with their professional advisers regarding the tax and other consequences of an investment in the Shares in light of their personal circumstances.**

An investment in the Shares involves a high degree of risk, including the risk of loss of the entire amount invested. There can be no assurance that any of the Sub-Funds will achieve their respective investment objective or that there will be any return of capital to Shareholders. Before investing in the Shares, prospective investors should carefully consider the inherent risks, including the following:

### **General Economic Conditions**

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the liquidity of the markets for both equities and interest-rate-sensitive securities. Certain market conditions, including unexpected volatility or illiquidity in the market in which a Sub-Fund directly or indirectly holds positions, could impair that Sub-Fund's ability to achieve its objectives and/or cause it to incur losses.

### **Market Risks**

The success of a significant portion of the each Sub-Fund's investment program will depend, to a great extent, upon correctly assessing the future course of the price movements of stocks, bonds, financial instruments and foreign currencies. There can be no assurance that these price movements can be predicted accurately.

### **Concentration risk**

Based on its investment policy, a Sub-Fund may invest in financial instruments from issuing institutions that (mainly) operate within the same sector or region, or on the same market. If this is the case – due to the concentration of the investment portfolio of the Sub-Fund – events that have an effect on these issuing institutions may have a greater effect on the Sub-Fund assets than in the case of a less concentrated investment portfolio.

**Currency risk**

All or part of the securities portfolio of the Sub-Funds may be invested in transferable securities, money market instruments and other eligible financial instruments denominated in currencies other than the base currency of the Sub-Fund. As a result, fluctuations in the exchange rate may have both a negative and a positive effect on the investment result of the Sub-Funds.

**Investing in Equity Securities**

Investing in equity securities may offer a higher rate of return than those in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value. Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. Historically, equity securities have provided greater long-term returns and have entailed greater short-term risks than other investment choices.

**Investing in Debt Securities**

Sub-Funds investing in debt securities such as bonds may be affected by credit quality considerations and changes to prevailing interest rates. The issuer of a bond or other debt security may default on its obligations by failing to make payments due, or repay principal and interest in a timely manner which will affect the value of debt securities held by the Sub-Fund. Debt securities are particularly susceptible to interest rate changes and may experience significant price volatility. If interest rates increase, the value of a Sub-Fund's investments generally declines. On the other hand, if interest rates fall, the value of the investments generally increases. Securities with greater interest rate sensitivity and longer maturities tend to produce higher yields, but are subject to greater fluctuations in value.

Changes to the financial condition of the issuer of the securities caused by economic, political or other reasons may adversely affect the value of debt securities and therefore the performance of the Sub-Funds. This may also affect a debt security's liquidity and make it difficult for a Sub-Fund to sell the debt security. It is possible that credit markets will experience a lack of liquidity during the term of a Sub-Fund which may result in higher default rates than anticipated on the bonds and other debt securities.

The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, a Sub-Fund's investments in such markets may be less liquid and their prices may be more volatile than comparable investments in securities traded in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

## **Investments in government debt securities**

There are increasing concerns regarding the ability of multiple sovereign states to continue to meet their debt obligations. This has led to the downgrading of the credit rating of certain European governments and the US government. Global economies are highly dependent on each other and the consequences of the default of any sovereign state may be severe and far-reaching and could result in substantial losses to the Sub-Fund and the investor.

## **Investments in debt securities of Financial Institutions**

Certain financial institutions may be adversely affected by market events and could be forced into restructurings, mergers with other financial institutions, nationalised (whether in part or in full), be subject to government intervention or become bankrupt or insolvent. All of these events may have an adverse effect on a Sub-Fund and may result in the disruption or complete cancellation of payments to the Sub-Fund. Such events may also trigger a crisis in global credit markets and may have a significant effect on a Sub-Fund and its assets.

Prospective investors should note that a Sub-Fund's investments may include bonds and other debt securities that constitute subordinated obligations of such institutions. Upon the occurrence of any of the events outlined above the claims of any holder of such subordinated securities shall rank behind in priority to the claims of senior creditors of such institution. No payments will be made to the Sub-Fund in respect of any holdings of such subordinated bonds or debt securities until the claims of the senior creditors have been satisfied or provided for in full.

## **Investment Grade Bonds**

Certain Sub-Funds may invest in investment grade bonds. Investment grade bonds are assigned ratings within the top rating categories by rating agencies (Fitch, Moody's and/or Standard & Poor's) on the basis of the creditworthiness or risk of default of a bond issue. Rating agencies review, from time to time, such assigned ratings and bonds may therefore be downgraded in rating if economic circumstances impact the relevant bond issues.

## **High Yield Bonds**

Investment in debt securities is subject to interest rate, sector, security and credit risks. Compared to investment grade bonds, high yield bonds are normally lower-rated securities and will usually offer higher yields to compensate for the reduced creditworthiness or increased risk of default that these securities carry.

## **Lack of Liquidity in Markets**

Despite the heavy volume of trading in securities and other financial instruments, the markets for some securities and instruments have limited liquidity and depth. This limited liquidity and lack of depth could be a disadvantage to the Sub-Funds, both in the realisation of the prices which are quoted and in the execution of orders at desired prices.

## Use of Derivatives for Investment Purposes

The use of derivatives aims to provide the Fund with the potential for improved returns through the use of strategies beyond those classed as efficient portfolio management. It is not intended to increase the risk profile of the Fund, however it may lead to greater volatility in the Fund's Share price. Appropriate risk monitoring will be applied to ensure the risk profile of the Fund is not materially increased as a result of any potential increase in volatility.

Using derivatives for investment purposes has distinct characteristics, such as:

- The potential that, in certain cases, the use of derivatives may amplify losses. Derivatives might not move in line with the underlying country or index or in extreme circumstances might cause the value of a Fund to move in the opposite direction to that expected. As such, their behaviour could be counter-intuitive to that expected by investors who are accustomed to investment in traditional funds which will increase in value when the values of the underlying assets increase (this is known as a long position).
- Derivative strategies may include the use of short positions (direct/physical short sales are prohibited) that, as an example provide a benefit if an asset falls in value and also leverage to take advantage of particular opportunities which have the potential for greater yield and total return. However, their use may increase the exposure of a Fund to greater capital risk. The risk arises as the possible loss from taking a short position on a security differs to the loss that could be incurred from a cash investment in the security (long position). The loss on a short position may be unlimited as there is no restriction on the price to which a security may rise, whereas the loss on the latter cannot exceed the total amount of the cash investment.

The above use of short positions is permitted (via an agreement to deliver the relevant asset without holding it in the fund) under certain conditions. However, the short selling of investments may be subject to changes in regulations, which could adversely impact returns to investors. The Fund mitigates these risks by ensuring that there is appropriate cover for all derivative transactions.

The Fund may enter into transactions in the Over-The-Counter (OTC) markets (in which, for example, forward, spot and option contracts on currencies, credit default swaps and total return swaps are generally traded) and on organized exchanges. Any Fund entering into OTC transactions will be subject to additional risks compared to transactions on organized exchanges as a result of:

- Less governmental regulation and supervision of transactions.
- Protections afforded to participants on organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available.
- The potential that its direct counterparty will not perform its obligations under the transactions and that a Fund will sustain losses.
- There might be a lack of counterparties willing to deal in the OTC market for derivatives. In certain markets there might not be counterparties available. This could create a liquidity risk for the Fund.

The Fund will be exposed to counterparties to the derivative transactions. The Fund is exposed to the counterparties' credit risk as they might be unable to honour their contractual obligations or become insolvent. To mitigate that risk, the counterparties to these transactions may be required to provide collateral to the Fund to offset the exposure to the counterparty under the derivative position. The Fund will in this case, therefore, also have exposure to both the quality and security of the collateral received. Please see further details within the "Management of collateral and collateral policy" section.

If the counterparty to the Company in relation to a derivative became insolvent or is unable to meet its obligations under the contracts, and there is no or not enough collateral backing the relevant position then a Fund would be likely to suffer a loss which may have a significant impact on its investment performance.

### **Counterparty risk**

A counterparty of the Sub-Fund may fail to fulfil its obligations towards the Sub-Fund. This risk is limited as much as possible by taking every possible care in the selection of counterparties.

In general, there is less governmental regulation and supervision of transactions in the OTC markets than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, may not be available in connection with OTC transactions. Therefore, a Sub-Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that a Sub-Fund will sustain losses.

For listed derivatives, such as futures, where a Sub-Fund is not a direct member of various exchanges, clearing services are required from a third party that is a clearing member. This clearing member is required by the clearing house to post margin, which in turn requires a Sub-Fund to post margin. Because of risk premiums and netting margins across a multitude of clients, the actual margin posted by the clearing member at the clearing house is significantly lower than the margin posted by the Sub-Fund, implying the Sub-Fund runs residual counterparty credit risk on the clearing member.

The Fund will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties in accordance with the Luxembourg laws and regulations. Regardless of the measures the Fund may seek to implement to reduce counterparty credit risk, however, there can be no assurance that counterparty will not default nor that a Sub-Fund will not sustain losses as a result.

### **Emerging and less developed markets risk**

In emerging and less developed markets the legal, judicial and regulatory infrastructure is still developing and there may be legal uncertainty both for local market participants and their overseas counterparts. Some markets may carry higher risks for investors who should therefore ensure that, before investing, they understand the risks involved and are satisfied that despite the substantial risk of loss of investment, their investment is suitable as part of their portfolio.

Investors should recognise that the potential social, political and economical instability of some of the emerging countries certain Sub-Funds intend to invest in, could impact the value and liquidity of the investments of these Sub-Funds. Furthermore, investments in some countries may be subject to currency risk as currencies have often experienced periods of weakness or repeated devaluations.

More specifically, investors should consider the following risk warnings if they invest in Sub-Funds investing in emerging markets:

- economic and/or political instability could lead to legal, fiscal and regulatory changes or the reversal of legal/fiscal/regulatory/market reforms. Assets could be compulsorily acquired without adequate compensation;
- the interpretation and application of decrees and legislative acts can be often contradictory and uncertain, particularly in respect of matters relating to taxation;
- the accounting and audit systems may not accord with international standards;
- conversion into a foreign currency or transfer from some markets of proceeds received from the sale of securities cannot be guaranteed. The value of the currency in some markets, in relation to other currencies, may decline as such the value of the investment is adversely affected;
- the securities markets of some countries lack the liquidity, efficiency, regulatory and supervisory controls of more developed markets and lack of liquidity may adversely affect the value or ease of disposal of assets;
- in some markets, there may be no secure method of delivery against payment which would avoid exposure to counterparty risk. It may be necessary to make payment on a purchase or delivery on a sale before receipt of the securities or, as the case may be, sale proceeds.

### **Small and mid cap companies risk**

The Sub-Funds will primarily provide exposure to companies considered small or mid cap in terms of market capitalisation. Shares in such companies may be less liquid and more volatile than those of larger companies. Companies within these sectors of the market may include recently established entities which have relatively limited trading histories, in relation to which there is limited public information or entities engaged in new-to-market concepts which may be speculative in nature. For these reasons, these sectors may experience significant volatility and reduced liquidity which may result in the loss of investor capital.

### **Futures**

Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the



investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

### **Effects of Redemptions**

Large redemptions of Shares within a limited period of time could require the applicable Sub-Fund to liquidate positions more rapidly than would otherwise be desirable, adversely affecting the value of both the Shares being redeemed and the outstanding Shares. In addition, regardless of the period of time over which redemptions occur, the resulting reduction in a Sub-Fund's net asset value could make it more difficult to generate profits or recover losses. Redemption proceeds paid by a Sub-Fund to a redeeming Shareholder may be less than the net asset value of such Shares at the time a redemption request is made due to fluctuations in the net asset value between the date of the request and the applicable Dealing Day.

### **Institutional Risk**

All assets of each Sub-Fund will be held under the custody or supervision of the Depositary. The Depositary is authorised to use correspondent banks and nominees. The institutions, including brokerage firms and banks, with which a Sub-Fund (directly or indirectly) does business, or to which portfolio securities have been entrusted for custodial purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the applicable Sub-Fund. Each Sub-Fund intends to limit its securities transactions to well-capitalised and established banks and brokerage firms in an effort to mitigate such risks.

### **Risks of investment in a "fund of funds" structure**

- **Illiquidity of the UCITS and other UCIs**  
Although UCITS and UCIs in which the Sub-Funds invest are open-ended UCITS and UCIs with payment of their redeemed shares in due time, there may be, in exceptional circumstances, a lack of liquidity at the level of the investments made by such UCITS and UCIs which may affect the liquidity of the Shares of the Sub-Funds, as well as their net asset value calculation, the issue and the redemption of their Shares.
- **Nature of the Investments of the Sub-Funds**  
The Investment Manager seeks to monitor investments and trading activities of the UCITS and UCIs to which the Sub-Funds have allocated assets.

However, investment decisions are normally made independently at the level of such UCITS and UCIs and are solely subject to the restrictions set out in the articles of incorporation or prospectuses of such UCITS and UCIs. Although due diligence is conducted by the Investment Manager, neither the Fund nor the Investment Manager or the Depositary are liable for the compliance with such restrictions.

- Exposure to foreign exchange risk

According to their individual investment policy, the Sub-Funds may invest in UCITS and UCIs in a currency other than the currency in which they are denominated. Such exposure entails risks of foreign exchange rates falls, which will not automatically be hedged. Moreover, even when hedging techniques are used, it may not be possible to eliminate totally the exposure to currencies other than the Sub-Fund's base currency.

## **Sustainability risks**

Please refer to section "Sustainability-Related Disclosures".

## **What are the costs?**

As stated above, Shares may be purchased, redeemed or switched on a daily basis, at a single Dealing Price quoted for each Class. However, the Fund is entitled to deduct an initial charge from all investments, which will not exceed 8.5% of the subscription monies. A maximum of 2% (depending on the investment amount) will be payable to the Fund. The Fund may pay an introductory fee to recognised professional advisers and other financial intermediaries of up to 6.5% of the subscription monies out of the initial charge.

The other costs involved are described in the section "Charges and Expenses" and include a management fee payable monthly calculated daily on the Net Asset Value of each Class.

## **How do you invest?**

The Fund currently issues four Classes of Shares within each Sub-Fund. These Classes are denominated Class 1, Class 2, Class 3 and Class 7.

As more fully described below, different minimum subscription amounts and holding amounts may be applicable to each Class of Share:

### **Class 1**

The sale of Class 1 Shares is available to investors within each Sub-Fund (except for the CMIG Sub-Funds), subject to a minimum initial investment and minimum holding per Class of EUR 5,000 or the equivalent in a freely convertible currency acceptable to the Fund. At the discretion of the Directors, an investment of less than the minimum may be accepted. Additional subscriptions for each Sub-Fund must also be a minimum of EUR 5,000 or the equivalent in a freely convertible currency acceptable to the Fund.

### **Class 2, Class 3 and Class 7**

The sale of Class 2, Class 3 and Class 7 Shares is restricted to Institutional Investors.

In considering the qualification of a subscriber as an Institutional Investor, the Directors shall have due regard to the guidelines or recommendations (if any) of the relevant supervisory authorities.

Institutional Investors subscribing in their own name, but on behalf of a third party, must certify to the Directors that such subscription is made on behalf of an Institutional Investor as aforesaid and the Directors shall require evidence that the beneficial owner of the Shares is an Institutional Investor.

The foregoing shall however not apply to credit institutions or other professionals of the financial sector established in Luxembourg or abroad, which invest in their own name but on behalf of their non-institutional clients on the basis of a discretionary management mandate.

**At present, Class 2, Class 3 and Class 7 Shares may only be acquired by Institutional Investors, who are approved by the Fund.**

The minimum initial investment amount and minimum holding is EUR 850,000 for Class 2 and Class 7 and EUR 1,700,000 for Class 3 or the respective equivalent in a freely convertible currency acceptable to the Fund.

**Shares issued within the CMIG Sub-Funds may only be subscribed for by companies which are members of the Clerical Medical Group and which qualify as Institutional Investors.**

### **How to apply?**

Application forms for the subscription of Shares shall be sent to the Transfer Agent, CACEIS Bank, Luxembourg Branch, 5, allée Scheffer, L-2520 Luxembourg.

Applications with respect to all Sub-Funds have to be received no later than 1 p.m. Luxembourg time on a Dealing Day in order to be dealt with on the basis of the Dealing Price of that Dealing Day. Applications received after such deadline will be deemed to be received on the next Dealing Day. Investments in excess of EUR 50,000 (or equivalent in another currency) should be sent by telegraphic transfer.

Payment for subscribed Shares has to be received on the relevant Dealing Day (cleared funds). The Board of Directors may decide that for certain selected intermediaries or investors, payment for subscribed Shares shall be made no later than 3 Business Days after the relevant Dealing Day.

Shares in the Fund will be allocated at the Dealing Price ruling at the Dealing Day on which applications have been received (or the next Dealing Day if received on a day which is not a Dealing Day).

Registered Shares are available in non-certificated form only. Non-certificated Shares offer much greater convenience particularly in relation to switches and redemptions. Contract notes will be sent immediately after allotment of Shares and will serve as confirmation of an investment.

## **Delegation of Powers**

Investors may choose to delegate their investment strategy to a nominated professional adviser who will be responsible for instructing the Fund to accept applications and subsequent directions. A Professional Adviser Form of Authority is available with the Application form. Those investors who wish to take advantage of this facility should complete this form and return it to the Transfer Agent, together with a completed Application form. It should be noted that such an appointment is at the discretion of the investor and that the Fund is not party to such an appointment.

## **REPURCHASES AND SWITCHES**

### **Instructions**

Shares of any Sub-Fund may be repurchased (subject as mentioned below) or switched on a Dealing Day at the Dealing Price calculated on that Dealing Day.

Requests for repurchases or switches will be dealt with on the Dealing Day on which they are received (or the next Dealing Day if received on a day which is not a Dealing Day) but if any such request is received after 1pm Luxembourg time on a Dealing Day, it will be deferred until the next Dealing Day.

Instructions for the repurchase or switching of Shares may be given by fax (which must be confirmed by letter) or in writing to the Transfer Agent, CACEIS Bank, Luxembourg Branch, 5, allée Scheffer, L-2520 Luxembourg.

Applications should provide the following information:

- the full name(s) and address of the Shareholder(s) making the request
- their personal account number
- the number or the value, expressed in the base currency of the relevant Sub-Fund, of Shares of each Class to be redeemed or switched
- in the event of a switch, the new Class of the same or another Sub-Fund chosen for investment.

Contract notes confirming the details of the repurchase or switch will be sent to Shareholders on the Business Day following receipt and acceptance of the request by the Fund.

Any request for repurchase or switch shall be irrevocable except in the event of suspension of redemptions pursuant to the section "Suspensions" below. In the absence of revocation, repurchase or switch will occur as of the first Dealing Day after the end of the suspension.

In exceptional circumstances, the Board of Directors may request that a Shareholder accept repurchase in kind. The Shareholder may always request a cash repurchase payment in the reference currency of the relevant Class. Where the Shareholder agrees to accept repurchase in kind he will, as far as possible, receive a representative selection of the relevant Class' holdings pro rata to the number of shares redeemed and the Board of Directors will make sure that the remaining Shareholders do not suffer any loss therefrom. The value of the repurchase in kind will be certified by certificate drawn up by the independent auditors of the Fund to the extent required by Luxembourg laws and

regulations, except where the repurchase in kind exactly reflects the Shareholder's *prorata* share of investments.

The issue and repurchase of Shares shall be prohibited:

- (a) during the period in which the Fund does not have a depositary;
- (b) where the Depositary is put into liquidation or declared bankrupt or seeks an arrangement with creditors, a suspension of payment or a controlled management or is the subject of similar proceedings.

## Switching

Holders of Shares will be entitled (subject as mentioned under "Suspensions" below) to switch some or all of their holding of Shares of one Class into Shares of another Class of the same or another Sub-Fund. The Fund may refuse to comply with such instructions if to do so would result in a holding of less than the applicable minimum holding.

**Only Shareholders who are Institutional Investors may request a switch into any Class 2, Class 3 or Class 7 Shares, and only Shareholders who are member companies of Clerical Medical Group may request a switch into any of the CMIG Sub-Funds.**

On a switch, the holding of Shares of one Class will be purchased by the Fund at the Dealing Price for that Class and the Fund will then sell to the Shareholder on the same day Shares of another Class, also at the Dealing Price. Shareholders wishing to use the switching facility should make use of the procedure as set out in the section, "Calculation of Net Asset Value and Dealing Price" and should indicate clearly that a switch is required.

The Directors will determine the number of Shares of the Class into which the Shareholder wishes to switch his existing Shares in accordance with the following formula:

$$A = \frac{(B \times (C - E)) \times F}{D}$$

where:

- A is the number of Shares to be allocated in the new Class.
- B is the number of Shares relating to the original Class to be switched.
- C is the Dealing Price per Share relating to the original Class.
- D is the Dealing Price per Share relating to the new Class.
- E is the switching charge (if any) that may be levied by the Directors.
- F is the currency exchange rate representing the effective rate of exchange applicable to the transfer of assets between the relevant Sub-Funds, after adjusting such rate as may be

necessary to reflect the effective costs of making such transfer, provided that when the original Sub-Fund and the new Sub-Fund are designated in the same currency, the rate is one.

### **Charges on Switches**

Details are contained in the section "Charges and Expenses – On Switches".

### **Settlement**

In the case of repurchases, payments will normally be dispatched in the currency of the Sub-Fund. Investors subscribing in other currencies will be deemed to have selected their repurchases to be paid in the currency of the Sub-Fund. Payments will be dispatched within five Business Days after the relevant Dealing Day provided that written request for repurchase has by then been received.

Payment may, on request to the Fund and at the Directors' discretion, also be made in a currency, other than the currency of the Sub-Fund that can be easily converted from the currency in which the Shares held are priced. Any such conversion will be carried out by the Fund on behalf of the Shareholder, without responsibility of the Fund, and any foreign exchange transaction cost will be deducted from the amount payable to Shareholder.

Payment will be by a cheque payable to the Shareholder(s) and sent to the Shareholder(s) at his address shown in the register of Shareholders of the Fund (the "**Register of Shareholders**") or, at the request and the expense of the Shareholder and on his or her specific authority, by transfer of funds to a bank account in the name of the Shareholder(s).

### **General**

Instructions to repurchase, or switch as described above, once given, are irrevocable except in the case of suspension (see the section "Calculation of Net Asset Value and Dealing Price-Suspensions").

If a repurchase, or switch or sale of Shares would reduce the value of the holdings of a Shareholder below the minimum holding amount of a Sub-Fund or Class, then such Shareholder shall be deemed to have requested the redemption or switch of all his Shares of such Sub-Fund or Class. The Fund therefore reserves the right to repurchase holdings which are less than the minimum holding amount applicable for each Sub-Fund or Class. If the proceeds resulting from the repurchase of holdings less than the minimum holding amount applicable for each Sub-Fund or Class cannot be distributed to their beneficiaries, they may be deposited with the *Caisse de Consignation* on behalf of their beneficiaries.

In addition, the Fund will only accept redemption requests for a minimum amount of EUR 170.

If in exceptional circumstances the liquidity of any particular Sub-Fund is not sufficient to enable payment to be made within the period referred to above, such payment will be made as soon as reasonably practicable thereafter but without interest.

In that event that total requests for redemptions and switches of Shares of any Class on any Dealing Day when aggregated with redemption and switching requests deferred under this paragraph exceed 10% of the Net Asset Value of a Sub-Fund, then redemptions and switches on that Dealing Day may be reduced or deferred so as to reduce such requests to that 10% level; any requests so reduced or deferred shall be given effect in priority to subsequent requests as of the first following Dealing Day, subject to the same foregoing limit.

If, as a result of such repurchase or otherwise, the capital of the Fund would be reduced below two-thirds of the minimum capital (as determined by Luxembourg law), the Directors are required by law to submit to a general meeting of Shareholders a resolution to consider the dissolution of the Fund.

The repeated purchase and sale of Shares designed to take advantage of pricing inefficiencies in the Fund – also known as "Market Timing"- may disrupt portfolio investment strategies and increase the Fund's expenses and adversely affect the interests of the Fund's long term Shareholders. To deter such practice, the Directors reserve the right, in case of reasonable doubt and whenever an investment is suspected to be related to Market Timing, which the Directors shall be free to determine, to suspend, revoke or cancel any subscription or conversion order placed by investors who have been identified as doing frequent in and out trades within the Fund.

The Directors, as safeguard of the fair treatment of all investors, take necessary measures to ensure that (i) the exposure of the Fund to Market Timing activities is adequately assessed on an ongoing basis, and (ii) sufficient procedures and controls are implemented to minimise the risks of Market Timing in the Fund.

## **DIVIDENDS**

All Sub-Funds accumulate income and do not distribute dividends.

## **CHARGES AND EXPENSES**

### **On Application**

The Fund is entitled to deduct an initial charge from all investments, which will not exceed eight and one half per cent (8.5%) of the subscription monies. Upon receipt of the investor's instruction, the Fund can also take up to 6.5% from the investment amount to pay an introductory fee to recognised professional advisers and other financial intermediaries.

### **On Switches**

The first twelve switches in any calendar year will be free of any switching fee. Thereafter the Fund will deduct a fee of EUR 35 or the equivalent in any other currency, from the value of an investor's holding prior to reinvesting proceeds in another Class of the same or another Sub-Fund. However the Fund reserves the right where switches have exceeded a total of twelve in any calendar year, to increase the fee of EUR 35 up to the equivalent of 2% of the value of an investor's holding, in the event that such switching is detrimental to existing Shareholders in the same Class and/or Sub-Fund.

## On Repurchase

There is no fee charged for repurchasing Shares.

## Management Fees

The Fund will pay management fees monthly and calculated daily on the Net Asset Value of each Class, currently based upon the annual maximum rates set out in the table below:

Sub-Fund	Class 1	Class 2	Class3	Class 7
<b>EQUITY SUB-FUNDS</b>				
CMI CONTINENTAL EUROPEAN EQUITY	1.25%	0.33%	0.115%	0.15%
CMI UK EQUITY	0.75%	0.33%	0.115%	0.15%
CMI GLOBAL EQUITY	1.25%	0.33%	n/a	0.15%
CMI GLOBAL MIXED	1.25%	0.33%	n/a	0.15%
CMI US ENHANCED EQUITY	0.75%	0.23%	0.115%	0.15%
CMI PACIFIC BASIN ENHANCED EQUITY	0.75%	0.23%	0.115%	0.15%
<b>BOND SUB-FUND</b>				
CMIG FOCUS EURO BOND	n/a	n/a	0.115%	n/a
<b>EQUITY INDEX TRACKING SUB-FUNDS</b>				
UK EQUITY INDEX TRACKING	0.50%	0.18%	0.115%	0.15%
US EQUITY INDEX TRACKING	0.50%	0.18%	0.115%	0.15%
<b>GA FAMILY SUB-FUNDS</b>				
CMIG ACCESS 70% FLEXIBLE	n/a	n/a	n/a	0.15%
CMIG ACCESS 80% FLEXIBLE	n/a	n/a	n/a	0.15%
CMIG ACCESS 90% FLEXIBLE	n/a	n/a	n/a	0.15%
CMIG ACCESS 80%	n/a	n/a	n/a	0.15%

Out of the management fees, the Fund will remunerate the Management Company, the Investment Manager as well as the Administrative Agent.

The management fees may be increased up to an amount equal to 1.5% per annum of the Net Asset Value of each Class. Where any such increase is to occur it will only apply provided one month prior written notice is given to Shareholders, provided any decrease in the management fees may occur without such prior written notice.

The Fund is entitled at its sole discretion, and via delegation to the Global Distributor, to rebate all of or any of its fees and to pay commission to any investors or their brokers or agents in respect of any subscriptions for, or holdings of Shares.

## THE DEPOSITARY

### Depository's functions

CACEIS Bank, Luxembourg Branch is acting as the Fund's depository (the "**Depository**") in accordance with a depository bank and principal paying agent agreement dated 13 December 2016 as



amended from time to time (the "**Depositary Agreement**") and the relevant provisions of the 2010 Law and the UCITS Rules (as defined hereafter).

CACEIS Bank, Luxembourg branch is acting as a branch of CACEIS Bank, a public limited liability company (*société anonyme*) incorporated under the laws of France with a share capital of 1 280 677 691,03 Euros having its registered office located at 89-91, rue Gabriel Peri, 92120 Montrouge, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Nanterre. CACEIS Bank is an authorised credit institution supervised by the European Central Bank ("**ECB**") and the Autorité de contrôle prudentiel et de résolution ("**ACPR**"). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg.

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

The Depositary has been entrusted with the custody and/or, as the case may be, recordkeeping and ownership verification of the Sub-Funds' assets, and it shall fulfil the obligations and duties provided for by Part I of the 2010 Law. In particular, the Depositary shall ensure an effective and proper monitoring of the Fund's cash flows.

In due compliance with the rules applicable to UCITS (including the 2010 Law) (the "**UCITS Rules**") the Depositary shall:

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

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

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

A list of these correspondents/third party custodians are available on the website of the Depositary ([www.caceis.com](http://www.caceis.com), section "*veille réglementaire*"). Such list may be updated from time to time. A complete list of all correspondents/third party custodians may be obtained, free of charge and upon request, from the Depositary. Up-to-date information regarding the identity of the Depositary, the description of its duties and of conflicts of interest that may arise, the safekeeping functions delegated by the Depositary and any conflicts of interest that may arise from such a delegation are also made available to investors on the website of the Depositary, as mentioned above, and upon request.

### **Depositary's conflicts of interest**

There are many situations in which a conflict of interest may arise, notably when the Depositary delegates its safekeeping functions or when the Depositary also performs other tasks on behalf of the Fund, such as administrative agency and registrar and transfer agency services. These situations and the conflicts of interest thereto related have been identified by the Depositary. In order to protect the Fund's and its Shareholders' interests and comply with applicable regulations, a policy and procedures designed to prevent situations of conflicts of interest and monitor them when they arise have been set in place within the Depositary, aiming namely at:

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

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

The Fund and the Depositary may terminate the Depositary Agreement at any time by giving ninety (90) days' prior notice in writing. The Fund may, however, dismiss the Depositary only if a new depositary bank is appointed within two (2) months to take over the functions and responsibilities of the Depositary. After its dismissal, the Depositary must continue to carry out its functions and responsibilities until such time as the entire assets of the Sub-Funds have been transferred to the new depositary bank.

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

## **THE ADMINISTRATIVE AGENT**

The Administrative Agent of the Fund is CACEIS Bank, Luxembourg Branch ("**CACEIS**"), with its registered office at 5, allée Scheffer, L-2520 Luxembourg and registered with the *Registre de Commerce et des Sociétés de Luxembourg* under number B 209.310.

The Administrative Agent, as UCI administrator, is responsible for the performance of the administrative functions required by Luxembourg laws and regulations including (i) the determination of the Net Asset Value per Share in each Sub-Fund and the accounting of the Fund, (ii) the registrar and transfer agent function and (iii) the client communication function (which is comprised of the production and delivery of the confidential documents intended for investors).

CACEIS may outsource, for the performance of its activities, IT and operational functions related to its activities as Administrative Agent, in particular as registrar and transfer agent activities including unitholders and investor services, with other entities of the group CACEIS, located in Europe or in third countries, and notably in United Kingdom, Canada and Malaysia.

In this context, CACEIS may be required to transfer to the outsourcing provider data related to the investor, such as name, address, date and place of birth, nationality, domicile, tax number, identity document number (in case of legal entities: name, date of creation, head office, legal form, registration numbers on the company register and/or with the tax authorities and persons related to the legal entity such as investors, economic beneficiaries and representatives), etc. In accordance with Luxembourg law, CACEIS has to disclose a certain level of information regarding the outsourced activities to the Fund, which will communicate these information to the investors. The Fund and/or the Management Company will communicate to the investors any material changes to the information disclosed in this paragraph prior to their implementation.

The list of countries where the group CACEIS is located is available on the Internet site [www.caceis.com](http://www.caceis.com). We draw your attention to the fact that this list could change over time.

## **OTHER EXPENSES**

The Fund will pay the expenses detailed under " CALCULATION OF NET ASSET VALUE AND DEALING PRICE " paragraph B e).

## **TAXATION**

The following information is not comprehensive, is based on applicable laws as currently enacted, and is subject to change. It is anticipated that persons investing in the Fund may be subject to taxation in a variety of jurisdictions. **Therefore, prospective investors should consult their own professional advisers on the consequences of acquiring, holding, switching or disposing of Shares of the Fund.**

## Taxation of Shareholders

### *Luxembourg resident individuals*

Capital gains realised on the sale of the Shares by Luxembourg resident individuals Shareholders who hold the Shares in their personal portfolios (and not as business assets) are generally not subject to Luxembourg income tax except if:

- (i) the Shares are sold before or within 6 months from their subscription or purchase; or
- (ii) if the Shares held in the private portfolio constitute a substantial shareholding. A shareholding is considered as substantial when the seller, alone or with his/her spouse and underage children, has participated either directly or indirectly at any time during the five years preceding the date of the disposal in the ownership of more than 10% of the capital or assets of the company.

Luxembourg personal income tax is levied following a progressive income tax scale.

### *Luxembourg resident corporate*

Luxembourg resident corporate Shareholders will be subject to corporate taxation on the capital gains received upon disposal of the Shares.

Luxembourg corporate resident Shareholders who benefit from a special tax regime, such as, for example, (i) an undertaking for collective investment subject to the 2010 Law, (ii) specialized investment funds subject to the law of 13 February 2007 related to specialised investment funds, (iii) a reserved alternative investment funds subject to the Law of 23 July 2016 on reserved alternative investment funds (to the extent they have not opted to be subject to general corporation taxes), or (iv) family wealth management companies subject to the law of 11 May 2007 related to family wealth management companies, are exempt from income tax in Luxembourg, but are instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Shares, as well as gains realized thereon, are not subject to Luxembourg income taxes.

The Shares shall be part of the taxable net wealth of the Luxembourg resident corporate Shareholders except if the holder of the Shares is (i) a UCI subject to the 2010 Law, (ii) a vehicle governed by the law of 22 March 2004 on securitization, (iii) a company governed by the law of 15 June 2004 on venture capital vehicles, (iv) a specialized investment fund subject to the law of 13 February 2007 related to specialised investment funds, (v) a reserved alternative investment fund subject to the Law of 23 July 2016 on reserved alternative investment funds or (vi) a family wealth management company subject to the law of 11 May 2007 related to family wealth management companies. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%. A reduced tax rate of 0.05% is due for the portion of the net wealth exceeding EUR 500 million.

### *Non Luxembourg residents*

Non-resident individuals or collective entities who do not have a permanent establishment in Luxembourg to which the Shares are attributable, are not subject to Luxembourg taxation on capital gains realized upon disposal of the Shares and the Shares will not be subject to net wealth tax.

### *Automatic Exchange of Information*

The Organisation for Economic Co-operation and Development ("**OECD**") has developed a common reporting standard ("**CRS**") to achieve a comprehensive and multilateral automatic exchange of information (AEOI) on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "**Euro-CRS Directive**") was adopted in order to implement the CRS among the member states. The Euro-CRS Directive was implemented into Luxembourg law by the Law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("**CRS Law**"). The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Accordingly, the SICAV may require its Investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status. Responding to CRS-related questions is mandatory. The personal data obtained will be used for the purpose of the CRS Law or such other purposes indicated by the SICAV in the data protection section of the Prospectus in compliance with Luxembourg data protection law. Information regarding an Investor and his/her/its account will be reported to the Luxembourg tax authorities (*Administration des Contributions Directes*), which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis, if such an account is deemed a CRS reportable account under the CRS Law. In addition, Luxembourg tax authorities signed the OECD's multilateral competent authority agreement ("**Multilateral Agreement**") to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non EU member states: it requires agreements on a country by country basis.

Luxembourg: Subject to the provisions of the Directive as implemented into Luxembourg law, Shareholders are not subject to any capital gains, income, withholding, gift, estate, inheritance or other tax in Luxembourg (except for Shareholders domiciled, resident or having a permanent establishment in Luxembourg as described above).

United Kingdom: Generally: Depending on their circumstances United Kingdom resident individual Shareholders may be liable to income tax, and UK resident corporate Shareholders may be liable to corporation tax. The rate depends on whether the qualifying investments test is met (see below), and for UK resident corporate Shareholders whether the distribution exemption within Part 9A Corporation Tax Act 2009 applies.

United Kingdom Resident Non-Corporate Shareholders: United Kingdom resident Shareholders who are individuals or otherwise not within the charge to corporation tax may, depending on their personal circumstances, be liable to capital gains tax in respect of gains arising from the disposal of Shares in a Sub-Fund or the switching of Shares in one Sub-Fund for Shares in another Sub-Fund (switches

between Classes within a Sub-Fund should not give rise to a liability to capital gains tax). Individuals are only liable to capital gains tax if their total chargeable gains in a tax year exceed the annual exemption. If gains in excess of this exemption are realised, the excess is taxable at the rate of Capital Gains Tax applicable to the investor.

The attention of individuals resident in the United Kingdom is also drawn to the anti-avoidance provisions of The Transfer of Assets Abroad rules within Chapter 2, Part 13, Income Taxes Act 2007, which may render such individuals liable to income tax as income arises to the fund, and Section 13 Taxation Chargeable Gains Act 1992 (Attribution of gains to members of non-resident companies) which may render such individuals liable to capital gains tax as gains are realised by the Fund.

United Kingdom resident Corporate Shareholders: The position for United Kingdom resident corporate Shareholders on disposing of Shares in a Sub-Fund or on switching Shares in one Sub-Fund for Shares in another Sub-Fund is dependent on whether that Sub-Fund fails the non-qualifying investments test.

A Sub-Fund will fail the qualifying investments test in any accounting period where the market value of the qualifying investments (a term which broadly includes money placed at interest, securities other than shares, shares in a building society, holdings in a unit trust scheme or an offshore fund or an open-ended investment company which itself fails the non-qualifying investments test and certain derivative instruments) exceeds 60 per cent of the market value of all the investments of the Sub-Fund. This may occur in relation to the following Sub-Funds due to the operation of their respective investment strategies:

CMIG Access 80% Sub-Fund

CMIG Access 70% Flexible Sub-Fund

CMIG Access 80% Flexible Sub-Fund

CMIG Access 90% Flexible Sub-Fund

Where a Sub-Fund fails the qualifying investments test, the holding is required to be brought into account under the loan relationships legislation pursuant to Part 5 and 6 of Corporation Tax Act 2009.

Where a Sub-Fund passes the qualifying investments test, the disposal of Shares in a Sub-Fund or the switching of Shares in one Sub-Fund for Shares in another Sub-Fund may give rise to a liability to corporation tax in respect of chargeable gains arising from the disposal (switches between Classes within a Sub-Fund should not give rise to a liability to corporation tax on chargeable gains). Shareholders within the charge to corporation tax may claim indexation allowance to reduce the amount of any chargeable gain arising on a disposal of the Shares.

The Offshore Funds (Tax) Regulations 2009 and Section 13 Taxation of Capital Gains Act 1992 (Attribution of gains to members of non-resident companies) also potentially apply to UK resident corporate Shareholders in a similar manner as described above.

The attention of any United Kingdom resident corporate Shareholders who, together with connected or associated persons, is entitled to at least 25 per cent of the Shares is drawn to the provisions of the

controlled foreign companies' legislation contained in Part 9A Taxation (International and Other Provisions) Act 2010.

To the extent a share Class has reporting status, Investors shall be subject to income tax on reported income attributable to the investor in excess of any amounts actually distributed.

Any gain accruing to the investor upon the sale, redemption or other disposal of their interest in a reporting fund will be subsequently taxed as capital gain, with any undistributed income that has been subject to tax being treated as capital expenditure for the purpose of computing the amount of the chargeable gain.

#### *FATCA*

The Foreign Account Tax Compliance Act ("**FATCA**"), a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States of America in 2010. It requires financial institutions outside the US. ("**foreign financial institutions**" or "**FFIs**") to pass information about "Financial Accounts" held by "Specified US Persons", directly or indirectly, to the US tax authorities, the Internal Revenue Service ("**IRS**") on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement.

On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("**IGA**") with the United States of America and a memorandum of understanding in respect thereof. The Fund would hence have to comply with such Luxembourg IGA, as implemented into Luxembourg law by the law of 24 July 2015 relating to FATCA (the "**FATCA Law**") in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Fund may be required to collect information aiming to identify its direct and indirect Shareholders that are Specified US Persons for FATCA purposes ("reportable accounts"). Any such information on reportable accounts provided to the Fund will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996.

The Fund intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed US investments of the Fund. The Fund will continually assess the extent of the requirements that FATCA and notably the FATCA Law place upon it.

To ensure the Fund's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the Fund, the Management Company, in its capacity as the Fund's management company and/or the Administrative Agent, may:

- a. request information or documentation, including withholding certificate (e.g. W-9 or W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a Shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such Shareholder's FATCA status;
- b. report information concerning a Shareholder and his account holding in the Fund to the Luxembourg tax authorities if such account is deemed a US reportable account under the FATCA Law and the Luxembourg IGA;
- c. report information to the Luxembourg tax authorities (Administration des Contributions Directes) concerning payments to Investors with FATCA status of a non-participating foreign financial institution;
- d. deduct applicable US withholding taxes from certain payments made to a Shareholder by or on behalf of the Fund in accordance with FATCA and the FATCA Law and the Luxembourg IGA; and
- e. divulge any such personal information to any immediate payor of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.

The Fund reserves the right to refuse any application for shares if the information provided by a potential investor does not satisfy the requirements under FATCA, the FATCA Law and the IGA.

### **Taxation of the Fund**

Generally: Dividends and interest received by the Fund on its investments are generally subject to non-recoverable withholding taxes in the countries of origin. The Fund may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Fund may benefit from double tax treaties entered into by Luxembourg, which may provide for exemption from withholding tax or reduction of withholding tax rate.

Luxembourg: Under present Luxembourg law and practice, the Fund is not liable to any Luxembourg income tax. The Fund, in respect of each Sub-Fund which has Class 1 Shares (excluding the CMIG Sub-Funds) is liable in Luxembourg to a tax of 0.05% per annum of the Net Asset Value of that Sub-Fund attributable to those Class 1 Shares, such tax being payable quarterly on the basis of the Net Asset Value at the end of the relevant calendar quarter. In respect of Class 2, Class 3 and Class 7 Shares, the tax levied will be at the rate of 0.01% per annum in a similar manner. No stamp duty or other tax is payable in Luxembourg on the issue of Shares except a once and for all initial registration tax which was paid on incorporation. No Luxembourg capital gains tax is payable on the realised or unrealised capital appreciation of the assets of the Fund.

United Kingdom: The Fund should fall within an exemption such that is not considered to be resident in the United Kingdom for taxation purposes. The affairs of the Fund will be managed in such a manner that it should not have a UK taxable presence. However, the Fund may be subject to income tax on United Kingdom source interest.



## **INVESTMENT SAFEGUARDS**

The Directors shall, based upon the principle of spreading or risks, have power to determine the investment policy for each Sub-Fund within the Fund, and the course of conduct of the management and business of the Fund. The Directors have resolved that:

- I. (1) The Fund, for each Sub-Fund, may invest in:
  - a) transferable securities and money market instruments admitted to or dealt in on an Eligible Market;
  - b) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an Eligible Market and such admission is secured within one year of the issue;
  - c) units of UCITS and/or other UCI, whether situated in an EU Member State or not, provided that:
    - such other UCIs have been authorised under the laws of any Member State of the EU or under the laws of Canada, Hong Kong, Japan, Norway, Switzerland or the United States of America,
    - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the Directive,
    - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
    - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
  - d) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is an OECD member state and a FATF State;

e) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Eligible Market and/or financial derivative instruments dealt in over-the-counter ("**OTC derivatives**"), provided that:

- the underlying consists of instruments covered by this section (I) (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Funds may invest according to their investment objective;
- the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
- 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;

and/or

f) money market instruments other than those dealt in on an Eligible Market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU 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 EU Member States belong, or
- issued by an undertaking any securities of which are dealt in on Eligible Markets, or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by Community law, such as, but not limited to, a credit institution which has its registered office in a country which is an OECD member state and a FATF State.
- issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (10,000,000 EUR) and which presents and publishes its annual accounts

in accordance with Directive 2013/34/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- (2) In addition, the Fund may invest a maximum of 10% of the net assets of any Sub-Fund in transferable securities and money market instruments other than those referred to under (1) above.

- II. The Fund may hold ancillary liquid assets. Each Sub-Fund will not hold more than 20% of its net assets in cash and deposits at sight (such as cash held in current accounts) for ancillary liquidity purposes to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 41(1) of the 2010 Law or for a period of time strictly necessary in case of unfavourable market conditions. In exceptionally unfavourable market conditions (such as the September 11 attacks or the global financial crisis in 2008), on a temporary basis and for a period of time strictly necessary, this limit may be increased to up to 100% of its net assets, if justified in the interest of the investors.

Liquid assets held in margin accounts in relation to financial derivative instruments do not qualify as ancillary liquid assets.

- III. a) (i) The Fund will invest no more than 10% of the net assets of any Sub-Fund in transferable securities and/or money market instruments issued by the same issuing body.
- (ii) The Fund may not invest more than 20% of the net assets of any Sub-Fund in deposits made with the same body.
- (iii) The risk exposure of a Sub-Fund to counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. d) above or 5% of its net assets in other cases.
- b) Moreover, where the Fund holds on behalf of a Sub-Fund investment in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph a), the Fund may not combine for each Sub-Fund:

- investments in transferable securities or money market instruments issued by a single body,
- deposits made with a single body, and/or
- exposures arising from OTC derivative transactions undertaken with a single body

in excess of 20% of its net assets.

- c) The limit of 10% laid down in sub-paragraph a) (i) above is increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an EU Member State, its local authorities, or by another Eligible State or by public international bodies of which one or more EU Member States are members.
- d) The limit of 10% laid down in sub-paragraph a) (i) is increased to 25% for covered bonds as defined under article 3, point 1 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (hereafter "Directive (EU) 2019/2162"), and for certain debt securities if they are issued before 8 July 2022 by a credit institution which has its registered office in a Member State of the EU and is subject by law, to special public supervision designed to protect holders of debt securities. In particular, sums deriving from the issue of such debt securities issued before 8 July 2022 must be invested in conformity with the law in assets which, during the whole period of validity of the debt securities, are capable of covering claims attaching to these debt securities and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

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

- e) The transferable securities and money market instruments referred to in paragraphs c) and d) shall not be included in the calculation of the limit of 40% in paragraph b).

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

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III).

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

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

- IV. a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.
- b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.
- V. The Fund may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.

The Fund may acquire no more than:

- 10% of the non-voting shares of the same issuer;
- 10% of the debt securities of the same issuer;
- 10% of the money market instruments of the same issuer.

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

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

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

- VI. a) Unless otherwise provided for in the investment policy of a Sub-Fund, the Sub-Funds may not invest more than 10% of its net assets in units of UCITS or other UCIS.

If the investment policy of a specific Sub-Fund allow the Sub-Fund to invest more than 10% of its assets in units of UCITS or other UCIs the following restrictions will apply:

No Sub-Fund may invest more than 20% of its net assets in units issued by any single UCITS or other UCIs. For the purpose of the application of this limit, each sub-fund of an umbrella UCITS or UCI is considered as a separate UCITS or other UCI for the purpose of the application of this investment restriction provided that the principle of segregation of each sub-fund obligations vis-à-vis third parties is ensured.

- b) The underlying investments held by the UCITS or other UCIs in which the Fund invests do not have to be considered for the purpose of the investment and borrowing restrictions set forth under III. above.
- c) No subscription or redemption fees will be charged and no duplication of management fees will be incurred, by a Sub-Fund in case of investments in UCITS and other UCIs managed directly or indirectly by the Investment Manager or by a company to which these companies are linked in by a common management or control or by a direct or indirect holding of more than 10% of the capital or voting rights. The aggregate management commissions charged to the Sub-Funds and to those underlying UCITS and UCIs will fluctuate, depending upon the assets allocation of each Sub-Fund but will not exceed the

Management Fee of the relevant Sub-Fund (as more fully disclosed under section "Management Fees" above).

Investments in UCITS and other UCIs do usually entail a duplication of entrance fees, management fees, administration fees, depositary charges and taxes. However, such duplication is expected to be partly reduced by obtaining waiver of, or reallowances on, sales commission by the UCITS and other UCIs in which investments will be made or by investing in UCITS and other UCIs or share classes of UCITS or other UCIs exempt from sales commission.

- d) The Fund may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the net amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS or other UCI concerned, all compartments combined.
- e) The Fund may not invest more than 30% of the net assets of each Sub-Fund in shares or units of other UCIs other than UCITS.
- f) A Sub-Fund (the "**Investing Sub-Fund**") may subscribe, acquire and/or hold shares to be issued or issued by one or more Sub-Funds (each, a Target Sub-Fund) provided that:
  - the Target Sub-Fund does not, in turn, invest in the Investing Sub-Fund invested in this Target; and
  - no more than 10% of the assets that the target Sub-Funds whose acquisition is contemplated may be in units of UCITS and / or other UCIs; and
  - voting rights, if any, attaching to the relevant Shares are suspended for as long as they are held by the Investing Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
  - the Investing Sub-Fund may not invest more than 20% of its net assets in units of a single Target Sub-Fund; and
  - in any event, for as long as these Shares are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net asset imposed by the 2010 Law.

VII. With the exception of the Sub-Funds using the relative VaR risk methodology, the Fund shall ensure for each Sub-Fund that the global exposure relating to financial derivative instruments does not exceed the net assets of the relevant Sub-Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

If the Fund invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III above. When the Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in paragraph III. Unless otherwise provided, the rebalancing frequency of the underlying index of such financial derivative instruments is determined by the index provider and there is no cost to the relevant Sub-Fund when the index itself rebalances.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph VII.

- VIII.
- a) The Fund may not borrow for the account of any Sub-Fund amounts in excess of 10% of the net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Fund may acquire foreign currencies by means of back to back loans;
  - b) The Fund may not grant loans to or act as guarantor on behalf of third parties.

This restriction shall not prevent the Fund from acquiring transferable securities, money market instruments or other financial instruments referred to in I. (1) c), e) and f) which are not fully paid.

- c) The Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.
- d) The Fund may not acquire movable or immovable property.
- e) The Fund may not acquire either precious metals or certificates representing them.

- IX.
- a) The Fund needs not comply with the limits laid down in this chapter when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from paragraphs III., IV. and VI. a), b), c) for a period of six months following the date of their creation.
  - b) If the limits referred to in paragraph a) are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its Shareholders.



- c) To the extent that an issuer is a legal entity with multiple compartments where the assets of the compartment are exclusively reserved to the investors in such compartment and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that compartment, each compartment is to be considered as a separate issuer for the purpose of the application of the risk spreading rules set out in paragraphs III., IV. and VI.

X. The Fund may not a) acquire for the benefit of any Sub-Fund securities which are partly paid or not paid or involving liability (contingent or otherwise) unless according to the terms of issue such securities will or may at the option of the holder become free of such liabilities within one year of such acquisition and b) underwrite or sub-underwrite securities of other issuers for any Sub-Fund;

XI. The Fund may not deal in forward foreign exchange or enter into forward exchange contracts or financial futures contracts except to hedge against risks and for transactions involving;

- a) the sale of currency which is due to the Fund in connection with the sale of securities of any Sub-Fund or the issue of Shares;
- b) the purchase of currency where such currency is payable by the Fund in connection with the purchase of securities for any Sub-Fund, the redemption of Shares;
- c) a particular currency to the extent of the value of securities held by the Fund for any Sub-Fund and denominated in such currency and of cash so held in such currency and provided that, in the case of such part of such value as it attributable to debt securities so held and denominated, the contract is for a period not extending beyond the final maturity of such securities;

XII. The Fund employs, from time to time, financial derivative instruments relating to transferable securities under the condition and within the limits laid down by law, regulation or administration practice provided that the Fund may not:

- a) purchase or invest in, for any Sub-Fund, put or call options on securities and/or put or call options based on stock indices if the aggregate of the exercise prices under all such options would at any time exceed 15% of the net assets of such Sub-Fund, or
- b) write or sell for any Sub-Fund call options on securities and/or call options based on stock indices, other than covered call options on securities and/or call options based on stock indices, other than covered call options on securities held by the Fund for any Sub-Fund not exceeding 25% of the value of such securities after deducting from such value and value of options purchased;

- c) hold options for any Sub-Fund in respect of which the value of the underlying securities exceeds 10% of the net assets of such Sub-Fund, and all such permitted options will be contracts which are standardised or customary and traded on recognised exchanges or other organised markets;

Financial derivative instruments are used, from time to time for efficient portfolio management purpose in order to reduce risks and/or costs and/or increase capital or income returns as well as for hedging against market risk, subject that any such transactions comply with the overall investment restrictions of the relevant Sub-Fund and that any potential exposure arising from the transaction is fully covered by cash or other property sufficient to meet any obligation to pay or deliver that could arise. When using such financial derivative instruments for efficient portfolio management, the risks of using these instruments are adequately captured by the risk management process of the Fund, and using such instruments cannot result in a change to the investment objectives of the relevant Sub-Fund or add substantial supplementary risks to the relevant Sub-Fund. For certain Sub-Funds, where financial derivative instruments are also used for investment purposes, this is set out in their respective investment objectives and policies.

- XIII. It is currently not intended that any of the Sub-Funds enters into total return swaps, repurchase transactions or reverse repurchase transactions, securities lending transactions or any other securities financing transactions as defined by the EU Regulation 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse (the "**SFT Regulation**"). Should this change, the Prospectus will be amended accordingly in order to disclose all relevant information required by the SFT Regulation.

## **Management of collateral and collateral policy**

### *General*

In the context of OTC financial derivatives transactions and efficient portfolio management techniques, each Sub-Fund concerned may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral policy applied by the Fund.

### *Eligible collateral*

Collateral received by the Fund will comply with the criteria set out in the CSSF Circular 14/592 relating to the provisions of the ESMA guidelines 2014/937 on ETFs and other UCITS issues and may take the form of:

- (i) Bonds issued or guaranteed by member states of the OECD or by their public or local authorities or by their supranational institutions or organisations;
- (ii) Commercial paper rated A-1 or R-1 or the equivalent by a recognised, widely followed credit rating agency. These instruments qualify as money market instruments as defined in the Directive 2007/16/EC; and

- (iii) Shares quoted or negotiated on a regulated market of a EU Member State or on a stock exchange of a member state of the OECD, on the condition that these shares are included in a main index.

The aggregate market value of the collateral received by the Fund shall never be less than the percentage of the aggregate market value of the loaned securities which is the higher of:

- the minimum percentage required by any applicable legislation or regulatory authority having jurisdiction over the Fund;
- prevailing market practice for the type of loaned security; and
- 105% of the aggregate market value of the loaned securities consisting of equities or a minimum of 102% of the aggregate market value of the loaned securities consisting of bonds.

#### *Haircut Policy*

<b>Eligible collateral</b>	<b>Haircut applied</b>
Bonds issued or guaranteed by member states of the OECD or by their public or local authorities or by their supranational institutions or organisations rated A or equivalent by a recognised, widely followed credit rating agency.	0 to 2%
Commercial paper rated A-1 or R-1 or the equivalent by a recognised, widely followed credit rating agency	0 to 2%
Shares quoted or negotiated on a regulated market of a EU Member State or on a stock exchange of a member state of the OECD, on the condition that these shares are included in a main index	5 to 7%

### **HISTORICAL PERFORMANCE**

Information with respect to the historical performance of the Sub-Funds will be available in the Key Information Documents. Past performance is not necessarily indicative of future results.

### **RISK-MANAGEMENT PROCESS AND GLOBAL EXPOSURE**

The Management Company will employ a risk-management process, which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund. The Management Company will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

The risk measurement and monitoring of the Sub-Funds will be carried out either using the commitment or the value at risk ("VaR") approach.

## Commitment Approach

Except for the Sub-Funds listed in the table under "VaR Approach" below, the global exposure of each of the Sub-Funds is calculated using the commitment approach. The commitment conversion methodology (as detailed in the ESMA Guidelines 10-788) takes into account the market value of the equivalent position in the underlying asset of the financial derivative instruments or the financial derivative instruments' notional value, as appropriate. This commitment conversion methodology allows in certain circumstances and in accordance with the provisions of the CSSF circular 11/512 (i) the exclusion of certain types of non-leveraged swap transactions or certain risk free or leverage free transactions and (ii) the consideration of netting and hedging transactions to reduce the global exposure.

## VaR Approach

The VaR approach seeks to estimate the maximum potential loss a Sub-Fund could experience in a month (20 dealing days) under normal market conditions. The estimate is based on the previous 12 months of the Sub-Fund's performance, and is measured at a 99% confidence level. The VaR is calculated in accordance with these parameters using an absolute or relative approach as described below.

Where it is possible to determine an appropriate risk benchmark for a Sub-Fund, the relevant Sub-Fund will apply a Relative VaR risk management approach which will measure the risk profile of the Sub-Fund against a reference portfolio or risk benchmark (the "**Risk Benchmark**"). Under the Relative VaR approach a limit is set as a multiple of the Risk Benchmark. The Relative VaR limit of a Sub-Fund has to be set at or below twice (i.e. 200%) the VaR of the Sub-Fund's Risk Benchmark.

If for any reason it is not possible or appropriate to determine a Risk Benchmark for any Sub-Fund, the Management Company will consider adopting an Absolute VaR risk management approach. The Absolute VaR limits the maximum VaR that a Sub-Fund can have relative to its Net Asset Value. The Absolute VaR of a Sub-Fund cannot exceed 20% of its Net Asset Value.

Any Sub-Fund that uses the Absolute or Relative VaR approach must also calculate its expected level of leverage, which is stated for each of the Sub-Funds concerned in the table below.

The leverage is a measure of total exposure to financial derivative instruments and is calculated as the "sum of notionals" of the derivatives used.

A Sub-Fund's expected level of leverage is an indicative level and not a regulatory limit. The actual level may exceed the expected level from time to time, provided that the Sub-Fund's use of derivatives will remain consistent with its investment objective and policies and risk profile and will comply with its VaR limit.

The expected levels of leverage reflect the use of all derivative instruments within the portfolio of a given Sub-Fund (where applicable). An expected level of leverage does not necessarily represent an increase of risk in the Sub-Fund as some of the financial derivative instruments used may even reduce the risk. Shareholders should note that the "sum of notionals" calculation method of the expected

level of leverage does not make a distinction as to the intended use of a derivative e.g. being either hedging or investment purposes.

For the Sub-Funds shown in the table below, the Relative VaR is used to calculate market risk and thereby monitor and manage the global exposure with the following Risk Benchmarks:

<b>Sub-Fund</b>	<b>Risk Benchmarks</b>
CMIG Focus Euro Bond Sub-Fund	<b>Fixed Income:</b> JP Morgan Euro Gov Bond Index ex P5 iBoxx Euro Corporate Index

### **Leverage**

The Investment Managers are required to adhere to maximum leverage limits which are calculated as follows:

<b>Sub-Fund</b>	<b>Leverage (%) based on "Sum of Notionals" of the derivatives used</b>
CMIG Focus Euro Bond Sub-Fund	150%

### **BENCHMARK REGULATION**

In accordance with the provisions of the Benchmark Regulation, supervised entities (such as UCITS management companies) may use benchmarks in the EU if the benchmark is provided by an administrator which is included in the register of administrators and benchmarks maintained by ESMA pursuant to the Benchmark Regulation (the "**Register**").

Benchmark administrators located in a third country whose indices are used by the Management Company benefit from the transitional arrangements afforded under the Benchmark Regulation and accordingly may not appear on the Register.

The following benchmark administrators whose indices are used by the Fund are, as at the date of this Prospectus, inscribed in the Register:

<b>Benchmark Administrators</b>	<b>Indices</b>
STOXX Ltd.	Euro Stoxx 50 index

The Management Company maintains a written plan setting out the actions that will be taken in the event that an index materially changes or ceases to be provided. The written plan is available upon request at the registered office of Management Company.

## **CALCULATION OF NET ASSET VALUE AND DEALING PRICE**

### **Net Asset Value**

The reporting currency of the Fund is the Euro.

Each Sub-Fund will be valued on each Dealing Day.

Normally Shares of any Class may be purchased, sold or switched at the Dealing Price calculated as of a Dealing Day provided that the appropriate applications are made in due time in accordance with the provision of this Prospectus.

Fractions of shares will be recorded to three decimal places.

The Net Asset Value of each Class (expressed in the currency of denomination of the Sub-Fund) will be determined by valuing the net assets of the Class and deducting the liabilities of the Class, on each Dealing Day, in accordance with the Articles in the following manner:

- A. The assets of the Fund shall be deemed to include:
  - a) all cash in hand or on deposit, including any interest accrued thereon;
  - b) all bills and demand notes and accounts receivable (including proceeds of securities sold but not delivered), except those receivable from a subsidiary of the Fund;
  - c) all bonds, time notes, shares, stock, debenture stocks, subscriptions rights, warrants, options, units/shares in UCI and other investments and securities owned or contracted for by the Fund;
  - d) all stock, stock dividends, cash dividends and cash distributions receivable by the Fund to the extent information thereon is reasonably available to the Fund (provided that the Fund may make adjustments with regard to fluctuations in the market value of securities caused by trading ex-dividends, ex-rights, or by similar practices);
  - e) all interest accrued on any interest-bearing securities owned by the Fund except to the extent that the same is included or reflected in the principal amount of such security;
  - f) the preliminary and reorganisation expenses of the Fund insofar as the same have not been written off, provided that such preliminary and re-organisation expenses may be written off directly from the capital of the Fund; and
  - g) all other assets of every kind and nature, including prepaid expenses.

The value of such assets shall be determined as follows:

- 1) the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, pre-paid expenses, cash dividends and interest declared or accrued and not yet received shall

be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Fund may consider appropriate in such case to reflect the true value thereof;

- 2) the value of securities and/or financial derivative instruments which are quoted or dealt in on any stock exchange shall be based on the last price available prior to midday on the relevant Dealing Day;
- 3) the value of securities and/or financial derivative instruments dealt in a Regulated Market shall be based on the last price available prior to midday on the relevant Dealing Day;
- 4) in the event that any of the securities held in any Sub-Fund on the relevant Dealing Day are not quoted or dealt in on any stock exchange or Regulated Market or if, with respect to securities quoted or dealt in on any stock exchange or dealt in on any Regulated Market, the price as determined pursuant to sub-paragraphs 2. or 3. is not representative of the fair market value of the relevant securities, the value of such securities will be determined based on the reasonably foreseeable sales price determined prudently and in good faith;
- 5) the financial derivative instruments which are not listed on any official stock exchange or traded on any other organized market will be valued in a reliable and verifiable manner on a daily basis and in accordance with market practice;
- 6) units or shares in open-ended UCIs shall be valued on the basis of their last Net Asset Value, as reported by such undertakings; and
- 7) Liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis.

B. The liabilities of the Fund shall be deemed to include:

- a) all loans, bills and accounts payable, except those payable to any subsidiary of the Fund;
- b) all accrued or payable administrative expenses (including management fee and depositary fee);
- c) all known liabilities, present and future, including all matured contractual obligations for payments of money or property, declared by the Fund where the Dealing Day falls on the record date for determination of the person entitled thereto or is subsequent thereto;
- d) an appropriate provision for future taxes based on capital and income to the Dealing Day, as determined from time to time by the Fund, and other reserves if any authorised and approved by the Directors; and
- e) all other liabilities of the Fund of whatsoever kind and nature.

In determining the amount of such liabilities the Administrative Agent shall take into account all expenses payable by the Fund which shall comprise formation and reorganisation expenses, fees and expenses payable to the Directors, investment advisers or Investment Manager(s), the Management Company, accountants, Depositary, Administrative Agent and paying agents subscription and redemption agents and permanent representatives in places of registration, any other agent employed by the Fund, fees for legal and auditing services, promotional, printing, ongoing distribution fees, reporting and publishing expenses, including the cost of advertising or preparing and printing of prospectuses, explanatory memoranda, registration statements or annual and semi-annual reports, stock exchange listing costs and the costs of obtaining or maintaining any registration with or without authorisation from governmental or other competent authorities, taxes or governmental charges and all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage, postage, telephone and telex as well as the costs related to regulatory reporting, risk reports and sustainability reporting. The Administrative Agent may calculate administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance, and may accrue the same in equal proportions over any such period.

- C. To arrive at the Net Asset Value per Share of each Class, the Articles provide, inter alia, as follows:

There will be maintained a separate pool of assets for each Sub-Fund to which the assets and liabilities and income and expenditure attributable or allocated to such Sub-Fund will be applied or charged and the following provisions will apply thereto:

- a) the proceeds from the issue of each Sub-Fund shall be applied in the books of the Fund to the pool of assets established for that Sub-Fund, and the assets and liabilities and income and expenditure thereto shall, subject to the provisions of the Articles, be applied to such pool;
- b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Fund to the same pool as the assets from which it was derived and, on each revaluation of any asset, the increase or diminution in value shall be applied to the relevant pool;
- c) where the Fund incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability shall be allocated to the relevant pool;
- d) in the case where any asset or liability of the Fund cannot be considered as being attributable to a particular pool, such asset or liability shall be allocated to all the Sub-Funds pro rata to the Net Asset Values of the relevant Sub-Funds;
- e) upon the record date for determination of the persons entitled to any dividend declared on any Sub-Fund, the Net Asset Value of such Sub-Fund shall be reduced by the amount of such dividend declared.



For the purposes of valuation:

- 1) Shares of any Sub-Fund which are the subject of a Shareholder's request for redemption shall be treated as existing and taken into account until immediately after the close of business on the relevant Dealing Day, and from such time and until paid the redemption price thereof shall be deemed to be a liability of the Sub-Fund concerned;
- 2) all investments, cash balances and other assets of any Sub-Fund expressed in currencies other than the currency in which the Net Asset Value per Share of the relevant Sub-Fund is calculated, shall be valued after taking into account the market rates of exchange in force at the date and time for determination of the Net Asset Value of the relevant Sub-Fund; and
- 3) effect shall be given on any Dealing Day to any repurchases and sale of securities contracted for by the Fund prior to midday on such Dealing Day, to the extent practicable;
- 4) where the Directors are of the view that any redemption or switch which is to be effected will have the result of requiring significant sales of assets in order to provide the required liquidity the valuation may, at the discretion of the Directors, be done at the actual sale price of the underlying assets and not the last available price as provided in A2) and A3) above.

If two or more Classes have been created within the same Sub-Fund, the rules set out above shall apply, as appropriate, to such Classes.

D. If at any time on any Dealing Day there has been a material change in the quotations on the markets on which a substantial proportion of the investments of any Sub-Fund are dealt in or quoted, the Fund may, in order to safeguard the interests of Shareholders and the Fund, cancel that valuation and carry out a further valuation, provided that all issues, redemptions and switches as of that Dealing Day shall be carried out pursuant to such last valuation.

If in exceptional circumstances the liquidity of any particular Sub-Fund is not sufficient to enable payment to be made within the period referred to above, such payment will be made as soon as reasonably practicable thereafter but without interest.

### **Dealing Price**

The Dealing Price for a Share of each Class is calculated in accordance with the Articles by rounding the Net Asset Value per Share of each Class up or down to the third decimal place.

### **Swing Pricing**

A Sub-Fund may suffer dilution of the Net Asset Value per Share due to investors buying or selling Shares in a Sub-Fund at a price that does not reflect the dealing and other costs that arise when security trades are undertaken by the Investment Manager to invest cash received for subscriptions or raise cash to pay redemptions.

In order to counter this impact, the Board of Directors may decide to apply a swing pricing mechanism.

Swing pricing aims to protect existing Shareholders from the performance dilution effects they may suffer as a result of transactions by existing or new Shareholders in a Sub-Fund. If on any Dealing Day, the aggregate net transactions in Shares of a Sub-Fund result in net subscriptions or net redemptions which exceed a pre-determined threshold, as determined and reviewed for each Sub-Fund on a periodic basis by the Directors (the "**Swing Threshold**"), the Net Asset Value per share of that Sub-Fund will be adjusted upwards or downwards by an amount not exceeding 1% of the Sub-Funds' Net Asset Value per share (the "**Swing Factor**") which reflects both the estimated fiscal charges and dealing costs that may be incurred by the Sub-Fund and the estimated bid/offer spread of the assets in which the Sub-Fund invests, meaning partial swing pricing is employed.

The Management Company has implemented a swing pricing policy which has been approved by the Board of Directors as well as specific operational procedures governing the day-to-day application of the swing pricing. The applicable Swing Threshold and Swing Factor are determined on the basis of a number of factors approved by the Board of Directors and are reviewed periodically.

Swing pricing is applied on the capital activity at the level of a Sub-Fund and does not address the specific circumstances of each individual investor transaction. The decision to swing is based on the overall net flows into a Sub-Fund, not per Class.

## **Suspensions**

The Directors may suspend valuation of any Class and the issue, repurchase, conversion or switching of the Shares of the relevant Class during:

- a) any period when the dealing of the units/shares of an investment vehicle in which any substantial portion of assets of the relevant Class is invested or the calculation of the net asset value of such investment vehicle is restricted or suspended;
- b) any period when any of the principal stock exchanges or markets on which any substantial portion of the investments of the relevant Sub-Fund are quoted is closed otherwise than for ordinary holiday, or during any period when dealings therein are restricted or suspended; or
- c) the existence of any state of affairs which constitutes an emergency as a result of which disposals or valuation of the assets of that Sub-Fund would be impracticable; or
- d) any period when the application of an index, underlying of a financial derivative instrument representing a material part of the assets of the relevant Class of shares is suspended;
- e) any breakdown in the means of communication normally employed in determining the price or value of any of the investments of that Sub-Fund or the current price or value on any stock exchange; or

- f) any period when the Fund is unable to repatriate funds for the purpose of making payments on the repurchase of Shares of the relevant Class or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on repurchase of such Shares cannot in the opinion of the Directors be effected at normal rates of exchange; or
- g) any period when in the opinion of the Board of Directors there exist circumstances outside the control of the Fund where it would be impracticable or unfair towards the Shareholders to continue dealing in shares of the Fund; or
- h) in the event of the publication (i) of the convening of a general meeting of Shareholders at which a resolution to wind up the Fund or a Class is to be proposed, or of the decision of the Board of Directors to wind up one or more Classes, or (ii) to the extent that such a suspension is justified for the protection of the Shareholders, of the notice of the general meeting of Shareholders at which the merger of the Fund or a Class is to be proposed, or of the decision of the Board of Directors to merge one or more Classes; or
- i) any other circumstance where a failure to do so might result in the Fund or its Shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or other detriment to which the Fund or its Shareholders might not otherwise have suffered.

The Articles require that any such suspension shall be publicised by the Fund and shall be notified to Shareholders requesting repurchase or switching of their Shares.

## **MEETINGS AND REPORTS**

### **Meetings**

The annual general meeting of Shareholders will be held, in accordance with Luxembourg law, at the registered office of the Fund, or at any such other place in the Grand Duchy of Luxembourg as may be specified in the notice of meeting at a date and time decided by the Board of Directors of the Fund being no later than six (6) months after the end of the previous financial period of the Fund.

Other general meetings of Shareholders will be held at such time and place as are indicated in the notices of such meetings. Notices of general meetings and other notices will be given in accordance with Luxembourg law and will be sent to Shareholders by post at least 8 days prior to the meeting to their addresses shown in the Register of Shareholders.

Under the conditions set forth in Luxembourg laws and regulations, the notices will specify the place and time of the meetings, the conditions of admission thereto, the agenda and will refer to the requirements of Luxembourg law with regard to the necessary quorum and majorities at the meeting. The requirements as to attendance, quorum and majorities of all general meetings will be those laid down in article 450-1 and 450-3 of the Luxembourg law of 10 August 1915 on commercial companies (as amended).

## **Voting**

Each whole Share entitles the holder thereof to one vote at general meetings and in addition a holder of Shares of any particular Sub-Fund or Class will be entitled at any separate meeting of the holders of Shares of that Sub-Fund or Class to one vote for each whole Share of that Sub-Fund or Class of which he is the holder. Resolutions of meetings of Shareholders will apply to the Fund as a whole and to all Shareholders in the Fund, provided that any amendment affecting the rights of the holders of the Shares of any Sub-Fund or Class vis-à-vis those of any other Sub-Fund or Class shall be subject further to the quorum and majority requirements referred to above in respect of each such relevant Sub-Fund or Class.

## **Reports**

Financial periods of the Fund will end on 30 September each year. A full version of the Audited Annual Report will be available on <http://www.clerical-medical.com/sicav> and at the registered office of the Fund at least 15 days prior to the Annual General Meeting. Similarly, the un-audited Semi-Annual Report will also be available on <http://www.clerical-medical.com/sicav> and at the registered office of the Fund before 31 May each year.

## **BOARD OF DIRECTORS OF THE FUND**

### **Chairman**

Iain Mc Gowan, Director, Investments, Lloyds Banking Group  
 Scottish Widows  
 69 Morrison Street  
 Edinburgh  
 EH3 8YF  
 Scotland

### **Directors**

- Bruno Durieux, Chief Financial Officer of Scottish Widows Europe S.A., Lloyds Banking Group  
 Scottish Widows Europe  
 1, Avenue du Bois,  
 L-1251 Luxembourg
- Juan Clarke, independent director  
 1 Manor Drive  
 Farmhill  
 Douglas  
 Isle of Man  
 IM2 2PA

- Jacques Elvinger, independent director  
Partner, Elvinger Hoss Prussen, *société anonyme*,  
2, Place Winston Churchill,  
L-1340 Luxembourg
- Godfrey Abel, independent director  
30 rue de Crécy  
L-1364 Luxembourg
- Jean Philippe Claessens, Managing Director, Lemanik Asset Management  
Lemanik Asset Management (Luxembourg) SA  
106 route d'Arlon  
L-8210 Mamer, Luxembourg

The Articles contain the following provisions relating to Directors:

- i) The Directors shall be elected by the Shareholders at a general meeting for a period ending at the next annual general meeting.
- ii) Directors may be removed or replaced at any time by resolution of the Shareholders present at a Shareholders' meeting.
- iii) There is no Share qualification for Directors.
- iv) The Directors are vested with all power to perform all acts necessary or useful for accomplishing the Fund's objectives.
- v) No contract or other transactions between the Fund and any other fund or firm shall be effected or invalidated by the fact that any one or more of the Directors or officers of the Fund is interested in, or is a director, associate, officer or employee of, that other fund or firm with which the Fund shall contact or otherwise engage in business shall not, by reason of such connection with the fund or firm, be prevented from considering and voting or acting on matters with respect to that contract or other business.
- vi) If any Director or officer of the Fund has any financial interest in any transactions of the Fund, that Director or officer shall reveal such interest to the Directors and shall not vote on any such transaction and such transaction and the Director's or officer's interest therein shall be reported to the next succeeding meeting of Shareholders.

Any transaction in which any Investment Manager of the Fund or any connected person if either of them deals with the Fund as principal shall be subject to the approval of the Directors.

The term "financial interest", as referred to under article 441-7 of the Luxembourg Company Law, shall not include any relationship with or interest in any matter, position or transaction involving Clerical Medical Investment Group Limited or any subsidiary thereof or such other fund or entity as may from time to time be determined by the Directors in their absolute discretion.

- vii) The Fund may indemnify any Director or officer against expenses reasonably incurred by him in connection with any proceedings to which he may be made a party by reason of such position in the Fund or in any other fund of which the Fund is a Shareholder or creditor and from which he is not entitled to be indemnified, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceedings to be liable for gross negligence or misconduct; in the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Fund is advised by counsel that the foregoing right of indemnification shall not exclude other rights to which he may be entitled.
- viii) At no time may a majority of the Directors be resident in the United Kingdom nor may meetings of the Directors take place in the United Kingdom; nor will a quorum be present at any such meeting if a majority of the Directors present at any such meeting are resident in the United Kingdom.

A service contract between the Fund and each of the three independent directors contains provisions governing their remuneration as independent director. All the Directors may be reimbursed their out-of-pocket expenses incurred in the exercise of their duties as directors by the Fund but will receive no other remuneration from the Fund. Mr Elvinger is a partner in the firm of Elvinger Hoss Prussen, *société anonyme*, whose firm receives fees for providing ongoing legal services to the Fund.

### **Directors' Interests**

No Director has any interest in the promotion of the Fund or in any property purchased, acquired, disposed of by or leased to, the Fund and no Director has a material interest in any transaction effected by the Fund since its incorporation which is, or was, unusual in its nature or condition or significant to the business of the Fund.

### **The Management Company**

The Fund has designated Lemanik Asset Management S.A. as its management company to perform investment management, administration and marketing functions for the Fund.

The Management Company has been permitted by the Fund to delegate certain administrative functions to specialised service providers based in Luxembourg. In that context, the Management Company has delegated certain administration functions to CACEIS Bank, Luxembourg Branch.

The Management Company will monitor on a continued basis the activities of the third parties to which it has delegated functions. The agreements entered into between the Management Company and the relevant third parties provide that the Management Company can give at any time further instructions to such third parties, and that it can withdraw their mandate with immediate effect if this is in the interest of the Shareholders. The Management Company's liability towards the Fund is not affected by the fact that it has delegated certain functions to third parties.

The Management Company is a company incorporated under Luxembourg law with registered office situated at 106, route d'Arlon, L-8210 Mamer, Grand-Duchy of Luxembourg. The Management Company was incorporated for an indeterminate period in Luxembourg on 1st September 1993 in the form of a joint stock company (i.e., a *société anonyme*), in accordance with the Luxembourg law of 10 August 1915 on commercial companies, as subsequently amended. Its capital is actually in the amount of EUR 2,071,700.- (two million seventy-one thousand seven hundred Euro). It has been authorised as a management company under Chapter 15 of the 2010 Law and, as such, provides collective portfolio management services to undertakings for collective investment.

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, this Prospectus or the Articles nor impair compliance with the Management Company's obligation to act in the best interest of the Fund (the "**Remuneration Policy**").

The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company, the Fund or the Sub-Funds.

Details of the Remuneration Policy, including the persons in charge of determining the fixed and variable remunerations of staffs, a description of the key remuneration elements and an overview of how remuneration is determined, is available on the website

<https://www.lemanikgroup.com/wp-content/uploads/2023/03/Remuneration-policy.pdf>

- 1) A paper copy of the Remuneration Policy is available free of charge to the Shareholders upon request.
- 2) The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Fund and the Shareholders and includes measures to avoid conflicts of interest.
- 3) In particular, the Remuneration Policy will ensure that:
  - a) the staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
  - b) the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
  - c) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;

- d) the assessment of performance is set in a multi-year framework in order to ensure that the assessment process is based on the longer-term performance of the Fund and its employees and that the actual payment of performance-based components of remuneration is spread over the same period;
- e) the variable remuneration to individuals is paid in a manner that does not facilitate avoidance of the requirement of the 2010 Law; and
- f) the remuneration in relation to the cancellation of a contract will be defined to the extent of the duties performed and avoiding the reward of failure or bad performance.

In context of delegation, the Management Company will ensure that the delegate has in place a remuneration policy and practices which are consistent with the requirements of articles 111bis and 111ter of the 2010 Law, article 14a of Directive 2009/65/EC as amended by Directive 2014/91/EU.

### **The Global Distributor**

As Management Company appointed by the Fund, Lemanik Asset Management S.A. acts as Global Distributor to the Fund. The Global Distributor may appoint distributors to distribute or arrange for the distribution of Shares.

The Global Distributor may enter into agreements with some distributors pursuant to which both the Global Distributor and the distributors agree to act as or appoint nominees for investors subscribing Shares through their respective facilities. In such capacity the distributor may effect subscriptions, switches and repurchases of Shares in a nominee name on behalf of individual investors, and request the registration of such operations on the Register of Shareholders in such nominee name.

### **Anti-Money Laundering**

In accordance with international regulations Luxembourg laws of 19 February 1973 (as amended) to combat drug addiction, of 5 April 1993 (as amended) relating to the financial sector and of 12 November 2004 on the fight against money laundering and financing of terrorism (as amended), the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012 (as amended), CSSF Circulars 13/556, 15/609, 17/650 and 18/698 concerning the fight against money laundering and financing of terrorism and any respective amendments or replacement, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment such as the Fund for money laundering and financing of terrorism purposes.

As a result of such provisions, the registrar and transfer agent of a Luxembourg UCI must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Transfer Agent may require subscribers to provide any document it deems necessary to effect such identification.

Such information shall be collected for compliance reasons only and shall not be disclosed to unauthorised persons.



In case of delay or failure by an applicant to provide the documents required, the application for subscription (or, if applicable, for redemption) will not be accepted and in the event of redemption, payment of redemption proceeds delayed. Neither the Fund nor the Administrative Agent has any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

Shareholders may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

### **Material Contracts**

1. The following contracts (not being contracts in the ordinary course of business) have been entered into prior to the date of the Prospectus and are, or may be material:

- a) an Agreement between the Fund and the Management Company pursuant to which the latter was designated, subject to the overall supervision of the Directors, as the Fund's management company, to manage the Fund's investments and affairs, with powers of delegation. The Agreement provides for it to continue and remain in force for an unlimited period until terminated by either party giving to the other not less than three months' notice. The Agreement contains provisions indemnifying the Management Company from liability not resulting from a material breach of the Agreement, fraud wilful default or negligence from the Management Company;
- b) an Agreement between the Fund and the Depositary pursuant to which the latter was appointed Depositary of the assets of the Fund. The Agreement may be terminated by either party on giving to the other not less than ninety days' notice;
- c) an Agreement between the Fund, the Management Company and the Administrative Agent pursuant to which the latter was appointed to provide administrative, registrar and transfer agency and fund accounting services to the Fund. The Agreement may be terminated by the Fund, the Management Company or by the Administrative Agent giving to the other party not less than a 6 and 12 month prior notice respectively;
- d) Agreements between the Fund, the Management Company and the Investment Managers pursuant to which the latter have been appointed as Investment Managers.

### **Reduction of Share Capital below Statutory Minimum**

In the event of the capital of the Fund being less than two-thirds of the statutory minimum as determined by Luxembourg law, the Directors are required under Luxembourg law to submit to a general meeting of Shareholders a resolution to consider the dissolution of the Fund, without quorum requirements and decided by a simple majority of Shares present or represented at the meeting.

## **Winding-up and Liquidation**

In the event of dissolution of the Fund, the liquidation shall be carried out by one or several liquidators named by the meeting of Shareholders effecting such dissolution and which shall determine their powers and their compensation. The net proceeds of liquidation corresponding to each Sub-Fund shall be distributed by the liquidators to the holders of Shares of each Sub-Fund in proportion to their holding of Shares in such Sub-Fund.

The Directors of the Fund may decide to liquidate one Sub-Fund if the net assets of such Sub-Fund fall below Euro 5,000,000 (or currency equivalent) or if a change in the economic or political situation relating to the Sub-Fund concerned would justify such liquidation, or if it is in the interest of the relevant Shareholders, subject to making appropriate provisions to meet expected liquidation expenses. The decision of the liquidation will be notified to Shareholders of the relevant Sub-Fund by the Fund prior to the effective date of the liquidation and the notice will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Directors otherwise decide in the interests of, or to keep equal treatment between the Shareholders, the Shareholders of the Sub-Fund concerned may continue to request redemption or conversion of their Shares. Assets, which could not be distributed to their beneficiaries upon the close of the liquidation of the Sub-Fund concerned will be deposited with the *Caisse de Consignation* on behalf of their beneficiaries.

Under the same circumstances as provided in the preceding paragraph, the reorganisation of a Sub-Fund, by means of a division into two or more Sub-Funds, may be decided by the Directors. Such decision will be notified in the same manner as described above and, in addition, the notice will contain information in relation to the two or more new Sub-Funds. Such notice will be sent one month before the date on which the reorganisation becomes effective in order to enable the Shareholders to request redemption of their Shares, free of charge before the operation involving division into two or more Sub-Funds becomes effective.

Where the Board of Directors does not have the authority to do so or where the Board of Directors determines that the decision should be put for Shareholders' approval, the decision to liquidate or reorganise a Class of shares may be taken at a Shareholders' meeting of the Class of shares to be liquidated instead of being taken by the Board of Directors. At such Class meeting, no quorum shall be required and the decision to liquidate must be approved by Shareholders holding at least a simple majority of the votes cast.

Any merger of a Class shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for a merger to a meeting of Shareholders of the Class concerned. No quorum is required for this meeting of Shareholders and decisions are taken by a simple majority of the votes cast. In case of a merger of one or more Class(es) where, as a result, the Fund ceases to exist, the merger shall be decided by a meeting of Shareholders resolving in accordance with the quorum and majority requirements for changing these Articles. In addition, the provisions on mergers of UCITS set forth in the 2010 Law and any implementing regulation shall apply.

If, within a Class, there have been created two different categories with different sales charge structures applicable for a specific period of time as from the date of issue of the shares, the Board of Directors may decide that shares of one category shall be converted into shares of the other category

at the time where the different sales charge structure is no longer applicable to the relevant category. Any such conversion will be done at no expense for the Shareholders on the basis of the applicable Net Asset Values.

## **The Shares**

Shares of each Sub-Fund in the Fund will be issued in registered form and will be available on a non-certificated basis and are freely transferable to persons who are not US resident and, upon issue, are entitled to participate in the returns of the Sub-Fund to which they relate. Subject thereto, the Shares of each Sub-Fund, which are all of no par value, carry no preferential or pre-emptive rights. All Shares must be fully paid.

## **Transfers**

The transfer of Shares may normally be effected by delivery of an instrument of transfer in appropriate form together with the relevant certificate or certificates. Shareholders should note that Class 2 Shares, Class 3 Shares and Class 7 Shares are only transferable to Institutional Investors and that Shares of the CMIG Sub-Funds are only transferable to companies which are members of the Clerical Medical Group. The Register of Shareholders will be held at the registered office of the Transfer Agent in Luxembourg.

## **Restrictions on Shareholdings**

The Articles provide that the Directors may impose restrictions (other than restriction on transfer) on any Sub-Fund and/or Class of Shares (but not necessarily on all Shares within the same Class) as they may think necessary to ensure that Shares are neither acquired nor held by on behalf of (a) any person in breach of the law or requirements of any country or governmental or regulatory, or (b) in circumstances which in the opinion of the Directors might result in the Fund occurring any liability to taxation (including tax liabilities that might derive, inter alia, from any breach of FATCA requirements) or suffering another pecuniary disadvantages which the Fund might not otherwise have incurred or suffered (including a requirement to register under any securities or investment or other laws or requirements of any country or authority) or (c) if in the opinion of the Fund, such holding may be detrimental to the Fund or its Shareholders. The Directors may in this connection require a Shareholder to provide such information as they may consider necessary to establish whether he is the beneficial owner of the Shares registered in his name.

If it appears to the Fund that any Shares are owned directly or beneficially by any person in breach of any law or requirement of a country or governmental or regulatory authority, or otherwise in the circumstances referred to in (b) above, the Directors may require and effect the repurchase of such shares.

In addition to the foregoing, the Board of Directors may restrict the issue and transfer of Shares of a Class to the Institutional Investors. The Board of Directors may, at its discretion, delay the acceptance of any subscription application for Shares of a Class reserved for Institutional Investors until such time as the Fund has received sufficient evidence that the applicant qualifies as an Institutional Investor. If it appears at any time that a holder of Shares of a Class reserved to Institutional Investors

is not an Institutional Investor, the Board of Directors will convert the relevant Shares into Shares of a Class which is not restricted to Institutional Investors (provided that there exists such a Class with similar characteristics) or compulsorily redeem the relevant shares in accordance with the provisions set forth above in this Article. The Board of Directors will refuse to give effect to any transfer of shares and consequently refuse for any transfer of shares to be entered into the Register of Shareholders in circumstances where such transfer would result in a situation where shares of a Class restricted to Institutional Investors would, upon such transfer, be held by a person not qualifying as an Institutional Investor.

### **Miscellaneous**

- i) At the date of the Prospectus, the Fund has no loan capital (whether outstanding, or created but issued), term loans or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptance or acceptance credits, hire purchase commitments, mortgages, charges, guarantees or other material contingent liabilities.
- ii) The Directors are not aware of any legal or arbitration proceedings pending or threatened against the Fund which may have, or since the date of incorporation of the Fund have had, a significant effect on the financial position of the Fund.
- iii) The Fund does not have any employees or subsidiaries.
- iv) No share or loan capital of the Fund has been issued, or is proposed to be issued, fully or partly paid up otherwise than in cash.
- v) No share or loan capital of the Fund is under option or is agreed conditionally or unconditionally to be put under option.
- vi) Apart from the initial charge and other amounts payable to the Fund on the issue of Shares detailed in "Charges and Expenses" above, and the commissions payable to CACEIS Bank, Luxembourg Branch at the date of incorporation of the Fund, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares.
- vii) The Directors estimate that the working capital of the Fund is sufficient for its needs.
- viii) The Fund has not established a place of business in the United Kingdom.
- ix) Trading in the Shares on the Euro Multilateral Trading Facility will be in accordance with the Rules and Regulations of the Euro Multilateral Trading Facility and subject to the payment of normal brokerage fees. A person wishing to sell his Shares, when instructing his broker, should deliver to the broker a signed Share transfer order, which is available from the Administrative Agent. A broker representing a person wishing to purchase Shares is required to check the identity and legal capacity of that purchaser, inter alia, to ensure that he is not a United States resident to and have the purchaser counter-sign the Share transfer order (which counter-signature may be effected by the broker as the purchaser's agent). Every

Wednesday the Transfer Agent will register the transfer of Shares made on the Euro Multilateral Trading Facility during the preceding week and will send without delay a contract note to the purchaser's broker and written notification to the selling broker confirming completion of the transfer. The brokers will settle bargain within three days of receipt of the contract note and/or Share transfer order and confirmation of completion.

- x) The reporting currency of the Fund is the Euro.

### **Documents Available for Inspection**

Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered offices of the Fund or the Management Company or can be obtained at no extra charge by writing to any of the relevant addresses:

- a) the Articles;
- b) the material contracts referred to above;
- c) the latest Semi-Annual Report and Annual Report of the Fund;
- d) the latest prospectus of the Fund;
- e) the latest Key Information Document;
- f) details of notices published to Shareholders.

The Key Information Documents are also available on <http://www.clerical-medical.com/sicav>. Before subscribing to any Class each investor shall consult the Key Information Documents. The Key Information Documents provide information in particular on historical performance, the summary risk indicator and costs. Investors may download the Key Information Documents on the website mentioned above or obtain them in paper form or on any other durable medium agreed between the Management Company and the investor.

Any person who would like to receive further information regarding the Fund or who wishes to make a complaint about the operation of the Fund should contact the Management Company.

### **TERMS AND CONDITIONS OF ISSUE**

- i) Applications which do not fulfil the conditions stated in the Prospectus may be rejected, and the right is, in any event, reserved to reject any application or to accept any application in part only.
- ii) If any application is not accepted in whole or is accepted in part only, or if any of the conditions referred to in paragraph i) above is not fulfilled, the application monies or, where an application is accepted only in part, the balance of the application monies, will be returned, without interest and in the currency in which payment was made, through the post at the risk of the applicant.
- iii) The right to present all cheques and drafts for payment on receipt is reserved. No contract notes will be issued or sent, and no excess application monies will be returned, pending

clearance of an applicant's cheque or draft. Due completion and delivery of the application form accompanied by a cheque or draft will constitute an undertaking that the cheque will be paid on first presentation.

- iv) Applications are accepted on the basis of the Prospectus and persons solely or jointly responsible for the prospectus have no liability for any other information or representation made in relation to the Fund.

### **CONFLICTS OF INTEREST**

The Management Company, the Investment Manager(s), the Global Distributor, the Depositary and the Administrative Agent and/or their respective affiliates, may from time to time act as management company, investment manager(s), global distributor, depositary, administrative agent in relation to, or be otherwise involved in, other investment funds or individual managed accounts which have similar or different investment objectives to those of the Fund or any Sub-Fund or which may invest in any Sub-Fund. It is therefore possible that any of them may, in the course of their business, have potential or actual conflicts of interest with the Fund or any Sub-Fund. In such event, each will at all times have regard to its obligations under any agreements to which it is party or by which it is bound in relation to the Fund or any Sub-Fund. In particular, but without limitation to its obligations to act in the best interests of the Fund when undertaking any dealings or investments where conflicts of interest may arise, each will use their best efforts to ensure that such conflicts are resolved fairly. More specifically, the Management Company, under the rules of conduct applicable to it, must try to avoid conflicts of interests and, when they cannot be avoided, ensure that its clients (including the Fund) are fairly treated.

The Management Company, the Investment Manager(s) or any of its or their affiliates or any person connected with the Management Company, the Investment Manager(s) may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Sub-Funds. Neither the Management Company, the Investment Manager(s), nor any of its or their affiliates nor any person connected with the Management Company, the Investment Manager(s) is under any obligation to offer investment opportunities of which any of them becomes aware to the Fund or to account to the Fund in respect of (or share with the Sub-Funds or inform the Fund of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities on an equitable basis between the Fund and other clients.

There is no prohibition on the Fund entering into any transactions with the Management Company, the Global Distributor, the Investment Manager(s), the Depositary or the Administrative Agent or with any of their affiliates provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length, on terms no less favorable to the Fund than could reasonably have been obtained had such transactions been effected with an independent party and in compliance with applicable laws.