

# PROSPECTUS

## PARETO SICAV

PARETO SICAV (the “**Fund**”) is an investment company which may offer investors a choice between several classes of shares (each a “**Class**”) in a number of sub-funds with segregated liability (each a “**Sub-Fund**”). The Fund is organised as an investment company registered under Part I of the Luxembourg Law of 17 December 2010, as amended, relating to undertakings for collective investment (the “**2010 Law**”).

December 2023

## IMPORTANT INFORMATION

The Directors of the Fund, whose names appear hereafter, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document 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 are offered solely on the basis of the information and representations contained in this Prospectus and any further information given or representations made by any person may not be relied upon as having been authorised by the Fund or the Directors. Neither the delivery of this Prospectus nor the issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Fund since the date hereof.

The information contained in this Prospectus will be supplemented by the financial statements and further information contained in the latest annual and semi-annual reports of the Fund, copies of which may be obtained free of charge at the registered office of the Fund.

The Fund is an open-ended investment company organised as a *Société d'Investissement à Capital Variable* (SICAV). The Fund is registered under Part I of the 2010 Law. The above registrations do not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of this Prospectus or the investments held by the Fund. Any representation to the contrary is unauthorised and unlawful.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this Prospectus may come are required by the Fund to inform themselves of and to observe any such restrictions.

This Prospectus does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

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

**United States:** The Shares have not been registered under the United States Securities Act of 1933 (the "**Securities Act**"), and the Fund has not been registered under the United States Investment Company Act of 1940 (the "**Investment Company Act**"). The Shares may not be offered, sold, transferred or delivered, directly or indirectly, in the United States, its territories or possessions or to U.S. Persons (as defined in Regulation S under the Securities Act) except to certain qualified U.S. institutions in reliance on certain exemptions from the registration requirements of the Securities Act and the Investment Company Act and with the consent of the Fund. Neither the Shares nor any interest therein may be beneficially owned by any other U.S. Person. The Fund's Articles of Incorporation restrict the sale and transfer of Shares to U.S. Persons and the Fund may repurchase Shares held by a U.S. Person or refuse to register any transfer to a U.S. Person as it deems appropriate to assure compliance with the Securities Act and the Investment Company Act (see under section Issue of shares below).

## Data Protection

Personal data related to identified or identifiable natural persons provided to, collected or otherwise obtained by or on behalf of, the Fund and the Management Company (the “**Controllers**”) will be processed by the Controllers in accordance with the “**Joint Data Controller Clause**” which is available and can be accessed or obtained online (<https://www.fundrock.com/policies-and-compliance/joint-data-controller-clause>). All persons contacting, or otherwise dealing directly or indirectly with any of the Controllers are invited to read and carefully consider the Joint Data Controller Clause, prior to contacting or otherwise so dealing, and in any event prior to providing or causing the provision of any personal data directly or indirectly to the Controllers.

**Generally:** the above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, accountant or other professional adviser.

## DIRECTORY

### **PARETO SICAV**

**R.C.S. Luxembourg** B 152898

### **Registered Office**

33, rue de Gasperich, L- 5826 Hesperange, Grand Duchy of Luxembourg

### **Board of Directors**

- Véronique Gillet, Independent Director, 7, Avenue de la Gare, L-4734 Pétange, Grand Duchy of Luxembourg
- Florence Stainier, Independent Director, 41 Av. John F. Kennedy, L-2082 Luxembourg, Grand Duchy of Luxembourg
- Espen Ottersen, Chief Compliance Officer, Pareto Asset Management AS, Dronning Mauds gate 3, P.O. Box 1810 Vika, 0123 Oslo, Norway
- Jacques Dineur, Independent Director, 47 BD Prince Henri, Luxembourg, Grand Duchy of Luxembourg

### **Management Company**

FundRock Management Company S.A.

33, rue de Gasperich L- 5826 Hesperange, Grand Duchy of Luxembourg

### **Administration Agent, Registrar and Transfer Agent**

UI efa S.A.

2, rue d'Alsace, L- 1122 Luxembourg, Grand Duchy of Luxembourg

### **Depository**

Skandinaviska Enskilda Banken A.B. (publ)—Luxembourg Branch

4, rue Peternelchen, L- 2370 Howald, Grand Duchy of Luxembourg

### **Investment Manager and Global Distributor**

Main Office

Pareto Asset Management AS

Dronning Mauds gate 3, P.O. Box 1810 Vika, NO - 0123 Oslo, Norway

Sweden Branch

Pareto Asset Management AS, filial Sverige

Berzelii Park 9, SE-10 391 Stockholm, Sweden

### **Auditor of the Fund**

Deloitte Audit S à r.l.

20 Bd de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg

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## DEFINITIONS

“Administrator”	FundRock Management Company S.A, acting as Domiciliary Agent of the Fund
“Annex”	An annex to this Prospectus containing information with respect to a particular Sub-Fund
“Articles”	The Articles of Incorporation of the Fund
“Business Day”	Any day as defined per Sub-Fund in the relevant Annex
“Classes”	Pursuant to the Articles, the Directors may decide to issue, within each Sub-Fund, separate classes of Shares (hereinafter referred to as a “Class” or “Classes”, as appropriate) whose assets will be commonly invested but where different currency hedging techniques and/or subscription, conversion or redemption fees and management charges and/or distribution policies, minimum subscription or holding amount or any other specific feature may be applied. If different Classes are issued within a Sub-Fund, the details of each Class are described in the relevant Sub-Fund’s Annex
“CoCos”	Contingent convertible bonds are hybrid debt securities designed to absorb their issuers’ capital losses. Under normal circumstances, these instruments exhibit characteristics similar to fixed income or floating rate debt securities. However, upon the occurrence of a trigger event, these instruments may either be converted into equity or written down. The relevant trigger events are described in the contractual terms or by regulatory directives, but typically entail cases where the capital of the issuer falls below a certain level or where the issuer passes a “point of non-viability”. Through their conversion into equity or write-down, contingent capital instruments thus allow the recapitalisation of the issuer and/or a reduction of its leverage ratios under critical circumstances at the expense of their holders. Contingent convertible bonds are hybrid securities.
“CSSF”	Luxembourg supervisory authority - <i>Commission de Surveillance du Secteur Financier</i>
“Depositary Fee”	The fee to be paid from time to time to the Depositary, as further detailed in the relevant Annexes.
“Directors”	The members of the board of directors of the Fund for the time being and any successors to such members as they may be appointed from time to time

“EU”	European Union
“Eligible Market”	A Regulated Market in an Eligible State
“Eligible State”	Any Member State of the EU or any other state in Eastern and Western Europe, Asia, Africa, Australia, North and South America and Oceania
“FATCA”	The Foreign Account Tax Compliance Act, which came into force on 18 March 2010 and which strengthens the reporting obligations of financial institutions, or any implementing law or regulation
“FATF State”	Any state having joined the Financial Action Task Force
“Fund”	PARETO SICAV
“Global Distributor”	Pareto Asset Management AS
“Ineligible Applicant”	An ineligible applicant as described herein under the section “Subscriptions”
“Initial Offering Period”	The period determined by the Directors during which Shares are offered for subscription at a fixed price as specified in the relevant Annex
“Investment Manager”	Pareto Asset Management AS
“KID”	The key information document
“Management Company”	FundRock Management Company S.A.
“Member State”	As defined in the 2010 Law
“Minimum Holding Amount”	The minimum value of a holding of a Shareholder in a Sub-Fund is defined per Sub-Fund in the relevant Annex
“Minimum First Subscription Amount”	The minimum value of the first subscription of a Shareholder in a Sub-Fund is defined per Sub-Fund in the relevant Annex
“money market instruments”	Instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time



“Net Asset Value”	The net asset value of the Fund, a Sub-Fund or a Class, as the case may be, determined in accordance with the Articles
“Net Asset Value per Share”	The Net Asset Value divided by the number of Shares in issue or deemed to be in issue in a Sub-Fund or Class
“Statens Pensjonsfond Utland”	Norwegian Government Pension Fund Global
“OECD”	Organisation for Economic Co-operation and Development
“PRIIPs”	Packaged retail and insurance-based investment products as per 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 (PRIIPs)
“Redemption Charge”	A charge not exceeding the percentage of the Net Asset Value disclosed in the relevant Annex that may be applied to redemptions of Shares. This Redemption Charge is to be considered as a maximum rate and, as the case may be, shall be allocated at the Directors’ discretion between the relevant Sub-Fund or financial intermediaries including the Global Distributor
“Redemption Price”	The Net Asset Value per Share, as calculated as of the relevant Valuation Day, decreased by a Redemption Charge as specified for each Class and Sub-Fund in the relevant Annex
“Registrar and Transfer Agent”	UI efa S.A. acting as registrar and transfer agent
“Regulated Market”	The market defined in article 4 paragraph 1 item 21 of Directive 2014/65/EU of 15 <sup>th</sup> May 2014 on markets in financial instruments as well as any other market which is regulated, operates regularly and is recognised and open to the public
“RESA”	The <i>Recueil Electronique des Sociétés et Associations</i> , the electronic central platform of publications
“SFDR”	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector
“Share”	A share of no par value of any Class in the Fund

“Shareholder”	A person recorded as a holder of Shares in the Fund’s register of shareholders
“Sub-Fund”	A separate portfolio of assets for which a specific investment policy applies and to which specific liabilities, income and expenditure will be applied. The assets of a Sub-Fund are exclusively available to satisfy the rights of Shareholders in relation to that Sub-Fund and the rights of creditors whose claims have arisen in connection with the creation, operation or liquidation of that Sub-Fund
“Subscription Charge”	A sales commission not exceeding the percentage of the Net Asset Value disclosed in the relevant Annex may be levied. The Subscription Charge is to be considered as a maximum rate and, as the case may be, shall be allocated at the Directors’ discretion between the relevant Sub-Fund and the financial intermediaries including the Global Distributor
“Subscription Price”	The Net Asset Value per Share, as calculated as of the relevant Valuation Day, increased by a Subscription Charge as specified for each Class and Sub-Fund in the relevant Annex
“Taxonomy Regulation”	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088
“transferable securities”	<p>Shall mean:</p> <ul style="list-style-type: none"> <li>• shares and other securities equivalent to shares,</li> <li>• bonds and other debt instruments,</li> <li>• any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange,</li> </ul> <p>excluding techniques and instruments relating to transferable securities and money market instruments</p>
“UCITS”	An Undertaking for Collective Investment in Transferable Securities authorised pursuant to European Parliament and Council Directive 2009/65/EC, as amended
“UCITS Directive”	The Directive 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended

“other UCI”	An Undertaking for Collective Investment within the meaning of the first and second indents of Article 1 2. (a) and (b) of European Parliament and Council Directive 2009/65/EC, as amended
“United States”	The United States of America (including the States and the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction
“U.S. Person”	A citizen or resident of the United States, a corporation, partnership or other entity created in or under the laws of the United States or any person falling within the definition of the term “United States Person” under Regulation S promulgated under the 1933 Act
“Valuation Day”	Any day as defined per Sub-Fund in the relevant Annex

All references to a Class shall, where no Classes have been created within a Sub-Fund, be deemed to be references to the Sub-Fund.

In this Prospectus all references to “Euro” and “€” are to the Single European Currency.

All references to “Norwegian Crown” and “NOK” are to the currency of Norway.

All references to “Swedish Krona” and “SEK” are to the currency of Sweden.

# INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS

## Investment Objectives and Policies

The investment objective of each Sub-Fund is to achieve long term capital growth through investment in actively managed portfolios of assets set out in the relevant Annex.

Under normal circumstances, the Sub-Funds will be fully invested in accordance with the investment policy set out in the relevant Annex. Part of a Sub-Fund's net assets can be held temporarily in liquidities, including typical money-market instruments having a residual maturity not exceeding twelve months and demand or time deposits. However, a Sub-Fund can temporarily take a defensive position by investing extensively in cash when it believes that the markets or the relevant economy are experiencing excessive volatility, a prolonged general decline or when other adverse conditions may exist. Under these circumstances, a Sub-Fund may be unable to pursue its investment objective.

While using its best endeavours to attain its investment objectives, the Fund cannot guarantee whether and to what extent the investment objective will be achieved.

Pursuit of the investment policy and objective of any Sub-Fund must be in compliance with the limits and restrictions set forth hereafter.

## Investment Restrictions

The Directors shall, based upon the principle of spreading of risks, have power to determine the investment policy for the investments of the Fund in respect of each Sub-Fund subject to the following restrictions, unless more stringent rules be specified for a Sub-Fund in the Annex to this Prospectus:

- 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 a Member State or not, provided that:
    - such other UCIs have been authorised under the laws of any EU Member State or under the laws of those countries provided that they are subject to supervision considered by the CSSF to be equivalent to that laid down in European Community law and that cooperation between authorities is sufficiently ensured, or,

- 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 Directive 2009/65/EC, as amended,
  - 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) Shares of other Sub-Funds of the Fund provided that:
- the target Sub-Fund does not, in turn, invest in the Sub-Fund; and
  - no more than 10% of the assets of the target Sub-Funds whose acquisition is contemplated, according to its investment policy may be invested in units of other target sub-funds of the same UCIs; and
  - voting rights, if any, attaching to the relevant Shares are suspended for as long as they are held by the Sub-Fund concerned; and
  - in any event, for as long as these securities are held by the UCI, their value will not be taken into consideration for the calculation of the net assets of the UCI for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law.
- e) 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 EU Member State or if the registered office of the credit institution is situated in a non-EU Member State provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in European Community law.
- f) 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
- g) money market instruments other than those dealt in on an Eligible Market and referred to under “Definitions”, 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 a Member State, the European Central Bank, the EU or the European Investment Bank, by a third country or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or
- 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 EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law; or
- 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 EUR 10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- (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) a), b), e) and g) above.

II. The Fund may hold ancillary liquid assets (i.e. bank deposits at sight, such as cash held in currency accounts) up to 20% of its net assets for ancillary liquidity purposes in normal market conditions. Under exceptional market conditions and on a temporary basis, this limit may be breached. Liquid assets used to back-up derivatives exposure are not considered 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 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. The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. e) above or 5% of its net assets in other cases.

b) Moreover, where the Fund holds on behalf of a Sub-Fund investments 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 III. 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 that single body; and/or
  - exposures arising from OTC derivative transactions undertaken with that 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 a Member State, its local authorities, or by another Eligible State or by public international bodies of which one or more Member States are members.
- d) The limit of 10% laid down in sub-paragraph a) (i) is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.
- e) If a Sub-Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the net assets of the Sub-Fund.
- f) 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.

- g) 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, by one or more of its local authorities, or by a non-Member State of the EU (such as but not limited to a member State of the OECD, G20 countries, Singapore or Hong Kong) or by public international bodies of which one or more Member States belongs, 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. a) The Fund may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
- b) 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 any single issuer; and/or
  - 25% of the units of the same UCITS or other UCI.

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

- c) The provisions of paragraph V. shall not be applicable to transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities or by a non-Member State of the European Union, or issued by public international bodies of which one or more Member States are members.

The provisions of this paragraph V. 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 stated in the relevant Annex, a Sub-Fund may not invest more than 10% of its net assets in units of UCITS or other UCIs.
- b) When a Sub-Fund is entitled to invest more than 10% of its net assets in units of UCITS and/or other UCIs referred to in paragraph I. (1) c), the following limits apply:
- (i) no more than 20% of its net assets may be invested in units of the same UCITS or other UCI;
- (ii) investments made in units of other UCI may not exceed, in aggregate, 30% of the net assets of the Sub-Fund.
- c) 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 restrictions set forth under III. above.
- d) When the Fund invests in the units of UCITS and/or other UCIs linked to the Fund by common management or direct or indirect control of more than 10% of the votes or capital, no subscription or redemption fees may be charged to the Fund on account of its investment in the units of such other UCITS and/or UCIs. No investment management fee shall be charged on the investments in such other UCITS and UCIs.

If any Sub-Fund's investments in UCITS and other UCIs constitute a substantial proportion of the Sub-Fund's assets, the total management fee (excluding any performance fee, if any) charged to such Sub-Fund and each of the UCITS or other UCIs concerned shall not exceed 2% (excluding performance fees, if any) of the relevant net assets under management. The Fund will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and other UCIs in which such Sub-Fund has invested during the relevant period.

- VII. Notwithstanding paragraphs VI) (a) and (b) above and under the conditions laid down by the Law, the Fund may (i) create a Sub-Fund qualifying either as a feeder UCITS (a "Feeder Sub-Fund") or as a master UCITS (a "Master Sub-Fund"), (ii) convert an existing Sub-Fund into a Feeder Sub-Fund, or (iii) change the master UCITS of any of its Feeder Sub-Fund.
- a. A Feeder Sub-Fund shall invest at least 85% of its assets in the units of another master UCITS or sub-fund thereof.
- b. A Feeder Sub-Fund may hold up to 15% of its assets in one or more of the following:
- ancillary liquid assets in accordance with paragraph II above;
  - financial derivative instruments, which may be used only for hedging purposes.

VIII. The Fund shall ensure for each Sub-Fund that the global exposure relating to 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.

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 VIII.

- IX. 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), f) and g) 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 only acquire movable or immovable property which is essential for the direct pursuit of its business.
- e) The Fund may not acquire either precious metals or certificates representing them.
- X. 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) and 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.

## RISK MANAGEMENT PROCEDURES

In accordance with the 2010 Law and other applicable regulations, in particular CSSF Circular 11/512 regarding (i) the presentation of the main regulatory changes in risk management following the publication of CSSF Regulation 10-4 and ESMA clarifications, (ii) further clarifications from the CSSF on risk management rules and (iii) definition of the content and format of the risk management process to be communicated to the CSSF, the Management Company on behalf of the Fund uses a risk management process which enables it to assess the exposure of each Sub-Fund to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material for the Fund.

In relation to financial derivative instruments the Management Company employs a process for accurate and independent assessment of the value of OTC Derivatives and the Management Company ensures for each of the Sub-Funds that its global exposure relating to financial derivative instruments does not exceed the limits as set out in the section "Investment Restrictions".

The global exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

Each Sub-Fund may invest, according to its investment policy and within the limits laid down in the section "Investment Restrictions", in financial derivative instruments, provided that the global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in the section "Investment Restrictions".

When a Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to any such limits set out in the section "Investment Restrictions".

When a transferable security or money market instrument embeds a financial derivative instrument, the latter must be taken into account when complying with these requirements set out in the section "Investment Restrictions".

### *Global Exposure*

In accordance with the ESMA Guidelines on risk measurement and the calculation of global exposure and counterparty risk for UCITS (ref.: ESMA/10-788), global exposure should be either measured using the Value-at-Risk ("VaR") or the commitment approach.

A Sub-Fund shall use the Value-at-Risk Method if:

- (i) It engages in complex investment strategies which represent more than a negligible part of the Sub-Fund's investment policy;
- (ii) it has more than a negligible exposure to exotic derivatives;
- (iii) The commitment approach does not capture adequately the market risk of the portfolio.

The ESMA Guidelines on risk measurement and the calculation of global exposure and counterparty risk for UCITS (ref.: ESMA/10-788) allows a fund to use either one of the two types of Value-at-Risk approaches: the absolute or the relative Value-at-Risk. The absolute Value-at-Risk limit of a Sub-Fund calculated over a 20 days holding period at 99% confidence level shall not exceed 20% of its total net asset value under normal market conditions.

The relative VaR approach is used for Sub-Funds where a benchmark reference portfolio is defined reflecting the investment strategy which the Sub-Fund is pursuing. The relative VaR of a Sub-Fund is expressed as a multiple of the VaR of a benchmark or reference portfolio and is limited to no more than twice the VaR of the comparable benchmark or reference portfolio, which should be unleveraged and comprise no financial derivative instruments.

The commitment method calculates all derivatives exposure as if they were direct investments in the underlying positions. The commitment allows for hedging and netting. A Sub-Fund using this approach must ensure that its overall market exposure does not exceed 100% of its total net asset value.

The choice of the global exposure methodology is based on the assessment of the risk profile resulting from the investment policy, including the use of financial derivative instruments.

The Sub-Fund's annexes disclose:

- The global exposure determination methodology ("Absolute or Relative Value-at-Risk" or "Commitment Approach");
- The expected level of leverage, if applicable;
- The reference portfolio, when applicable.

## TECHNIQUES AND INSTRUMENTS

Subject to the following conditions, the Fund is authorised for each Sub-Fund to resort to techniques and instruments bearing on Transferable Securities, Money Market Instruments, currencies and other eligible assets, on the condition that any recourse to such techniques and instruments be carried out for the purpose of hedging and/or efficient management of the portfolio, altogether within the meaning of the Grand-ducal regulation of 8 February 2008.

### **A. Techniques and Instruments relating to Transferable Securities, Money Market Instruments and other eligible assets**

#### (1) General

To optimise portfolio management and/or to protect its assets and liabilities, the Fund may use techniques and instruments involving Transferable Securities, Money Market Instruments, currencies and other eligible assets within the meaning of the Grand-ducal regulation of 8 February 2008 for each Sub-Fund provided that such techniques and instruments are used for the purposes of efficient portfolio management within the meaning of, and under the conditions set out in, applicable laws, regulations and CSSF-Circulars issued from time to time, in particular, but not limited to CSSF-Circulars 08/356, 13/559 and 14/592 and ESMA-Guidelines 2014/937. In particular, those techniques and instruments should not result in a change of the investment objective of the relevant Sub-Fund or add substantial supplementary risks in comparison to the stated risk profile of such Sub-Fund.

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC financial derivatives must be combined when calculating counterparty risk limits referred to in this Prospectus. All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the respective Sub-Fund. In particular, fees and costs may be paid to agents of the Fund and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation for their services. Such fees may be calculated as a percentage of gross revenues earned by the Fund through the use of such techniques.

Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary or the Management Company – will be available in the annual report of the Fund. Furthermore, each Sub-Fund is notably authorised to carry out transactions intended to sell or buy foreign exchange rate futures, to sell or buy currency futures and to sell call options or to buy put options on currencies, in order to protect its assets against currency fluctuations or to optimise yield, i.e. for the purpose of sound portfolio management.

#### (2) Limitation

When transactions involve the use of derivatives, the Fund must comply with the terms and limits stipulated above in the chapter “Investment Restrictions”, sections I. (1) f), III. a) (ii) and b) and VIII. of this Prospectus. The use of transactions involving derivatives or other financial techniques and instruments may not cause the Fund to stray from the investment objectives set out in the Prospectus.

#### (3) Risks - Notice

In order to optimise their portfolio yield, all Sub-Funds are authorised to use the derivatives techniques and instruments described in this chapter and the chapter “Investment Restrictions” (particularly swaps of rates, currencies and other financial instruments, futures, and securities, rate or futures options), on the terms and conditions set out in said chapters.

The investor's attention is drawn to the fact that market conditions and applicable regulations may restrict the use of these instruments. The success of these strategies cannot be guaranteed. Sub-funds using these techniques and instruments assume risks and incur costs they would not have assumed or incurred if they had not used such techniques. The investor's attention is further drawn to the increased risk of volatility generated by Sub-Funds using these techniques for other purposes than hedging. If the managers and sub-managers forecast incorrect trends for securities, currency and interest rate markets, the affected Sub-Fund may be worse off than if no such strategy had been used. In using derivatives, each Sub-Fund may carry out over-the-counter futures or spot transactions on indices or other financial instruments and swaps on indices or other financial instruments with highly-rated banks or brokers specialised in this area, acting as counterparties. Although the corresponding markets are not necessarily considered more volatile than other futures markets, operators have less protection against defaults on these markets since the contracts traded on them are not guaranteed by a clearing house.

## **B. Securities Lending**

The Fund may enter into securities lending transactions in accordance with the provisions of CSSF Circular 08/356 on the rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments ("Circular 08/356"). The Company may enter into securities lending transactions provided that the following rules are complied with in addition to the abovementioned conditions:

- (i) the Fund may lend securities to a borrower either directly or through a standardised system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules which are recognised by the CSSF as equivalent to those laid down in EU law and specialised in these types of transactions;
- (ii) the borrower must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (iii) the risk exposure of the Fund vis-à-vis a single counterparty arising from one or more securities lending transaction(s) may not exceed 10% of the assets of the relevant Sub-Fund when the counterparty is a financial institution falling within section I. (1) (e) above, or 5% of its assets in all other cases;
- (iv) as part of its lending transactions, the Fund must receive collateral, the value of which, during the duration of the lending agreement, must be equal to at least 90% of the global valuation of the securities lent (interests, dividends and other eventual rights included);
- (v) such collateral must be received prior to or simultaneously with the transfer of the securities lent. When the securities are lent through any of the intermediaries referred to under section "Techniques and Instruments" A. (1) above, the transfer of the securities lent may be effected prior to receipt of the collateral, if the relevant intermediary ensures proper completion of the transaction. Said intermediary may provide collateral in lieu of the borrower;

- (vi) when the collateral given in the form of cash exposes the Fund to a credit risk vis-à-vis the trustee of this collateral, such exposure must be subject to the 20% limitation as laid down in Section III. a) (ii) above;
- (vii) the Fund shall disclose the global valuation of the securities lent in the annual and semi-annual reports;
- (viii) the Fund may only enter into securities lending transactions provided that it is entitled at any time under the terms of the agreement to request the return of the securities lent or to terminate the agreement.

### **C. Repurchase Agreement Transactions**

The Fund does not intend to enter into (i) repurchase transactions which consist in the purchase or sale of securities with a clause reserving for the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and time agreed by the two parties in their contractual arrangement, (ii) repurchase agreement transactions, which consist of a forward transaction at the maturity of which the Fund has the obligation to repurchase the securities sold and the buyer (counterparty) the obligation to return the securities received under the transaction and (iii) reverse repurchase agreement transactions, which consist of a forward transaction at the maturity of which the seller (counterparty) has the obligation to repurchase the securities sold and the Fund the obligation to return the securities received under the transaction.

### **D. Financial Derivative Instruments**

#### **(1) General**

Over-the-counter (OTC) financial derivative instruments (except total return swaps and other derivatives with similar characteristics) used by the Sub-Funds to gain exposure to underlying assets will be entered into with counterparties selected among first class financial institutions specialised in the relevant type of transaction, subject to prudential supervision and belonging to the categories of counterparties approved by the CSSF.

#### **(2) Counterparty Risk**

In accordance with its investment objective and policy, a Sub-Fund may trade “over-the-counter” (OTC) financial derivative instruments such as non-exchange traded futures and options, forwards, swaps or contracts for difference. OTC derivatives are instruments specifically tailored to the needs of an individual investor that enable the user to structure precisely its exposure to a given position. Such instruments are not afforded the same protections as may be available to investors trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house. The counterparty to a particular OTC derivative transaction will generally be the specific entity involved in the transaction rather than a recognised exchange clearing house. In these circumstances the Sub-Fund will be exposed to the risk that the counterparty will not settle the transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. This could result in substantial losses to the Sub-Fund.

Participants in OTC markets are typically not subject to the credit evaluation and regulatory oversight to which members of “exchange-based” markets are subject.

Unless otherwise indicated in the Annex for a specific Sub-Fund, the Fund will not be restricted from dealing with any particular counterparties.

The Fund's evaluation of the creditworthiness of its counterparties may not prove sufficient. The lack of a complete and fool proof evaluation of the financial capabilities of the counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses. The Fund may select counterparties located in various jurisdictions. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Sub-Fund and its assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize the effect of their insolvency on the Sub-Fund and its assets.

Investors should assume that the insolvency of any counterparty would generally result in a loss to the Sub-Fund, which could be material.

If there is a default by the counterparty to a transaction, the Fund will under most normal circumstances have contractual remedies and in some cases collateral pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays and costs. If one or more OTC counterparties were to become insolvent or the subject of liquidation proceedings, the recovery of securities and other assets under OTC derivatives may be delayed and the securities and other assets recovered by the Fund may have declined in value.

Regardless of the measures that the Fund may implement to reduce counterparty credit risk there can be no assurance that a counterparty will not default or that the Sub-Fund will not sustain losses on the transactions as a result. Such counterparty risk is accentuated for contracts with longer maturities or where the Sub-Fund has concentrated its transactions with a single or small group of counterparties.

## **E. Management of Collateral and Collateral Policy**

### **General**

In the context of OTC financial derivative transactions and efficient portfolio management techniques, the Fund may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral policy applied by the Fund in such case. All assets received by the Fund in the context of efficient portfolio management techniques shall be considered as collateral for the purpose of this section.

### **Eligible Collateral**

Collateral received by the Fund may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and CSSF-Circulars issued from time to time notably in terms of liquidity and issuer credit quality, valuation, correlation, collateral diversification, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

- (i) liquidity and issuer credit quality – any collateral received other than cash shall be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;



- (ii) valuation – collateral received shall be valued on at least a daily basis and assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place;
- (iii) correlation – the collateral received by the Fund shall be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- (iv) collateral diversification (asset concentration) – collateral shall be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from a counterparty of efficient portfolio management and OTC financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of the respective Sub-Fund's net asset value. When the Fund is exposed to different counterparties, the different baskets of collateral shall be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this sub-paragraph, the Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. In such a case, the Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the respective Sub-Fund's net asset value. The list of eligible jurisdictions includes, but is not limited to, Canada, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States of America;

Besides, collateral received shall also comply with the provisions of Article 48 of the 2010 Law;

- (v) it should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty;
- (vi) risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the risk management process;
- (vii) where there is a title transfer, the collateral received shall be held by the Depositary of the Fund. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

Subject to the abovementioned conditions, collateral received by the Fund may consist of the following instruments as accepted by the Commission Delegated Regulation (EU) 2016/2251 of the 4 October 2016 supplementing the Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 (hereafter referred to as "CDR 2016/2251"):

- (i) Cash in an OECD country currency in accordance with Article 4(1) (a) of CDR 2016/2251;
- (ii) Debt securities issued or guaranteed by Member States' central governments or central banks in accordance with Article 4(1) (c) of CDR 2016/2251;
- (iii) Debt securities issued by Member States' regional governments or local exposures whose exposures are treated as exposures to the central government of that Member State listed in Article 115(2) of Regulation (EU) 575/2013;
- (iv) Debt securities issued by multilateral banks listed in Article 117(2) of Regulation (EU) of 575/2013;

- (v) Debt securities issued by international organisations listed in Article 118 of the Regulation (EU) No 575/2013;
- (vi) Corporate bonds;
- (vii) Convertible bonds provided they can only be converted into equities which are included in an index specified pursuant to point (a) of Article 197(8) of Regulation (EU) No 575/2013;
- (viii) Equities included in an index specified pursuant to point (a) of Article 197(8) of Regulation (EU) No 575/2013.

#### Level of Collateral

The Fund will determine the required level of collateral for OTC financial derivatives transactions and efficient portfolio management techniques by reference to the applicable counterparty risk limits set out in this Prospectus and taking into account the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions.

#### Rules for application of Haircuts

Collateral will be valued on a daily basis using available market prices and the value of collateral will be adjusted by applying relevant haircuts. For this purpose, in accordance with Article 6 of CDR 2016/2251, the Fund will rely on the credit quality assessments issued by a recognised External Credit Assessment Institution or the credit quality of (ECAI) of an export credit agency and thus will use standard haircuts to be applied by asset type, maturity and credit quality of the issuer.

The following haircuts will be applied:

##### a. Cash Collateral

- Cash variation margin shall be subject to a haircut of 0%;
- Cash initial margin shall be subject to a haircut of 8% when the cash initial margin has been posted in a currency other than the currency in which the payments in case of early termination or default have to be made in accordance with the single derivative contract, the relevant exchange of collateral agreement or the relevant credit support annex (“termination currency”).

In case no termination currency has been set out, the above haircut of 8% shall apply to the market value of all the assets posted as collateral.

b. Non- cash collateral

- Haircuts applicable to debt securities;

Table 1 Debt securities

Collateral	Credit Quality Step	Maturity		
		≤ 1 yr	>1 ≤ 5 year(s)	> 5 years
1. Debt securities issued or guaranteed by Member States' central governments or central banks in accordance with Article 4(1) (c) of CDR 2016/2251	1	0.5%	2%	4%
2. Debt securities issued by Member States' regional governments or local exposures whose exposures are treated as exposures to the central government of that Member State listed in Article 115(2) of Regulation (EU) 575/2013 and in accordance with CDR 2016/2251.				
3. Debt securities issued by multilateral banks listed in Article 117(2) of Regulation (EU) of 575/2013 and in accordance with CDR 2016/2251	2-3	1%	3%	6%
4. Debt securities issued by international organisations listed in Article 118 of the Regulation (EU) No 575/2013 and in accordance with CDR 2016/2251				
5. Corporate bonds in accordance with CDR 2016/2251	1	1%	4%	8%
	2-3	2%	6%	12%

To determine the credit quality step, Standard & Poor's ratings shall be primarily used and mapped according to table 2 below. Should Standard & Poor's ratings not be available, Moody's ratings will be used according to table 2 below. Fitch ratings will only be used in case no rating from Standard & Poor's or Moody's is available.

Table 2 Credit Quality step mapping table

Credit Rating Agency	Rating type	Credit Quality Step		
		1	2	3
Fitch Ratings	Long-term Issuer Credit ratings scale	AAA, AA	A	BBB
Moody's Investors Service	Global long-term rating scale	Aaa, Aa	A	Baa
Standard & Poor's ratings Services	Long-term issuer credit ratings scale	AAA, AA	A	BBB

- Equities in main indices and bonds convertible to equities in main indices shall have a haircut of 15 %;
- Non- cash initial margin posted in a currency other than the currency in which the payments in case of early termination or default have to be made in accordance with the single derivative contract, the relevant exchange of collateral agreement or the relevant credit support annex ("termination currency") shall be subject to an additional haircut of 8%;
- In case no termination currency has been set out, the above haircut of 8% shall apply to shall apply to the market value of all the assets posted as collateral;
- Non cash variation margin posted in a currency other than those agreed in an individual derivative contract, the relevant governing master netting agreement or the relevant credit support annex shall be subject to an additional haircut of 8%.

The Fund reserves the right to review and amend the above haircuts at any time when the market conditions have changed and when and if this is deemed in the best interest of the Fund.

#### Reinvestment of Collateral

Non-cash collateral received by the Fund may not be sold, re-invested or pledged.

#### Restrictions on the re-use of Cash Collateral

Cash Collateral received by the Fund shall neither be re-invested nor pledged.

## SFDR Disclosures

### General SFDR disclosures

SFDR requires transparency with regard to the integration of evaluations of environmental, social or governance (“**ESG**”) events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the investments made by a financial product (“**Sustainability Risks**”) and consideration of adverse sustainability impacts of the actions financial products and financial market participants.

### **Legal Risk associated with SFDR and Taxonomy Regulation**

The Company seeks to comply with all legal obligations applicable to it but notes there may be challenges in meeting all the requirements of SFDR and the Taxonomy Regulation as they are introduced due to uncertainties around their interpretation by the European Commission and the developing financial services industry practice. The Company may be required to incur costs in order to comply with these new requirements during the initial implementation phase and may also be required to incur further costs as the requirements change and further elements are introduced. If there are adverse political developments or changes in government policies as the implementation phase progresses this increases the likelihood of such changes to the relevant legal measures. These elements could impact on the viability of the Company and its returns.

### **ESG Data reliance**

The scope of SFDR is extremely broad, covering a very wide range of financial products and financial market participants. It seeks to achieve more transparency regarding how financial market participants integrate sustainability risks into their investment decisions and consideration of adverse sustainability impacts in the investment process. Data constraint is one of the biggest challenges when it comes to providing sustainability-related information to end-investors, especially in relation to principal adverse impacts of investment decisions, and there are limitations on sustainability and economic, social and governance related data provided by market participants in relation to comparability. Disclosures in this Prospectus may develop and be subject to change due to ongoing improvements in the data provided to, and obtained from, financial market participants and financial advisers to achieve the objectives of SFDR in order to make sustainability-related information available.

### **Relative performance of ESG Fund**

The Fund may underperform the broader market or other funds that do not utilize ESG criteria when selecting investments. The Fund may sell a stock for reasons related to ESG, rather than solely on financial considerations. ESG investing is to a degree subjective and there is no assurance that all investments made by the Fund will reflect the beliefs or values of any particular investor. Investments in securities deemed to be “sustainable” may or may not carry additional or lesser risks.

## Sustainability Risks

Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities for maximizing the long-term risk-adjusted returns. The Investment Manager considers sustainability risks as part of its broader analysis of potential investments and the factors considered will vary depending on the security in question, but typically include ownership structure, board structure and membership, capital allocation track record, management incentives, labour relations history, and climate risks.

Due to the nature of the Sub-Fund's investment strategy and types of securities it holds, the Sub-Fund is exposed to varied Sustainability Risks which include, but are not limited to:

- corporate governance malpractices (e.g. board structure, executive remuneration);
- shareholder rights (e.g. election of the likely directors, capital amendments);
- changes to regulation (e.g. greenhouse gas emissions restrictions, governance codes);
- physical threats (e.g. extreme weather, climate change, water shortages);
- brand and reputational issues (e.g. poor health & safety records, cyber security breaches);
- supply chain management (e.g. increase in fatalities, lost time injury rates, labour relations); and
- work practices (e.g. observation of health, safety and human rights provisions).

Assets held by the Sub-Fund may be subject to partial or total loss of value because of the occurrence of a Sustainability Risk due to fines, reduction of demand in the asset's products or services, physical damage to the asset or its capital, supply chain disruption, increased operating costs, inability to obtain additional capital, or reputational damage.

A Sustainability Risk event may arise and impact a specific investment or may have a broader impact on an economic sector, geographical or political region or country which may impact the portfolio of the Fund in its entirety.

Specific information on the risks of investing (including Sustainability Risks, where applicable) can be found in the relevant Sub-Fund's annex.

Principal adverse impacts of investment decisions on sustainability factors are not currently considered due to the lack of available and reliable data. The situation will however be reviewed going forward.

Please refer to the Sub-Funds' Annexes for further information.

## **BOARD OF DIRECTORS AND MANAGEMENT**

### **Directors**

- Véronique Gillet, Independent Director, 7, avenue de la Gare, L-4734 Pétange, Grand Duchy of Luxembourg
- Florence Stainier, Independent Director, 41 Av. John F. Kennedy, L-2082 Luxembourg, Grand Duchy of Luxembourg
- Espen Ottersen, Chief Compliance Officer, Pareto Asset Management AS, Dronning Mauds gate 3, P.O. Box 1810 Vika, 0123 Oslo, Norway
- Jacques Dineur, Independent Director, 47 BD Prince Henri, Luxembourg, Grand Duchy of Luxembourg

The Directors are responsible for the overall management and control of the Fund. They will review the operations of the Fund and the Management Company.

## MANAGEMENT COMPANY

Pursuant to a management company agreement dated 23 March 2015, the Directors have appointed FundRock Management Company S.A. as the management company of the Fund to be responsible on a day-to-day basis, under supervision of the Directors, for providing investment management, administration and marketing services in respect of all the Sub-Funds.

The Management Company was incorporated for an unlimited period on 10 November 2004 in the form of a “*société anonyme*” in Luxembourg under the name of “RBS (Luxembourg) S.A.”. With effect from 31 December 2015, it changed its name to FundRock Management Company S.A. It is authorised and regulated by the CSSF as (i) a management company subject to Chapter 15 of the 2010 Law, and (ii) as alternative investment fund manager regulated under Chapter 2 of the law of 12 July 2013 on alternative investment funds managers, as amended from time to time. It has a subscribed and paid-up capital of EUR 10,000,000.

It has its registered office in Luxembourg at 33, rue de Gasperich, L-5826 Hesperange, Luxembourg. The articles of incorporation of the Management Company were published in the *Mémorial C*, official gazette of the Grand-Duchy of Luxembourg, as of 6 December 2004. The last amendment of the articles of incorporation of the Management Company was published on 31 March 2016.

The Management Company shall also send reports to the Directors on a periodic basis and inform each Director without delay of any non-compliance of the Fund with the investment restrictions.

The Management Company will receive periodic reports from the Investment Manager detailing each Sub-Funds’ performance and analyzing its investment portfolio. The Management Company will receive similar reports from the Fund’s other service providers in relation to the services which they provide.

The Management Company will monitor on a continuing 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 instruction 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 board of directors of the Management Company is composed as follows:

***Chairman***

**Mr. Michel Marcel Vareika**

Independent Non-Executive Director  
Luxembourg, Grand-Duchy of Luxembourg

***Directors***

**Mr. Karl Fuhrer**

Executive Director - Executive Director - Global Head of Investment Management Oversight FundRock Management Company S.A.  
Hesperange, Grand-Duchy of Luxembourg

**Mrs. Carmel McGovern**

Independent Non-Executive Director  
Luxembourg, Grand Duchy of Luxembourg

**Mr. David Rhydderch**

Non-Executive Director  
Global Head Financial Products  
Apex Group

***The Conducting Officers of the Management Company are:***

**Mr. Emmanuel Nantas**

Director – Head of Compliance - RR, in charge of Branches, Compliance and AML/CFT

**Mr. Franck Caramelle**

Director – Head of Alternative Investments - in charge of IT, Administration of UCI's, Investment Management

**Mr. Khalil Haddad**

Director – Head of Valuation - in charge of Valuation

**Mr. Karl Fuhrer**

Executive Director - Global Head of Investment Management Oversight - in charge of Accounting and Marketing

**Mr. Hugues Sebenne**

Director - Risk and Compliance - in charge of Risk Management

The accounts of the Management Company are audited by an independent authorised auditor. This task has been entrusted to Deloitte Audit Sàrl.

## INVESTMENT MANAGER

The Management Company has appointed Pareto Asset Management AS as Investment Manager of the Fund. Pareto Asset Management AS is authorised and regulated by the Financial Supervisory Authority of Norway.

Pareto Asset Management AS was established in 1995 and serves as the asset management arm of the Pareto group. Pareto Asset Management AS is an independent company offering discretionary mandates, equity funds and fixed income funds. The total AUM pr. December 2014 was NOK 44,8 billion. The services of Pareto Asset Management AS are directed at large and medium-sized entities in the private and public sectors, pension funds, foundations and high net worth individuals.

Pareto Asset Management AS has managed the Pareto group's own assets since inception in 1995, and the Pareto group continues to be heavily co-invested with its clients.

Pareto Asset Management AS offers a conservative investment approach. The management philosophy is characterised by a long-term approach, fundamental analysis and consistency.

Pareto Asset Management AS, works systematically with ethical considerations in the management of its funds. It shall not make investments which constitute an unacceptable risk of investments contributing to unethical acts or omissions. Such contributions could reduce the sustainability and long-term value creation of the Fund. Pareto Asset Management AS's ethical guidelines are based on the guidelines of Statens Pensjonsfond Utland (the "Norwegian Government Pension Fund Global").

The auditor of Pareto Asset Management AS is Deloitte AS, P.O. Box 221 Sentrum, 0103 Oslo, Norway.

The Investment Manager was appointed pursuant to an Investment Management Agreement with the Management Company and the Fund dated 23 March 2015 (the "Investment Management Agreement") to provide day-to-day management of the Fund's investments, subject to the overall supervision and responsibility of the Management Company. The Investment Manager is required to adhere strictly to the guidelines laid down by the Management Company. In particular, the Investment Manager is required to ensure that the assets of the Fund and each Sub-Fund are invested in a manner consistent with the Fund's and the Sub-Funds' investment restrictions and that cash belonging to the Fund and each Sub-Fund is invested in accordance with the guidelines laid down by the Directors and the Management Company.

According to the Investment Management Agreement, the Investment Manager may, only with the prior approval of the Management Company and the Fund, and the CSSF's authorisation, delegate to a third party all or a part of its management duties. Any such delegation shall be reflected in an updated Prospectus.

The Investment Manager will be entitled to such fees as mentioned in the relevant Annex for each Sub-Fund.

The Investment Manager is entitled to a Performance Fee where an overall positive return has been achieved. This may result in substantially higher payments to the Investment Manager than alternative arrangements in other types of investment vehicles.

The existence of the Performance Fee may create an incentive for the Investment Manager to make riskier or more speculative investments than it would otherwise make in the absence of such allocation. The Performance Fee will include amounts in respect of any unrealised appreciation of the Sub-Fund's investments and there is no guarantee that such amounts may eventually be realised.

## DEPOSITARY AND PAYING AGENT

Pursuant to a depositary and paying agent services agreement dated 13 October 2016 (the “**Depositary Agreement**”), Skandinaviska Enskilda Banken A.B (publ) Luxembourg Branch has been appointed as depositary of the Fund (the “**Depositary**”). The Depositary will also provide paying agent services to the Fund.

Skandinaviska Enskilda Banken AB (publ) Luxembourg Branch registered with the Luxembourg Trade and Companies Register under number B39819, having its place of business at 4, rue Peternelchen, L-2370 Howald, Grand-Duchy of Luxembourg, is a branch of Skandinaviska Enskilda Banken AB (publ), a credit institution incorporated under and pursuant to the laws of Sweden and registered with the Swedish Companies Registration Office under number 502032-9081 with registered office address at 106 40 Stockholm, Sweden (“**SEB AB**”). SEB AB is subject to the prudential supervision of the Swedish Financial Supervisory Authority, Finansinspektionen. The Depositary is furthermore supervised by the CSSF, in its role as host member state authority.

The Depositary has been appointed for the safe-keeping of the assets of the Fund which comprises the custody of financial instruments, the record keeping and verification of ownership of other assets of the Fund as well as the effective and proper monitoring of the Fund’s cash flows in accordance with the provisions of the 2010 Law, as amended from time to time, and the Depositary Agreement.

In addition, the Depositary shall also ensure that (i) the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with Luxembourg law and the Articles; (ii) the value of the Shares is calculated in accordance with Luxembourg law and the Articles; (iii) the instructions of the Management Company or the Company are carried out, unless they conflict with applicable Luxembourg law and/or the Articles; (iv) in transactions involving the Fund’s assets any consideration is remitted to the Fund within the usual time limits; and (v) the Fund’s incomes are applied in accordance with Luxembourg law and the Articles.

In carrying out its functions the Depositary acts honestly, fairly, professionally and independently and solely in the interest of the investors. The Depositary is on an ongoing basis analyzing, based on applicable laws and regulations as well as its conflict of interest policy potential conflicts of interests that may arise while carrying out its functions.

When performing its activities, the Depositary obtains information relating to funds which could theoretically be misused (and thus raise potential conflict of interests issues) in relation to e.g. the interests of other clients of the SEB Group, whether engaging in trading in the same securities or seeking other services, particularly in the area of offering services competing with the interests of other counterparties used by the funds/fund managers, and the interests of the Depositary’s employees in personal account dealings.

Consequently, to mitigate the potential conflicts of interest, it has been ensured that the activities of a depositary function are physically, hierarchically and systematically separated from other functions of the Depositary in order to establish information firewalls. Moreover, the depositary function has a mandate and a veto to approve or decline fund clients independent of other functions and has its own committees for escalation of matters connected to its role as a Depositary, where other functions with potentially conflicting interests are not represented.

In compliance with the provisions of the Depositary Agreement and the 2010 Law, as amended from time to time, the Depositary may, subject to certain conditions and in order to effectively conduct its duties, delegate part or all of its safe-keeping duties in relation to financial instruments that can be held in custody, duly entrusted to the Depositary for custody purposes, and/or all or part of its duties regarding the record keeping and verification of ownership of other assets of the Fund to one or more delegate(s), as they are appointed by the Depositary from time to time.

In order to avoid any potential conflicts of interest, irrespective of whether a given delegate is part of the SEB Group or not, the Depositary exercise the same level of due skill, care and diligence both in relation to the selection and appointment as well as in the on-going monitoring of the relevant delegate. Furthermore, the conditions of any appointment of a delegate that is member of the SEB Group will be negotiated at arm's length in order to ensure the interests of the investors. Should a conflict of interest occur and in case such conflict of interest cannot be neutralized, such conflict of interest as well as the decisions taken will be disclosed to the investors and the Prospectus revised accordingly.

An up-to-date list of these delegates can be found on the following webpage:  
<http://sebgroup.lu/siteassets/corporations-and-institutions/global-custody-network.pdf>

Where the law of a third country requires that financial instruments are held in custody by a local entity and no local entity satisfies the delegation requirements of article 34bis, paragraph 3, lit. b) i) of the 2010 Law, the Depositary may delegate its functions to such local entity to the extent required by the law of that third country for as long as there are no local entities satisfying the aforementioned requirements.

In order to ensure that its tasks are only delegated to delegates providing an adequate standard of protection, the Depositary has to exercise all due skill, care and diligence as required by the 2010 Law in the selection and the appointment of any delegate to whom it intends to delegate parts of its tasks and has to continue to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any delegate to which it has delegated parts of its tasks as well as of any arrangements of the delegate in respect of the matters delegated to it. In particular, any delegation is only possible when the delegate at all times during the performance of the tasks delegated to it segregates the assets of the Fund from the Depositary's own assets and from assets belonging to the delegate in accordance with the 2010 Law. The Depositary's liability shall not be affected by any such delegation unless otherwise stipulated in the 2010 Law and/or the Depositary Agreement.

An up-to-date information regarding the Depositary, its duties and the conflicts of interest that may arise, any safekeeping functions delegated by the Depositary, the list of delegates and any conflicts of interests that may arise from such delegation, is available to the investors upon request at the registered office of the Depositary.

The Depositary is liable to the Fund or its investors for the loss of a financial instrument held in custody by the Depositary and/or a delegate. In case of loss of such financial instrument, the Depositary has to return a financial instrument of an identical type or the corresponding amount to the Fund without undue delay. In accordance with the provisions of the 2010 Law, the Depositary will not be liable for the loss of a financial instrument, if such loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Depositary shall be liable to the Fund and to the investors for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its duties in accordance with applicable law, in particular the 2010 Law and/or the Depositary Agreement.

The Fund and the Depositary may terminate the Depositary Agreement at any time by giving ninety (90) days' notice in writing. In case of a voluntary withdrawal of the Depositary or of its removal by the Fund, the Depositary must be replaced at the latest within two (2) months after the expiry of the aforementioned termination notice by a successor depositary to whom the Fund's assets are to be delivered and who will take over the functions and responsibilities of the Depositary. If the Management Company/Fund does not name such successor depositary in time the Depositary may notify the CSSF of the situation. The Management Company/Fund will take the necessary steps, if any, to initiate the liquidation of the Fund, if no successor depositary bank has been appointed within two (2) months after the expiry of the aforementioned termination notice of ninety (90) days.

## **ADMINISTRATION AGENT AND REGISTRAR AND TRANSFER AGENT**

With the prior consent of the Directors, the Management Company has appointed UI efa S.A. as the Administration Agent and Registrar and Transfer Agent of the Fund.

As such, UI efa S.A. is responsible for the general administrative functions required by Luxembourg law, calculating the Net Asset Values of the Fund and its relevant Sub-Funds or Classes and maintaining the accounting records of the Fund, and is also responsible for the procedure of registration, conversion, issue, transfer, cancellation and redemption of the Shares as well as for the keeping of the Shareholders' register.

## **AUDITOR**

Deloitte Audit S.à r.l. has been appointed as Auditor of the Fund.



## POOLING

The Investment Manager may invest and manage all or any part of the portfolios of assets established for two or more Sub-Funds (hereafter the "Participating Sub-Funds") on a pooled basis. Any such asset pool (an "Asset Pool") will be formed by transferring to it cash or other assets (subject that such other assets being appropriate with respect to the investment policy of the Asset Pool concerned) from each Participating Sub-Fund. The Investment Manager may, from time to time, make further transfers to the Asset Pool. Assets may also be transferred back to a Participating Sub-Fund up to the amount of the participation of the relevant Participating Sub-Fund.

The share of a Participating Sub-Fund in an Asset Pool is measured by reference to units of equal value in the Asset Pool. At the time of the formation of an Asset Pool, the Investment Manager shall determine the initial value of a unit (expressed in the currency considered to be appropriate by the Investment Manager), and will allocate to each Participating Sub-Fund units having an aggregate value equal to the amount of cash (or the value of the other assets) contributed. Thereafter, the value of a unit will be determined by dividing the net asset value of the Asset Pool by the number of existing units.

The entitlements of each Participating Sub-Funds to the Asset Pool apply to each and every line of investments of such Asset Pool.

When cash or supplemental assets are contributed to or withdrawn from an Asset Pool, the number of units of the relevant Participating Sub-Fund will be increased or reduced, as the case may be, by the number of units determined by dividing the amount of cash or the value of assets contributed or withdrawn by the current value of a unit. Where a cash contribution is made, this contribution will, for the purpose of calculation, be reduced by an amount which the Directors consider appropriate to reflect fiscal charges, dealing and purchase costs which may be incurred by investing the cash concerned; in case of cash withdrawal, a corresponding addition will be made to reflect costs which may be incurred in realising securities or other assets of the Asset Pool.

Dividends, interests and other income received and having their origin in securities or other assets belonging to an Asset Pool will be immediately allocated to the Participating Sub-Fund in proportion to their respective participation in the Asset Pool at the time of receipt. Upon dissolution of the Fund, the assets in an Asset Pool will (subject to the creditors' rights) be allocated to the Participating Sub-Funds in proportion to their respective participation in the Asset Pool.

## SUBSCRIPTIONS

Investors may subscribe for Shares in each Sub-Fund during an Initial Offering Period at the fixed price specified in the relevant Annex which may be increased by a Subscription Charge and thereafter as of each Valuation Day at the relevant Net Asset Value which may be increased by a Subscription Charge as specified in the relevant Annex.

Under certain circumstances and unless otherwise provided in the relevant Sub-Fund annex, the Directors of the Fund may resolve to adjust the Net Asset Value per Share applicable to the subscription price as described under chapter "Swing Pricing" of the Prospectus. In any case, the adjustments to the Net Asset Value per Share applicable on any Valuation Day shall be identical for all subscriptions dealt with as of such day.

Applicants for Shares should complete an Application Form (an "Application Form") and send it to the Registrar and Transfer Agent by facsimile, with the original following by post. The Application Form should be received for 1<sup>st</sup> subscription only.

Applications for subscription may be for amounts to be invested in Shares or for numbers of Shares.

All Shares will be allotted immediately upon subscription and payment therefore must be received by the Fund, in the reference currency of the relevant Class no later than the period of time specified in the relevant Annex. Otherwise subscriptions may be cancelled without prejudice to the Funds right to recover any charges due to losses incurred.

Thereafter, completed Application Forms must be received by the Registrar and Transfer Agent by no later than the period of time specified in the relevant Annex. Cleared funds must be received on an account of the Fund in the reference currency of the relevant Class no later than the period of time specified in the relevant Annex.

Fractions of Shares may be issued up to four (4) decimal places. Rights attached to fractions of Shares are exercised in proportion to the fraction of a Share held except that fractions of Shares do not confer any voting rights.

The Directors reserve the right to reject any subscription in whole or part at its absolute discretion, in which event the amount paid on the subscription or the balance thereof (as the case may be) will be returned (without interest) as soon as practicable in the currency of subscription or at the discretion of the applicant, at the risk and cost of the applicant.

Once completed subscriptions have been received by the Registrar and Transfer Agent they are irrevocable.

The Directors reserve the right from time to time, without notice, to resolve to close the Fund or a particular Sub-Fund to new subscriptions, either for a specified period or until they otherwise determine.

Shares may be subscribed against contributions in kind considered acceptable by the Directors on the basis of the investment policy of the relevant Sub-Fund. Such contributions in kind will be valued in an auditor's report as required by Luxembourg law. The subscribing Shareholder shall normally bear the costs resulting from the subscription in kind (mainly costs relating to the drawing up of the auditor's report).

### ***Institutional Investors***

As detailed in the relevant Annexes, the sale of Shares of certain Classes may be restricted to institutional investors, within the meaning of article 174 of the 2010 Law, as interpreted by guidelines or recommendations issued by Luxembourg supervisory authorities (“Institutional Investors”) and the Fund will not issue or give effect to any transfer of Shares of such Classes to any investor who may not be considered an Institutional Investor.

The Directors may, at its discretion, delay the acceptance of any subscription for Shares of a Class restricted to Institutional Investors until such date as it has received sufficient evidence on the qualification of the investor as an Institutional Investor.

### ***Ineligible Applicants***

The Application Form requires each prospective applicant for Shares to represent and warrant to the Fund that, among other things, he is able to acquire and hold Shares without violating applicable laws.

The Shares may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Directors, might result in the Fund incurring any liability to taxation or suffering any other disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register under any applicable U.S. securities laws.

Shares may generally not be issued or transferred to any U.S. Person, except that the Directors may authorise the issue or transfer of Shares to or for the account of a U.S. Person provided that:

- such issue or transfer does not result in a violation of the 1933 Act or the securities laws of any of the States of the United States;
- such issue or transfer will not require the Fund to register under the 1940 Act;
- such issue or transfer will not cause any assets of the Fund to be “plan assets” for the purposes of ERISA (U.S. Employee Retirement Income Securities Act of 1974 (as amended)); and
- such issue or transfer will not result in any adverse regulatory or tax consequences to the Fund or its Shareholders.

Each applicant for and transferee of Shares who is a U.S. Person will be required to provide such representations, warranties or documentation as may be required to ensure that these requirements are met prior to the issue, or the registration of any transfer, of Shares.

Subject as mentioned above, Shares are freely transferable. The Directors may, however, refuse to register a transfer which would result in either the transferor or the transferee remaining or being registered (as the case may be) as the holder of Shares in a Sub-Fund valued at less than the minimum holding requirement.

The Fund will require from each registered Shareholder acting on behalf of other investors that any assignment of rights to Shares be made in compliance with applicable securities laws in the jurisdictions where such assignment is made and that in unregulated jurisdictions such assignment be made in compliance with the minimum holding requirement.

### ***Form of Shares***

Shares will either be issued as registered Shares which will be recorded in a nominal account or may be made available through securities settlement systems.

### ***Minimum initial and subsequent subscription, and holding amounts***

The Directors may set and waive at their sole discretion any minimum initial and subsequent subscription amount and minimum holding amount specified for each Class of Shares in each Sub-Fund in the relevant Annex, as the case may be.

### ***Suspension***

The Directors may declare a suspension of the calculation of the Net Asset Value of Shares in certain circumstances as described under “General and Statutory Information”. No Shares will be issued in the relevant Sub-Fund during any such period of suspension.

### ***Share-Classes Hedging***

The Directors may issue Classes which are denominated in currencies other than the Reference Currency of the relevant Sub-Fund and which share a common investment objective. The Management Company will comply with the provisions set forth in the current and forthcoming regulations on UCITS share classes.

### ***Prevention of Money Laundering and Terrorism Financing***

The Management Company or its delegates will monitor the prevention of money laundering/terrorism financing throughout specific measures.

As a result of such measures, the Management Company or its delegates (including Distributor, Registrar and Transfer Agent and/or their delegate(s)) must ascertain the identity of each applicant for shares. In accordance with international rules and Luxembourg laws and regulations (including but not limited to the law of 12 November 2004 on the fight against money laundering and terrorist financing (as amended) (the “Law of 2004”)) and associated circulars of the CSSF, the Registrar and Transfer Agent or its delegate(s) may request to be provided with documents, as determined from time to time, for the identification of an applicant for Shares, and then updated documents pursuant to ongoing client due diligence requirements under relevant laws and regulations.

Documentation requirements must thus be fully satisfied before any subscription is effected.

The true identity of an applicant for shares must be adequately documented in the form and contents required by law and regulation and satisfactory to the Management Company or its delegates. The documentation requirements will be adapted to the legal nature of the applicant.

This means that for natural persons, identity verification will be performed on the basis of a duly certified copy of an official legitimising identification document, which includes the name and surname, the address, the date and place of birth, an ID number, the occupation (please note that certain positions or activities may trigger enhanced due diligence requirements). For legal entities, identification typically requires certified true copies of the articles of incorporation or equivalent document, certificate of incorporation or equivalent document, authorised signatories list, identification of the representatives/proxies of the entity (according to the procedure applied for natural persons), most recent financial statements, and any other document which could be retained as relevant in order to fulfil with all the obligations related to the prevention of money-laundering and terrorism financing. The list of documents required and the relevance of certain evidence may vary depending on the participation of specific intermediaries and/or the legal nature of the applicant, his activity or business, and, in certain instances, his country of origin or his country of residence, which may trigger enhanced due diligence from the entity receiving the application request.

Identification shall be performed on the basis of current documents, i.e. either within stated validity date, or reasonably recent where documents bear no validity date, and provide information prevailing at the time of completion of the customer due diligence procedure (“CDD”). When documents presented for CDD purposes cannot be obtained and/or recorded in original, copies duly certified by a competent authority (notary, police officer, embassy, consulate) will be required. Such information shall be collected for compliance reasons only and shall not be disclosed to unauthorised persons.

In the event of delay or failure by the applicant to supply any information required for due diligence purposes, the Registrar and Transfer Agent or its delegate(s) may refuse to accept the application and subscription monies or return subscriptions monies (less expenses) if information required is not supplied prior to the subscription cut-off time as defined in the present document. This may result also in Shares being issued on a Valuation Day subsequent to the Valuation Day on which an applicant initially wished to have Shares issued to him. It is further acknowledged that the applicant shall hold the Management Company or its delegates harmless against any loss of interest or investment opportunity arising as a result of a failure to process the subscription if such due diligence documentation has not been supplied on time by the applicant.

The Fund, or any delegate thereof, will further provide the Luxembourg beneficial owner register (the “**RBO**”) created pursuant to the Law of 13 January 2019 establishing a register of beneficial owners with relevant information about any shareholder (the “**RBO Law**”) or, as applicable, beneficial owner(s) thereof, qualifying as beneficial owner of the Fund within the meaning of the Law of 2004. Such information will be made available to the general public through the RBO, as required by, and under the conditions set forth in the RBO Law.

## REDEMPTIONS

Shares are redeemable at the option of the Shareholders. Shareholders should send a completed redemption request to the Registrar and Transfer Agent by mail, facsimile, or other electronic medium approved by the Funds Register and Transfer Agent. All redemption requests are to be received by the Registrar and Transfer Agent no later than the time specified in the relevant Annex. Shares will be redeemed based on the Redemption Price as at the applicable Valuation Day decreased by a Redemption Charge as specified for each Class and Sub-Fund in the relevant Annex.

Under certain circumstances and unless otherwise provided in the relevant Sub-Fund annex, the Directors of the Fund may resolve to adjust the Net Asset Value per Share applicable to the redemption price as described under chapter “Swing Pricing” of the Prospectus. In any case, the adjustments to the Net Asset Value per Share applicable on any Valuation Day shall be identical for all redemptions dealt with as of such day.

If redemption requests for more than 10% of the Net Asset Value of a Sub-Fund are received, then the Fund shall have the right to limit redemptions so they do not exceed this threshold amount of 10% calculated at the level of each Sub-Fund. Redemptions shall be limited with respect to all Shareholders seeking to redeem Shares as of a same Valuation Day so that each such Shareholder shall have the same percentage of its redemption request honoured; the balance of such redemption requests shall be processed by the Fund on the next day on which redemption requests are accepted, subject to the same limitation. On such day, such requests for redemption will be complied with in priority to subsequent requests. At the moment of submitting their redemption requests, Shareholders may elect to have their redemption request cancelled automatically if the above provisions should have as a result that the entirety of the redemption request cannot be honoured. In such case, the Shareholder will present a new redemption request on any following Valuation Day.

In exceptional circumstances the Directors may request that a Shareholder accepts ‘redemption in kind’ i.e. receives a portfolio of stock of equivalent value to the appropriate cash redemption payment. In such circumstances the investor must specifically accept the redemption in kind. He may always request a cash redemption payment in the reference currency of the Class.

Where the investor agrees to accept redemption in kind he will, as far as possible, receive a representative selection of the Class’ holdings pro rata to the number of Shares redeemed and the Directors will make sure that the remaining Shareholders do not suffer any loss therefrom. To the extent required by law, the value of the redemption in kind will be certified by a report drawn up by the auditors of the Fund in accordance with the requirements of Luxembourg law. However, where the redemption in kind exactly reflects the Shareholder’s pro-rata share of investments, no auditor’s report will be required. The redeeming Shareholder shall normally bear the costs resulting from the redemption in kind (mainly costs relating to the drawing up of an auditor’s report, if any) unless the Directors consider that the redemption in kind is in the interest of the Fund or made to protect the interest of the Fund.

A redemption request, once given, is irrevocable. Shares redeemed by the Fund are cancelled.

Payment of redemption proceeds will have to be made no later than the period of time provided in the relevant Annex for a Sub-Fund. Payment will be made in the reference currency of the relevant Class by transfer to the bank account specified by the redeeming Shareholder to the Registrar and Transfer Agent.

### ***Suspension***

The Directors may declare a suspension of the calculation of the Net Asset Value of Shares in certain circumstances as described under “General and Statutory Information”. No Shares will be redeemed in the relevant Sub-Fund during any such period of suspension.

### ***Compulsory Redemptions***

The Directors have the right to require the compulsory redemption of all Shares held by or for the benefit of a Shareholder if the Directors determine that the Shares are held by or for the benefit of any Shareholder who is or becomes an Ineligible Applicant as described under “Subscriptions”. The Fund also reserves the right to require compulsory redemption of all Shares held by a Shareholder in a Sub-Fund if the Net Asset Value of the Shares held in such Sub-Fund by the Shareholder is less than the applicable minimum holding requirement.

Shareholders are required to notify the Registrar and Transfer Agent immediately if at any time they become US Persons or hold Shares for the account or benefit of U.S. Persons.

When the Directors become aware that a Shareholder (A) is a U.S. Person or is holding Shares for the account or benefit of a U.S. Person, so that the number of U.S. Persons known to the Directors to be beneficial owners of Shares for the purposes of the 1940 Act exceeds 99 or such other number as the Directors may determine from time to time; (B) is holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax, pecuniary or material administrative disadvantages for the Fund or its Shareholders including, but not limited to, a situation in which more than 25 % of the Shares are owned by benefit plan investors; or (C) has failed to provide any information or declaration required by the Directors within ten days of being requested to do so, the Directors will either (i) direct such Shareholders to redeem or to transfer the relevant Shares to a person who is qualified or entitled to own or hold such Shares or (ii) redeem the relevant Shares.

If it appears at any time that a holder of Shares of a Class restricted to Institutional Investors is not an Institutional Investor, the Fund will either redeem the relevant Shares in accordance with the above provisions or convert such Shares into Shares of a Class which is not restricted to Institutional Investors (provided there exists such a Class with similar characteristics) and notify the relevant shareholder of such conversion.

Any person who becomes aware that he is holding Shares in contravention of any of the above provisions and who fails to transfer or redeem his Shares pursuant to the above provisions shall indemnify and hold harmless the Management Company, each of the Directors, the Fund, the Depositary, the Administrator, Registrar and Transfer Agent, the Investment Manager and the Shareholders of the Fund (each an “Indemnified Party”) from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions.

## CONVERSIONS

Subject to any prohibition of conversions contained in an Annex and to any suspension of the determination of any one of the Net Asset Values concerned, Shareholders have the right to convert all or part of their Shares of any Class of a Sub-Fund into Shares of another existing Class of that or another Sub-Fund by applying for conversion in the same manner as for the redemption of Shares. However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription or holding amounts) applicable to the Class into which conversion is to be effected. Therefore, if, as a result of a conversion, the value of a Shareholder's holding in the new Class would be less than the minimum holding amount, the Directors may decide not to accept the request for conversion of the Shares and the Shareholder would be informed of such decision. In addition, if, as a result of a conversion, the value of a Shareholder's holding in the original Class would become less than the relevant minimum holding amount, the Shareholder may be deemed (if the Directors so decide) to have requested the conversion of all of his Shares.

The number of Shares issued upon conversion will be based upon the respective Net Asset Values of the two Classes concerned on the common Valuation Day for which the conversion request is accepted.

If there is no common Valuation Day for any two Classes, the conversion will be made on the basis of the Net Asset Value calculated on the next following Valuation Day of each of the two Classes concerned.

Under certain circumstances and unless otherwise provided in the relevant Sub-Fund annex, the Directors of the Fund may resolve to adjust the Net Asset Value per Share applicable to the conversion amount as described under chapter "Swing Pricing" of the Prospectus. In any case, the adjustments to the Net Asset Value per Share applicable on any Valuation Day shall be identical for all conversions dealt with as of such day.

No conversion charge will be levied on conversions.

### ***Suspension***

The Directors may declare a suspension of the calculation of the Net Asset Value of Shares in certain circumstances as described under "General and Statutory Information". No Shares will be converted in the relevant Sub-Funds during any such period of suspension.



## **SWING PRICING**

A Sub-Fund may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and of the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switches in and out of the Sub-Funds. In order to counter this and to protect Shareholders' interests, the Directors may apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the Directors may make adjustments in the calculations of the Net Asset Values per Share, to counter the impact of dealing and other costs on occasions when these are deemed to be significant in case net subscriptions or redemptions exceed a certain threshold as determined by the Directors. The Directors have delegated some of these powers to the Management Company. The adjustment of the Net Asset Value per Share shall not exceed 1% of the unadjusted Net Asset Value as of the relevant Valuation Day. The adjustments to the Net Asset Value per Share applicable on any Valuation Day shall be identical for all subscriptions dealt with as of such day in the relevant Sub-Fund. For the avoidance of doubt, performance fees, if any, will be calculated on the basis of the unadjusted Net Asset Value.

## NET ASSET VALUE

The Net Asset Value per Share of each Class will be determined and made available in its reference currency by the Administrator as at such time as the Directors shall determine as of each Valuation Day.

The Net Asset Value per Share as of any Valuation Day will be calculated in the reference currency of the relevant Class by dividing the Net Asset Value of the Class by the number of Shares in issue in such Class as of that Valuation Day.

The Net Asset Value of each Class will be determined by deducting from the total value of the assets attributable to the relevant Class, all accrued debts and liabilities attributable to that Class.

To the extent feasible, expenses, fees and income will be accrued on a daily basis.

Assets and liabilities of the Fund will be valued in accordance with the following principles:

- a) Securities, money market instruments or financial derivative instruments listed on Regulated Markets, which operate regularly and are recognised and open to the public, will be valued at the last available closing price; in the event that there should be several such markets, on the basis of the last available closing price of the main market for the relevant security or money market instrument. Should the last available closing price for a given security or money market instrument not truly reflect its fair market value, then that security or money market instrument shall be valued on the basis of the probable sales prices which the Directors deems is prudent to assume;
- b) Securities, money market instruments or financial derivative instruments not listed on Regulated Markets, which operate regularly and are recognised and open to the public, will be valued on the basis of their last available closing price. Should the last available closing price for a given security or money market instrument not truly reflect its fair market value, then that security or money market instrument will be valued by the Directors on the basis of the probable sales price which the Directors deems is prudent to assume;
- c) Shares or units in underlying open-ended investment funds shall be valued at their last available net asset value;
- d) Liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis. All other assets, where practice allows, may be valued in the same manner. Short-term investments that have a remaining maturity of one year or less may be valued (i) at market value, or (ii) where market value is not available or not representative, at amortised cost;
- e) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid, and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Directors may consider appropriate in such case to reflect the true value thereof.

In the event that extraordinary circumstances render such a valuation impracticable or inadequate, the Directors may, at their discretion, prudently and in good faith follow other methods of valuation to be used if they consider that such method of valuation better reflects value and is in accordance with good accounting practice in order to achieve a fair valuation of the assets of the Fund.

The value of assets denominated in a currency other than the reference currency of a Sub-Fund shall be determined by taking into account the rate of exchange prevailing at the time of determination of the Net Asset Value.

The Management Company has delegated to the Administrator the determination of the Net Asset Value and the Net Asset Value per Share.

The assets and liabilities of the Fund shall be allocated in such manner as to ensure that the proceeds received upon the issue of Shares of a specific Sub-Fund shall be attributed to that Sub-Fund. All of the assets and liabilities of a specific Sub-Fund as well as the income and expenses which are related thereto shall be attributed to that Sub-Fund. Assets or liabilities which cannot be attributed to any particular Sub-Fund shall be allocated to all the Sub-Funds pro rata to the respective Net Asset Value of the Sub-Funds. The proportion of the total net assets attributable to each Sub-Fund shall be reduced as applicable by the amount of any distribution to Shareholders and by any expenses paid.

## **LATE TRADING AND MARKET TIMING**

Late Trading is to be understood as the acceptance of a subscription (or conversion or redemption) order after the relevant cut-off times (as specified below) on the relevant Valuation Day and the execution of such order at the price based on the Net Asset Value applicable to such same day. Late Trading is strictly forbidden.

Market Timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts Shares of the Fund within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the relevant Sub-Fund.

Market Timing practices may disrupt the investment management of the portfolios and harm the performance of the relevant Sub-Fund.

In order to avoid such practices, Shares are issued at an unknown price and neither the Fund, nor the Distributor will accept orders received after the relevant cut-off times.

The Fund reserves the right to refuse purchase (and conversion) orders into a Sub-Fund by any person who is suspected of market timing activities.

## TAXONOMY REGULATION DISCLOSURES

The Taxonomy Regulation is a piece of directly effective EU legislation that is applicable to the Fund.

Its purpose is to establish a framework to facilitate sustainable investment. It sets out harmonised criteria for determining whether an economic activity qualifies as environmentally sustainable and outlines a range of disclosure obligations to enhance transparency and to provide for objective comparison of financial products regarding the proportion of their investments that contribute to environmentally sustainable economic activities.

It is notable that the scope of environmentally sustainable economic activities, as prescribed in the Taxonomy Regulation, is narrower than the scope of sustainable investments under SFDR. Therefore, although there are disclosure requirements for both, these two concepts should be considered and assessed separately. This section addresses only the specific disclosure requirements of the Taxonomy Regulation.

Given the investment focus and the asset classes/sectors in which the Sub-Funds invest, the Investment Manager may integrate a consideration of environmentally sustainable economic activities (as prescribed by the Taxonomy Regulation) into the investment process for the Sub-Funds. Please refer to the Sub-Funds' annexes for further information.

## FEES AND EXPENSES

The Management Company will receive a maximum fee of 0.08% per annum calculated on the Net Asset Value of the Sub-Fund(s) on each Valuation Day for the provision of its services. This fee is payable monthly in arrears. The Management Company shall further receive a fee in line with market practice in Luxembourg, out of the net assets of the Fund, for the services of Domiciliary Agent.

The different Sub-Funds and Classes will incur an annual investment management fee payable to the Investment Manager, which reflects all expenses related to the investment management of the Sub-Funds and Classes. The investment management fee which is expressed as a percentage of the Net Asset Value is specified in the relevant Annex. The Investment Manager may from time to time, at its sole discretion, and out of its own resources, rebate part or all of the Investment Management Fee to entities or intermediaries such as, but not limited to:

- life insurance companies;
- pension funds and other retirement provision institutions;
- investment foundations;
- foreign fund management companies and providers;
- investment companies.

The Investment Manager may also pay trailer fees to certain intermediaries such as private banks and funds of funds.

The Investment Manager is also entitled to receive a performance fee for certain Classes of Shares as described in each Annex to this Prospectus.

The Administrator, Registrar and Transfer and Domiciliary Agent shall be entitled to receive an administration fee from the Fund in accordance with market practice in Luxembourg. Details regarding the calculation method and the applicable amount are set out for each Sub-Fund in the relevant Annex.

Similarly, the Depositary shall be entitled to receive a Depositary Fee from the Fund in accordance with market practice in Luxembourg. Details regarding the calculation method and the applicable amount are set out for each Sub-Fund in the relevant Annex.

The other costs charged to the Fund or to the different Sub-Funds or Classes include:

- the costs of establishing the Fund and the Sub-Funds. In case where further Sub-Funds are created in the future, these Sub-Funds will bear, in principle, their own formation expenses. The establishment costs may, at the discretion of the Directors, be amortised on a straight line basis over 5 years from the date on which the Fund/Sub-Funds commenced business. The Directors may, in their absolute discretion, shorten the period over which such costs are amortised;
- the *taxe d'abonnement* as described in chapter "Taxation" hereafter;

- the fees of directors, auditors and legal advisors, the costs of preparing, printing and distributing all prospectuses, memoranda, reports and other necessary documents concerning the Fund, including the KID, any fees and expenses involved in registering and maintaining the registration of the Fund with any governmental agency and stock exchange, the costs of publishing prices and the operational expenses, the costs and expenses of preparing, printing and distributing materials used by the Global Distributor in connection with its marketing, promotion and offering for sale of the Shares to the public or through private placements (including any documentation in relation to PRIIPs and/or required for the promotion and offering of Shares), any expenses of advertising incurred by the Global Distributor in connection with such marketing, promotion and offering provided that they were prior approved by the Management Company or the Fund, and the cost of holding shareholders meetings;
- standard brokerage and bank charges incurred by the Fund's business transactions; and
- any additional administrative expenses incurred by the Fund, its agents or the Depositary when acting in the interest of the Shareholders.

## **REPORTS AND FINANCIAL STATEMENTS**

The financial year of the Fund ends on 31 December in each year.

The audited annual reports and the unaudited semi-annual reports will comprise consolidated financial statements of the Fund expressed in Euro, being the reference currency of the Fund, and financial information on each Sub-Fund expressed in the reference currency of each Sub-Fund. Copies of the annual and semi-annual reports and financial statements may be obtained free of charge at the registered office of the Fund.



## **DIVIDEND POLICY**

The dividend policy applicable for each Sub-Fund or Class is specified in the relevant Annex.

If a dividend is declared by the Fund, it will be paid to each Shareholder concerned in the currency of the relevant Sub-Fund or Class, normally by bank transfer.

Dividend payments are restricted by law in that they may not reduce the net assets of the Fund below the required minimum determined by Luxembourg law.

In the event that a dividend is declared and remains unclaimed after a period of five years from the date of declaration, such dividend will be forfeited and will revert to the Sub-Fund or Class in relation to which it was declared.

## **HISTORICAL PERFORMANCE**

If available, past performance information will be included in the KID which is available free of charge from the registered office of the Fund and the Management Company.

## TAXATION

The following is based on the Fund's understanding of, and advice received on, certain aspects of the law and practice currently in force in Luxembourg. There can be no guarantee that the tax position at the date of this Prospectus or at the time of an investment will endure indefinitely.

Investors should consult their professional advisers on the possible tax and other consequences of their subscribing for, purchasing, holding, selling or redeeming Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

### ***The Fund***

Under current law and practice the Fund is not liable to any Luxembourg income tax, nor are dividends (if any) paid by the Fund liable to any Luxembourg withholding tax. However, the Fund is liable in Luxembourg to a *taxe d'abonnement* of 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the Net Asset Value of the Fund at the end of the relevant quarter. The reduced *taxe d'abonnement* rate of 0.01% per annum will be applicable to Classes the Shares of which are exclusively held by Institutional Investors. To the extent that the assets of the Fund are invested in investment funds which are established in Luxembourg, no such tax is payable.

No stamp duty or other tax is payable in Luxembourg on the issue of Shares in the Fund except an initial fixed capital duty of Euro 1,250 which was paid upon incorporation.

Under current law and practice, it is anticipated that no Luxembourg capital gains tax will be payable on the realised or unrealised capital appreciation of the assets of the Fund.

### ***Shareholders***

Subject to the provisions of the Law as defined under "European Union Tax Considerations" below, under current legislation Shareholders are not subject to any capital gains, income, withholding, estate, inheritance or other taxes in Luxembourg (except for those domiciled, resident or having a permanent establishment in Luxembourg).

### ***Common Reporting Standard***

The Fund is subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters (the "**Standard**") and its Common Reporting Standard (the "**CRS**") as set out in the Luxembourg law dated 18 December 2015 on the Common Reporting Standard (*loi relative à l'échange automatique de renseignements relatifs aux comptes financiers en matière fiscale*) (the "**CRS Law**").

The CRS Law is based on the European Directive 2014/107/EU of 9 December 2014 amending provisions of Directive 2011/16/EU on administrative cooperation in the field of taxation and the OECD's multilateral agreements. Consequently, to eliminate the overlap of reporting obligations created between the EU Savings Directive (the "**EUSD**") and the Directive 2014/107/EU, the EUSD directive has been repealed with effect from 31 December 2015 and the last reporting in accordance with the EUSD directive, was effected in 2016 for the calendar year 2015. Further, the first reporting to the Luxembourg tax authority (the "**LTA**") under the CRS Law, was applied in 2017 for the calendar year 2016.

The intention of CRS is to safeguard against tax evasion. Accordingly, under the terms of the CRS Law, the Fund is likely to be treated as a Luxembourg Reporting Financial Institution. Consequently, the Fund is required to collect personal and financial information as described in Annex I of the CRS Law with effect from 1 January 2016 and without prejudice to other applicable data protection provisions as set out in the Fund documentation, the Fund is required to annually report this information to the LTA.

The Fund's ability to satisfy its reporting obligations under the CRS Law will depend on each investor providing the Fund with the Information, along with the required supporting documentary evidence. In this context, the investors are hereby informed that, the Fund will process the Information for the purposes as set out in the CRS Law. The investors undertake to inform the fund or the fund management company, if applicable, of the processing of their Information by the Fund.

The investors are further informed that the Information related to Reportable Persons within the meaning of the CRS Law will be disclosed to the LTA annually for the purposes set out in the CRS Law.

The investors undertake to immediately inform the Fund of, and provide the Fund with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

Any investor that fails to comply with the Fund's Information or documentation requests may be held liable for penalties imposed on the Fund and attributable to such investor's failure to provide the Information or subject to disclosure of the Information by the Fund to the LTA.

**If investors are in doubt, they should consult their tax advisor, stockbroker, bank manager, solicitor, account or other financial advisor regarding the possible implications of CRS on an investment in the Fund.**

## **FATCA**

Under an intergovernmental agreement concluded between Luxembourg and the United States of America, the Fund will be classified as a 'Reporting Financial Institution' for the purposes of FATCA. The main purpose of the legislation is to require financial institutions to identify and report the financial accounts of "Specified U.S. Persons". In order to do so, shareholders may be required to provide further information regarding themselves on request.

As part of the subscription process the Shareholders will be asked to complete a self-certification form that requires them to provide the Fund with the necessary information. The Shareholders are required to complete all sections in the relevant form as directed. If any Shareholders have any questions about their organization's classification, for this purpose they should contact their tax adviser. Should any information provided change in the future, Shareholders are required to advise the Fund of the changes within 30 days.

The Fund will report the financial accounts held by Specified U.S. Persons to the Luxembourg tax authorities, who will then provide such information to the U.S. Internal Revenue Services. Any shareholder refusing to provide the requisite information will also be reported.

Prospective investors should consult their own tax advisor with regard to the U.S. federal, state, local and non-U.S. tax reporting and certification requirements associated with an investment in the Fund.

Further, prospective investors should be aware that further automatic exchange of information regimes are due to be introduced and that these may apply to holdings in the Fund.

### **General**

The receipt of dividends (if any) by Shareholders, the redemption or transfer of Shares and any distribution on a winding-up of the Fund may result in a tax liability for the Shareholders according to the tax regime applicable in their various countries of residence, citizenship or domicile. Shareholders resident in or citizens of certain countries which have anti-offshore fund legislation may have a current liability to tax on the undistributed income and gains of the Fund.

Investors should be aware that according to international tax practice the place of effective management is normally the place where the key management and commercial decisions that are necessary for the conduct of the Fund's business are made in substance. If the Fund is considered effectively managed in another country than Luxembourg, like in Norway for instance, there is a risk that the Fund be subject to taxation as similar entities are in such jurisdiction as if the Fund was established there.

Also, even though the Fund is considered effectively managed from Luxembourg, a tax liability in another jurisdiction can arise if the Fund has a permanent establishment in such jurisdiction. A permanent establishment is normally considered to exist if there is a fixed place of business in another jurisdiction through which the business is wholly or partly carried on. A permanent establishment will normally be subject to taxation in this jurisdiction based on the profits attributable to the activities there.

The Directors, the Fund and each of the Fund's agents shall have no liability in respect of the individual tax affairs of Shareholders.

## GENERAL AND STATUTORY INFORMATION

*The information in this section includes a summary of some of the provisions of the Articles of Incorporation and Material Contracts described below and is provided subject to the general provisions of each of such documents.*

- **The Fund**

The Fund was incorporated as an open-ended investment company (*société d'investissement à capital variable* – SICAV) with multiple compartments on 5 May 2010. The duration of the Fund is indefinite. The duration of the Sub-Funds may be limited. The initial capital on incorporation was EUR 31,000. On incorporation all the Shares representing the initial capital were subscribed for and were fully paid. The Fund has designated a management company that is subject to chapter 15 of the 2010 Law. The Articles of Incorporation were published in the *Mémorial C, Recueil des Sociétés et Associations* on 21 May 2010. The Articles have been last amended on 6 February 2019 and will be published in the *RESA* on 19 February 2019. The Articles of Incorporation have been filed with the *Registre de Commerce et des Sociétés of Luxembourg* where they may be inspected and where copies thereof can be obtained.

The Fund is designed to offer investors, within the same investment vehicle, a choice between several Sub-Funds, which are managed separately and are distinguished principally by their specific investment policy and/or by the currency in which they are denominated.

- **Share Capital**

The capital of the Fund will always be equal to the value of its net assets. The Shares are of no par value and must be issued fully paid. The Shares carry no preferential or pre-emption rights and each share is entitled to one vote at all meetings of Shareholders.

- **Temporary suspension of Net Asset Value calculations and of issues, redemption and conversion of Shares**

The Directors may suspend the determination of the Net Asset Value and hence the issue, redemption and conversion of Shares if at any time, the Directors believe that exceptional circumstances constitute forcible reasons for doing so. Such circumstances can arise in the following cases:

- any period when any of the principal markets or exchanges on which a substantial portion of the investments of the relevant Sub-Fund from time to time are quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended;
- the existence of any state of affairs which constitutes an emergency as a result of which the disposal or valuation of assets owned by the relevant Sub-Fund would be impracticable, not accurately or not without seriously prejudicing the interests of the shareholders of the Fund;
- any breakdown in the means of communication normally employed in determining the price of any of the investments of the relevant Sub-Fund or the current prices on any market or stock exchange;

- any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on the redemption of Shares cannot in the opinion of the Directors be effected at normal rates of exchange; or
- a situation if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Fund are rendered impracticable or if purchases and sales of the Fund's assets cannot be effected at normal rates of exchange any period when the Net Asset Value of one or more investment funds in which any class has invested and when the assets of the investment fund(s) represent a significant part of the proportion of assets of any Sub-Fund cannot be calculated with accuracy and cannot reflect the true market value of the net asset value of the investment fund(s) during a Valuation Day; or
- as soon as the Directors have convened a general meeting of Shareholders to resolve on the liquidation of the Fund or a Sub-Fund; or
- a situation where the Directors have determined that there has been a material change in the valuations of a substantial proportion of the investments of the Fund attributable to a particular Sub-Fund or Class in the preparation or use of a valuation or the carrying out of a later or subsequent valuation; or
- any other circumstance or circumstances 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 any other detriment which the Fund or its Shareholders might so otherwise have suffered.

No Shares will be issued, redeemed or converted when the determination of the Net Asset Value is suspended. In such a case, a subscription for Shares, a redemption or a conversion request may be withdrawn, provided that a withdrawal notice is received by the Registrar and Transfer Agent before the suspension is terminated. Unless withdrawn, subscriptions for Shares, redemptions and conversion requests will be acted upon on the first Valuation Day after the suspension is lifted on the basis of the Subscription Price, Redemption Price or Conversion Price (as the case may be) then prevailing. Notice of any such suspension will be published, if, in the opinion of the Directors, it is likely to exceed five Business Days and will be notified to all persons who have applied for, or requested the redemption or conversion of, Shares. The Directors will, at their discretion, decide in which newspapers such notices shall be published, taking into account in particular the countries in which the Shares are offered for sale to the public.

- **Publication of Prices**

The Net Asset Value per Share may be obtained at the registered office of the Fund.

- **Meetings**

The annual general meeting of Shareholders will be held at the registered office of the Fund in Luxembourg at a date and time decided by the Directors being no later than six months after the end of the Fund's previous financial year.

Notices of general meetings are given in accordance with Luxembourg law, including by post or any other means of communication having been individually accepted by a Shareholder allowing the information of the Shareholder at least eight (8) days prior to the general meeting and, to the extent legally necessary, by publication in the RESA in Luxembourg, in a Luxembourg newspaper and in such other newspapers as the Directors may determine. Notices will specify the place and time of the meeting, the conditions of admission, the agenda, the quorum and voting requirements. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in Articles 450-1, 450-3 and 450-4 of the law of 10 August 1915 of the Grand-Duchy of Luxembourg and in the Articles.

Matters relating to a particular Sub-Fund may be decided by a vote at a meeting of the Shareholders of that Sub-Fund. Any change in the Articles of Incorporation affecting the rights of Shareholders of a particular Sub-Fund must be approved by a resolution both of all the Shareholders of the Fund and of the Shareholders of the Sub-Fund in question.

- **Winding-Up**

The Fund may be wound up by decision of an extraordinary general meeting of the Shareholders. Such a meeting must be convened if the value of the net assets of the Fund falls below the respective levels of two-thirds or one quarter of the minimum capital prescribed by Luxembourg law. At any such meeting convened in such circumstances decisions to wind up the Fund will be taken in accordance with the requirements of Article 30 of the 2010 Law.

If the Fund is to be wound up, the winding-up will be carried out in accordance with the provisions of Luxembourg law which specify the steps to be taken to enable Shareholders to participate in distribution(s) on the winding-up and in this connection provides for the deposit in escrow at the *Caisse de Consignation* of any amounts which have not been claimed by Shareholders at the close of the winding-up. Amounts not claimed from escrow within the prescription period are liable to be forfeited in accordance with the provisions of Luxembourg law.

- **Dissolution and Reorganisation of Sub-Funds**

With respect to Sub-Funds set up for a fixed term, Sub-Funds will be automatically dissolved at the end of their fixed term, as disclosed in the relevant Annex.

A Sub-Fund may also be dissolved by compulsory redemption of Shares of the Sub-Fund concerned, upon a decision of the Directors:

- if the Net Asset Value of the Sub-Fund concerned has decreased below Euro 15 million or the equivalent in another currency, or
- if a change in the economic or political situation relating to the Sub-Fund concerned would have material adverse consequences on investments of the Sub-Fund, or
- in order to proceed to an economic rationalisation, or
- if required in the interest of the Shareholders.

The Redemption Price will be the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses), calculated as of the Valuation Day at which such decision shall take effect.



The Fund shall serve a written notice to the holders of the relevant Shares prior to the effective date of the compulsory redemption, which will indicate the reasons for, and the procedure of the redemption operations. Unless it is otherwise decided 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 free of charge prior to the effective date of the compulsory redemption, at a Redemption Price taking into account actual realisation prices of investments and realisation expenses.

The Directors may decide to reorganise a Sub-Fund or Class by means of a division into two or more Sub-Funds or Classes.

The Directors may also decide to consolidate Classes of any Sub-Fund. The Directors may also submit the question of the consolidation of a Class to a meeting of holders of such Class. Such meeting will resolve on the consolidation with a simple majority of the votes cast.

Notwithstanding the powers conferred to the Directors by the preceding paragraphs, a general meeting of Shareholders of any Sub-Fund may, upon proposal from the Directors, redeem all the Shares of such Sub-Fund and refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) calculated as of the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for such general meeting of Shareholders at which resolutions shall be adopted by simple majority of the votes cast if such decision does not result in the liquidation of the Fund.

Assets which may not be distributed to their beneficiaries upon the implementation of the redemption will be deposited in escrow with the Luxembourg *Caisse de Consignation* on behalf of the persons entitled thereto.

All redeemed Shares shall be cancelled.

Any merger of a Sub-Fund shall be decided by the Directors unless the Directors decide to submit the decision for a merger to a meeting of Shareholders of the Sub-Fund concerned. No quorum is required for this meeting and decisions are taken by the 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 for which no quorum is required and that may decide with a simple majority of votes cast. In addition, the provisions on mergers of UCITS set forth in the 2010 Law and any implementing regulation (relating in particular to the notification to the Shareholders concerned) shall apply.

- **Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Fund and are, or may be, material:

- An agreement between the Fund and the Management Company, pursuant to which the latter was appointed, subject to the overall control of the Directors, the responsibility on a day-to-day basis, for providing administration, marketing, investment management and advisory services in respect of all the sub-funds of the Fund.
- An agreement between the Management Company and the Investment Manager pursuant to which the latter was appointed, subject to the overall control of the directors of the Management Company, to manage the Fund's investments.

- An agreement between the Fund and Skandinaviska Enskilda Banken S.A. pursuant to which the latter was appointed Depositary of the assets of the Fund.
- An agreement between the Management Company and UI efa S.A. pursuant to which the latter was appointed as Administrator and Registrar and Transfer Agent of the Fund.
- An agreement between the Management Company and the Investment Manager pursuant to which the latter was appointed as Global Distributor of the Fund.

Any of the above Agreements may be amended by mutual consent of the parties, consent on behalf of the Fund being given by the Directors.

- **Documents available for inspection**

Copies of the following documents are available for inspection by Shareholders during business hours on each bank business day at the registered office of the Fund:

- (1) the Articles of Incorporation of the Fund;
- (2) the Material Contracts referred to above;
- (3) the key information document of the Sub-Funds; and
- (4) the latest available annual/semi-annual report.

- **Policies**

**Conflicts of interest**

The Management Company and the other service providers of the Fund, and/or their respective affiliates, members, employees or any person connected with them may be subject to various conflicts of interest in their relationships with the Fund.

The Board of Directors has adopted and implemented a conflicts of interest policy in accordance with its Code of Conduct.

The Management Company, the Fund and the Investment Manager have adopted and implemented a conflicts of interest policy and have made appropriate organisational and administrative arrangements to identify and manage conflicts of interests so as to minimise the risk of the Fund's interests being prejudiced, and if they cannot be avoided, ensure that the Fund's investors are treated fairly.

In the conduct of its business the Management Company adopted a conflicts of interest policy (the "Conflicts of Interest Policy") to identify, manage and where necessary prohibit any action or transaction that may give rise to conflicts entailing a material risk of damage to the interest of the Fund or its Shareholders. The Management Company strives to manage any conflicts in a manner consistent with the highest standards of integrity and fair dealing. For this purpose, it has implemented procedures that shall ensure that any business activities involving a conflict, which may harm the interests of the Fund or its Shareholders, are carried out with an appropriate level of independence and that any conflicts are resolved fairly.

Notwithstanding its due care and best effort, there is a risk that the organizational or administrative arrangements made by the Management Company for the management of conflicts of interest are not sufficient to ensure with reasonable confidence, that risks of damage to the interests of the Fund or its Shareholders will be prevented. In such case where a conflict of interest cannot be avoided and/or requires particular actions, the Management Company or the Board of Directors will report to Shareholders by an appropriate durable medium and give reasons for the decision.

A paper version of the Conflicts of Interest Policy is available free of charge at the registered office of the Management Company.

Detailed information regarding the Conflict of Interest Policy can also be found on the following webpage of the Management Company: <https://www.fundrock.com/policies-and-compliance/conflict-of-interest/>

### **Preferential treatment of investors**

Shareholders are being given a fair treatment by ensuring that they are subject to the same rights and, as the case may be, the same obligations vis-à-vis the Fund (as such rights are obligations notably result from the Articles and this Prospectus) as those to which other Shareholders, having invested in, and equally or similarly contributed to, the same class of Shares, are subject to.

Notwithstanding the foregoing paragraph, it cannot be excluded that a Shareholder be given a preferential treatment in the meaning of, and to the widest extent, allowed by, the Management Regulations. Whenever a Shareholder obtains preferential treatment or the right to obtain a preferential treatment, a description of that preferential treatment, the type of Shareholders who obtained such preferential treatment and, where relevant, their legal or economic links with the Fund or the Management Company will be made available at the registered office of the Management Company subject the same limits required by the Law.

### **Remuneration Policy**

The Management Company has established and applies a remuneration policy in accordance with principles laid out under the UCITS Directive and any related legal and regulatory provisions applicable in Luxembourg.

The remuneration policy is aligned with the business strategy, objectives, values and interests of the Management Company, the Fund and of the Shareholders, and which includes, inter alia, measures to avoid conflicts of interest. The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Fund.

As an independent management company relying on a full-delegation model (i.e. delegation of the collective portfolio management function), the Management Company ensures that its remuneration policy adequately reflects the predominance of its oversight activity within its core activities. As such, it should be noted that the Management Company's employees who are identified as risk-takers under UCITS Directive are not remunerated based on the performance of the UCITS under management.

An up-to-date version of the remuneration policy (including, but not limited to, the description of how remuneration and benefits are calculated, as well as the identity of the persons responsible for awarding the remuneration and benefits and the composition of the remuneration committee) is available at: <https://www.fundrock.com/policies-and-compliance/remuneration-policy>. A paper version of this remuneration policy is made available free of charge at the Management Company's registered office.

The Management Company's remuneration policy, in a multi-year framework, ensures a balanced regime where remuneration both drives and rewards the performance of its employees in a measured, fair and well-thought-out fashion which relies on the following principles\*:

- identification of the persons responsible for awarding remuneration and benefits (under the supervision of the remuneration committee and subject to the control of an independent internal audit committee);
- identification of the functions performed within the Management Company which may impact the performance of the entities under management;
- calculation of remuneration and benefits based on the combination of individual and company's performance assessment;
- determination of a balanced remuneration (fixed and variable);
- implementation of an appropriate retention policy with regards to financial instruments used as variable remuneration;
- deferral of variable remuneration over 3-year periods;
- implementation of control procedures/adequate contractual arrangements on the remuneration guidelines set up by the Management Company's respective portfolio management delegates.

\*It should be noted that, upon issuance of final guidelines, this remuneration policy may be subject to certain amendments and/or adjustments.

### **Other Policies**

The Management Company will make the following additional information available at its registered office upon request in accordance with Luxembourg laws and regulations: the procedures relating to complaints handling, the strategy followed for the exercise of voting rights of the Fund, the best execution policy and the procedure for the giving and receiving of inducements.

## **ANNEX 1: PARETO SICAV – PARETO NORDIC CORPORATE BOND**

### **Investment Objective and Policy**

The Sub-Fund's objective is to achieve the best possible return, relative to its risk profile.

The Sub-Fund will invest in fixed income and fixed income related securities ("debt securities") issued by corporations, agencies, governments and municipalities which promote environmental and/or social characteristics and which integrate sustainability into the investment process in a binding manner. The debt securities may include subordinated, hybrids and convertible bonds.

The Sub-Fund will predominantly invest in securities issued by companies domiciled or with a presence in the Nordic region.

The Sub-Fund shall invest in debt securities with a higher expected return than traditional debt securities due to a higher credit risk.

The Sub-Fund may also invest in shares and similar instruments (e.g. following a process of restructuring or similar process) and/or hold company shares as a result of transactions involving securities or the conversion of convertible bonds.

The average interest rate duration of the Sub-Fund's portfolio shall be between 0 and 4 years. An individual bond in the Sub-Fund's portfolio may however have a higher duration.

The Sub-Fund may use financial derivative instruments (FDI's), such as forward rate agreements, futures, options, swaps, CDS (Credit Default Swaps) and other derivatives for both hedging and investment purposes.

FDIs may also be used for investment purposes when the targeted exposure of the Sub-Fund is difficult to achieve through the use of debt securities or if FDIs is considered a better investment due other factors, such as, but not limited to liquidity and price.

The purpose of investing in derivatives will not be to achieve leverage, however transactions in FDIs may leverage the Sub-Fund due to the leverage inherent in such instruments. This may result in a higher level of volatility than would be the case if the Sub-Fund did not invest in FDIs. In some circumstances, transactions in FDIs may result in a lower level of volatility than would be the case if the Sub-Fund did not invest in FDIs.

The Sub-Fund's total exposure from investments in FDIs shall not exceed the Sub-Fund's Net Asset Value.

The Sub-Fund qualifies as an Article 8 financial product under SFDR since its investment policy contains broad environmental, social, and governance consideration.

Please refer to the section on pre-contractual disclosure for financial products at the end of this Sub-Fund's Annex for further information.

The Sub-Fund does currently neither make use of securities financing transactions nor enter into total return swaps or instruments with similar characteristics and as such the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 is not applicable. The Prospectus will be updated accordingly prior to the use of any such techniques or instruments.

The Sub-Fund may also invest up to 10% of its assets in other Sub-Funds of the Fund as well as other UCITS or UCIs with a similar investment policy as the Sub-Fund.

### ***Global Exposure under the Commitment Approach***

The global exposure of the Sub-Fund will be measured and monitored according to the commitment approach methodology.

All of the above investments will be made in accordance with the investment restrictions contained in the main part of this Prospectus.

### **Currency hedging**

The Sub-Fund will use derivatives to hedge currency exposure to financial instruments denominated in currencies other than the Reference Currency of the Sub-Fund.

For Classes of Shares denominated in other currencies than the Reference Currency of the Sub-Fund, the individual Class of Shares will be hedged towards exposure to the Reference Currency of the Sub-Fund.

### **Benchmark**

The Sub-Fund is actively managed and does not aim to track the composition of any benchmark index.

### **Risk Factors**

All investment in the Sub-Fund carries risk and should be regarded as long term in nature and is only suitable for investors who understand the risks involved and who are able to withstand the loss of their invested capital.

Investing in the Sub-Fund involves certain considerations in addition to the risks normally associated with making investments in securities. There can be no assurance that the Sub-Fund will achieve its investment objective. The value of Shares in the Sub-Fund may go down as well as up and there can be no assurance that on a redemption, or otherwise, investors will receive the amount originally invested.

Typical risks associated with investment in a portfolio of high yield bonds are as follows:

- Default risk (or credit risk) of a bond refers to the risk that a bond issuer will default on any type of debt by failing to make payments which it is obligated to do. The risk is primarily that of the bondholder and includes lost principal and interest, disruption to cash flows, and increased collection costs. The loss may be complete or partial and can arise in a number of circumstances;
- Changes in interest rates and/or credit spreads may affect bond prices. These risks do not affect all bonds equally. Longer maturity bonds will experience a greater change in price than shorter maturity bonds for a given change in rate and/or credit spreads;
- Liquidity risk may arise when one or more securities are difficult to dispose of, either during certain market conditions or company specific circumstances;
- The net asset value of the Sub-Fund will be computed in NOK whereas the Sub-Fund's investments may be acquired in other currencies. Currency fluctuations may impact the value of the Sub-Fund's investments. The portfolio manager will seek to minimize currency risk by using derivatives.

Due to the nature of the Fund's investment strategy and types of securities it holds, the Fund is exposed to varied Sustainability Risks which include, but are not limited to:

- corporate governance malpractices (e.g. board structure, executive remuneration);
- changes to regulation (e.g. greenhouse gas emissions restrictions, governance codes);
- physical threats (e.g. extreme weather, climate change, water shortages);
- brand and reputational issues (e.g. poor health & safety records, cyber security breaches);
- supply chain management (e.g. increase in fatalities, lost time injury rates, labour relations); and
- work practices (e.g. observation of health, safety and human rights provisions).

Assets held by the Sub-Fund may be subject to partial or total loss of value because of the occurrence of a sustainability risk due to fines, reduction of demand in the asset's products or services, physical damage to the asset or its capital, supply chain disruption, increased operating costs, inability to obtain additional capital, or reputational damage.

A sustainability risk event may arise and impact a specific investment or may have a broader impact on an economic sector, geographical or political region or country which may impact the portfolio of the Fund in its entirety

### **Risk Management Process**

In compliance with the CSSF Regulation 10-4, the ESMA Guidelines on risk measurement and the calculation of global exposure and counterparty risk for UCITS (ref.: ESMA/10-788) and the ESMA Guidelines on risk management principles for UCITS (ref.: ESMA/09-178), the Management Company employs 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 the portfolio, the Management Company will use the commitment approach to measure, at least once a day, the global exposure of the Sub-Fund.

### **Profile of the typical investor**

The Sub-Fund may be appropriate for investors who:

- want and are able to assume credit and interest rate risks;
- have an investment horizon of 2 to 3 years;
- seek capital appreciation over the long term;
- are willing to take on the increased risk associated with the investment.

### **Reference Currency**

The reference currency of the Sub-Fund is the NOK.

### **Classes of Shares and Investment Management Fees**

An up to date list of all Classes of Shares on offer is available at the registered office of the Fund.

Share Class	ISIN codes	Reference Currency	Currency Hedging ("H")	Minimum initial investment and holding	Investment Management fee	Subscription Charge	Redemption Charge	Conversion Charge
A Shares	LU0922130215	NOK	N/A	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
A Shares	LU1608101579	EUR	H	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
A DIS EUR Shares		EUR	H	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
A Shares	LU1608102114	USD	H	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
A Shares	LU1700414029	ISK	H	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
A AUD Shares		AUD	H	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
B Shares	LU1311574799	NOK	N/A	NOK 50 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
C Shares	LU0922130561	SEK	H	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
D Shares	LU1311574955	SEK	H	SEK 50 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H EUR Shares	LU1311575093	EUR	H	EUR 5 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H DIS EUR Shares	LU2024514031	EUR	H	EUR 5 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H DIS USD Shares	LU2067029665	USD	H	USD 5 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H DKK Shares	LU1732221491	DKK	H	DKK 50 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H USD Shares	LU1541389604	USD	H	USD 5 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H GBP Shares	LU1732221657	GBP	H	GBP 5 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H CHF Shares	LU1732224321	CHF	H	CHF 5 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H ISK	LU1700414292	ISK	H	ISK 600 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
I NOK Shares	LU1615620413	NOK	N/A	NOK 400 mill	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %



I SEK Shares	LU1732 224750	SEK	H	SEK 400 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
I EUR Shares	LU1732 224917	EUR	H	EUR 50 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
I DIS EUR Shares	LU1861 276845	EUR	H	EUR 50 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
I DKK Shares	LU1732 225054	DKK	H	DKK 400 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
I USD Shares	LU1732 225484	USD	H	USD 50 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
I GBP Shares	LU1286 889198	GBP	H	GBP 40 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
I CHF Shares	LU1732 225641	CHF	H	CHF 50 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %

The above investment management fees will be accrued daily and are payable monthly.

- The A and C Classes of Shares are available to all investors which are qualified to invest in the Fund in accordance with the Prospectus.
- The B, D and H Classes of Shares are available to individual clients investing the minimum subscription amount. The B, D and H Classes of Shares are also available to Investors subscribing for shares through a distributor or pension scheme, who under their agreements with the Global Distributor, do not receive any payment from the Global Distributor. For the latter the minimum investment does not apply. This does not limit the Global Distributor of paying fees to platform service providers.

The B, D and H Classes of Shares are also available to Pareto entities and to the Investment Manager's employees, shareholders and board members, without limitation to minimum investment and holding.

- The I Classes of Shares are available to Institutional Investors as defined under article 174 of the 2010 Law and which are qualified to invest in the Fund in accordance with the Prospectus.

### **Valuation Day**

The Net Asset Value of each Class of Shares shall normally be calculated on each Business Day which then also qualifies as a "Valuation Day".

The Net Asset Value of each Class of Shares will be made available on each Valuation Day in the reference currency of each Class of Shares by the Administrator at the registered office of the Fund.

The Net Asset Value of each Class of Shares may be reported in such other currencies as decided by the Directors.

## **Business Day**

Business Day is a day on which banks are normally open for business in Luxembourg, Norway and Sweden, except for 24 December in each year.

In addition, days when local markets on which the Sub-Fund holds a significant portion of its investment are closed, are not Business Days.

## **Subscriptions**

Shares are available for subscription on each Valuation Day. Applications for Shares must be received by the Registrar and Transfer Agent by no later than 12.00 noon (Luxembourg time). Applications so received will be dealt with on the basis of the Net Asset Value per Share of that Valuation Day calculated on the next following Business Day with the last available closing prices of such Valuation Day.

Subscription proceeds must be received by the Custodian on an account of the Fund within two (2) Business Days after the relevant Valuation Day.

Applications for Shares received by the Registrar and Transfer Agent after 12.00 noon (Luxembourg time) will be dealt with on the basis of the Net Asset Value per Share of the next Valuation Day.

## **Redemptions**

Shares are redeemable at the option of the Shareholders.

Completed redemption requests should be sent to the Registrar and Transfer Agent to be received no later than 12.00 noon (Luxembourg time). Requests so received will be dealt with on the basis of the Net Asset Value per Share of that Valuation Day calculated on the next following Business Day with the last available closing prices of such Valuation Day.

Redemption requests received by the Registrar and Transfer Agent after 12.00 noon (Luxembourg time) will be dealt with on the basis of the Net Asset Value per Share of the next Valuation Day.

Payment of redemption proceeds will normally be made within two (2) Business Days after the relevant Valuation Day.

A request for a partial redemption of Shares may be treated as a request for the redemption of the entire holding if, as a result of such partial redemption, the total Net Asset Value of the Shares retained by the Shareholder in the Sub-Fund would be less than the minimum holding.

## **Dividend Policy**

Except for the DIS Classes of Shares, the Sub-Fund shall not distribute any dividend and all net investment income and all net realised and unrealised capital gains will be accumulated and will increase the Net Asset Value of the Shares of the Sub-Fund.

The DIS Classes of Shares will distribute dividends to its Shareholders upon decision of the Company. Such dividends are paid on a quarterly basis or such other frequency as resolved by the Company.

## **Depositary and Administration Fees**

### *Depositary Fee*

The Depositary will receive a depositary fee determined as an annual percentage calculated per market on a monthly basis based on the Sub-Fund's assets and paid monthly in arrears. The Depositary will further receive a supervisory fee of 0.006% p.a. based on the Sub-Fund's assets. The Depositary shall also be entitled to reimbursement of all reasonable out-of-pocket expenses relating to the custody services rendered.

The Depositary Fee does not cover operational costs such as costs of buying and selling securities, transaction fees and correspondent bank charges.

### *Administrator, Registrar and Transfer and Domiciliary Agent Fee*

In addition to the fees payable to the Management Company as mentioned in section "Fees and Expenses" in the main part of this Prospectus, the Management Company will receive a fee with a maximum of EUR 3,700.- per Share-Class, out of the net assets of the Sub-Fund.

The Administrator, Registrar and Transfer and Domiciliary Agent shall also be entitled to reimbursement of all reasonable out-of-pocket expenses relating to the services thereto.

### *Other Charges and Expenses*

The other charges and expenses borne by the Sub-Fund are mentioned in section "Fees and Expenses" in the main part of this Prospectus.

## **Term of the Sub-Fund**

The Sub-Fund has been established for an indefinite period of time.

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

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

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

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

**Product name:** PARETO SICAV – Pareto Nordic Corporate Bond

**Legal entity identifier:** 5493008BXO9EWXOLN334

## Environmental and/or social characteristics

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

**Yes**

**No**

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

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

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

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

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

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

with a social objective

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

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

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

The Sub-Fund promotes environmental and social characteristics by making responsible investments according to the Investment Manager's guidelines for responsible investments. When making such investments, the Sub-Fund promotes environmental and social standards by emphasising social conditions, the environment and good corporate governance as described in section "What investment strategy does this financial product follow?".

The Sub-Fund is actively managed, and no specific index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

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

As the Sub-Fund promotes both environmental and social standards, it applies the principal adverse impact indicators on sustainability factors, to the extent such information is available, and other indicators to observe how the companies address the environmental and social characteristics promoted by the Sub-Fund described in section “What investment strategy does this financial product follow?”

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

The Sub-Fund does not commit to making sustainable investments.

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

N/A

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

N/A

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

N/A

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

Yes,

The principal adverse impacts on sustainability factors are integrated in the Sub-Fund’s decision-making process when such information is available.

Information pursuant to Article 11 (2) of Regulation (EU) 2019/2088 will be disclosed in the SICAV’s annual report in accordance with Annex IV of Regulation (EU) 2022/1288.

No

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





## What investment strategy does this financial product follow?

### Overall about the Sub-Fund's investment strategy

The Sub-Fund's investment strategy is based on being an active investment manager, emphasizing fundamental analysis on company level. Furthermore, it is considered important to integrate ESG assessments into the Sub-Fund's investment process, as this can also affect the long-term value of the Sub-Fund's investments.

The investment strategy must be exercised in accordance with the following frameworks for all investments made by the Sub-Fund:

- UN's Principles for Responsible Investments; and
- The Investment Manager's guidelines for responsible investments

### Negative tilt

First, the fund managers exclude all investments not within the Sub-Fund's investment universe, as such investments may contribute to / enable violation of human rights, labor rights, corruption, environmental damage and other unethical actions.

The Sub-Fund applies the following binding exclusion criteria:

Prior to including a company within the investment universe, the fund managers shall consider whether there is an unacceptable risk that the company contributes or is responsible for:

- Human rights violations, such as killing, torture, deprivation of liberty, forced labour and exploitation of children, including child labour
- Violations of individuals' rights in war or conflict situations
- Breach of basic employee rights
- Severe environmental damage
- Actions or omissions that at an aggregated company level lead to an unacceptable degree of greenhouse gas emissions
- Corruption
- Other repeated or significant violations of basic ethical norms

The Sub-Fund shall not invest, on behalf of our customers, in companies which themselves or through entities they control which:

- Produce weapons that, in normal use, violate basic humanitarian principles
- Produce tobacco
- Sell weapons or military equipment to states subject to sanctions from the UN Security Council or other international measures directed at a particular country that Norway has supported
- Mining companies and power producers that themselves or consolidated with controlled entities receive 30 per cent or more of their revenues from thermal coal, or base 30 per cent or more of their operations on thermal coal activity
- Produce pornography

The fund managers shall exercise a precautionary principle in connection with investments in biotechnology companies, gambling, and alcohol.

The screening is done according to the Norges Bank Investment Management (hereinafter "NBIM") exclusion list with the associated guidelines provided in guidelines Norwegian Government Pension Fund Global. The Head of Risk maintains an exclusion and observation list that is cross-checked against the exclusions list on a monthly basis. In addition, the Head of Risk receives news from NBIM via email alerts and will get a notification if a new company were to be excluded.

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

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

In addition, the Investment Manager has an Ethics Committee. The Ethics Committee is authorised to exclude companies from the Sub-Fund's investment universe beyond the scope of NBIM's exclusion list.

### **Positive tilt**

As a second step, the fund managers apply the positive tilt to emphasise social conditions, the environment and good corporate governance according to the Investment Manager's guidelines for responsible investments. A dedicated ESG team is working closely with fund managers to identify ESG risks and opportunities.

### **Environmental**

The following elements are considered:

- Demonstrate a clear focus on environmental issues in operations.  
Considerations: evidence of environmental policies, codes, certifications, or practices promoting environmental consciousness
- Undertake initiatives to promote greater environmental responsibility.  
Considerations: 1) development of a sustainability strategy or explicit commitment, along with details to prioritize and address environmental issues, and 2) provide environmental adverse impact indicators, set targets, and demonstrate tangible progress
- Promote and widespread adoption of environmentally friendly technologies.  
Considerations: foster innovation to minimize waste of raw material, enhance energy efficiency and develop use of greener technologies

### **Social**

The following elements are considered:

- Implement a comprehensive framework for Human and Labor rights.  
Considerations: support and respect the protection of internationally proclaimed human and labor rights in direct operations and supply chain
- Cultivate a constructive workplace promoting the health and well-being of employees. Considerations: develop inclusion, diversity, equality, and empowerment principles and practices

### **Governance**

The following elements are considered:

- Mitigate ethical misconduct in operations. Considerations: provide policy or guidelines promoting business ethics
- Manage critical corporate governance cornerstones. Considerations: evidence of a well application and monitoring of process
- Promote good corporate governance principles. Considerations: develop practices in line with respective market standards

The investment team has defined a process based on a materiality assessment that is applied to all companies to evaluate whether a company is eligible for investment.

## Engagement

The Sub-Fund is a fixed income fund. Bonds do not have affiliated voting rights and the fund managers' power of influence in terms of active ownership is consequently limited. However, the Sub-Fund applies a reactive engagement approach when there is a specific reason to believe that a company violates the Sub-Fund's investment criteria. In such cases, the fund managers will consider addressing the issue with the company's management and encouraging the company to correct the circumstances. If the necessary change is not implemented, the fund managers will normally sell all positions in the company.

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

Overall, as the Investment Manager is a signatory of the UN's Principles for Responsible Investments, the fund managers are committed to comply with the principles provided for the Sub-Fund's investment strategy. The Sub-Fund applies the following binding elements in its investment strategy to select investments to attain the environmental and social characteristics promoted by the Sub-Fund, as described in the previous section.

- The investment has to comply with the Sub-Fund's applied exclusion criteria; and
  - The investment has to be eligible for investment in accordance with the Sub-Fund's positive-tilted investment criteria.
- What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

N/A

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

To assess if a company deploy good governance practices, consideration is placed on whether it has developed practices in line with respective market standards, including transparency, anti-corruption, board composition.

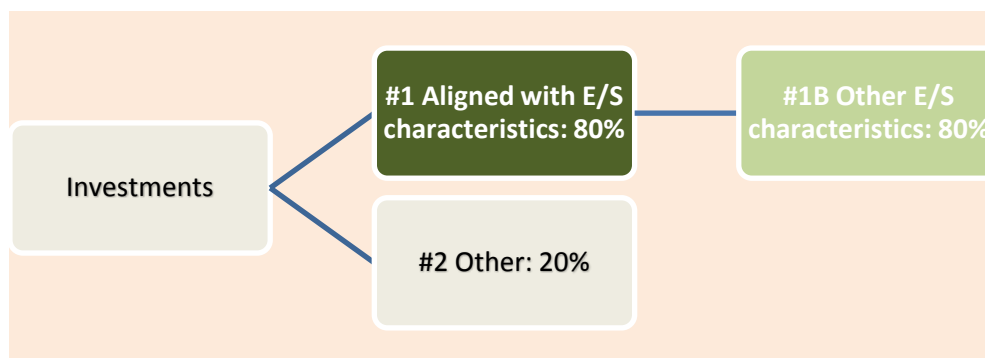


## What is the asset allocation planned for this financial product?

All of the Sub-Fund's investments in bonds will be aligned with the environmental and social characteristics promoted by the Sub-Fund, which is equivalent to 80% of the total net assets of the Sub-Fund.

The remaining share of the Sub-Fund is not considered to be aligned with the environmental and social characteristics promoted by the Sub-Fund and includes cash and derivatives. Cash may be held as ancillary liquidity or for risk balancing purposes. The Sub-Fund may use derivatives for the purposes described in the "Investment Objective and Policy" section in the Sub-Fund's Annex.

Where it is in the best interests of the investors and in response to market conditions, the Sub-Fund may temporarily deviate from the 80% threshold.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category #1A Sustainable covers sustainable investments with environmental or social objectives.
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

Derivatives are not used to attain the environmental or social characteristics promoted by this Sub-Fund.

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

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



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

0%. As the Sub-Fund does not commit to making sustainable investments with an environmental objective aligned with the EU Taxonomy, this section is not relevant.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

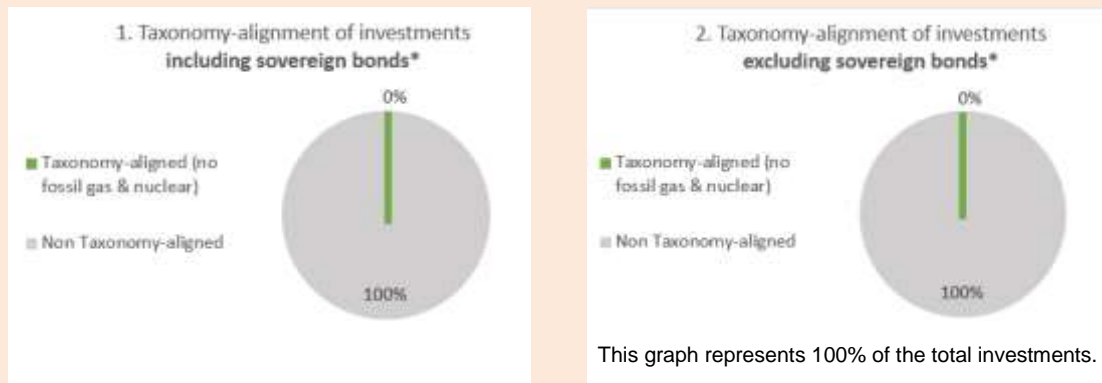
Yes:

In fossil gas

In nuclear energy

No

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



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

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

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

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

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory not in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- **What is the minimum share of investments in transitional and enabling activities? 0%**



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy? 0%**



**What is the minimum share of socially sustainable investments? 0%**



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

The Sub-Fund’s investments included under “#2 Other” include the use of cash and derivatives. Cash may be held as ancillary liquidity or for risk purposes. The Sub-Fund may use derivatives for the purposes described in the “Investment Objective and Policy” section in the Sub-Fund’s Annex.

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

No specific index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

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

N/A

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

N/A

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

N/A

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

N/A

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

More product-specific information can be found on the website:

<https://paretoam.com/en/our-funds/>

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

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

## **ANNEX 2: PARETO SICAV – PARETO ESG GLOBAL CORPORATE BOND**

### **Investment Objective and Policy**

The Sub-Fund's investment objective is to create long-term positive return in sustainable investment and to achieve the best possible return, relative to its risk profile.

The Sub-Fund will invest in fixed income and fixed income related securities (the "debt securities") issued by corporations, agencies, governments and municipalities. The debt securities may include subordinated and convertible bonds.

The Sub-Fund qualifies as an Article 9 product under SFDR since its investment strategy contains sustainable objectives.

Please refer to the section on pre-contractual disclosure for financial products at the end of this Sub-Fund's Annex for further information.

The Sub-Fund has a global investment universe but will invest predominantly in developed markets.

The Sub-Fund shall invest at least two thirds (2/3) of its total net assets (after deduction of cash) in debt securities with a higher expected return than traditional debt securities due to a higher credit risk.

The Sub-Fund may also invest in shares and similar instruments (e.g. following a process of restructuring or similar process) and/or hold company shares as a result of transactions involving securities or the conversion of convertible bonds.

The average interest rate duration of the Sub-Fund's portfolio shall be between 0 and 7 years. An individual bond in the Sub-Fund's portfolio may however have a higher duration. The Sub-Fund may use financial derivative instruments (FDI's), such as forward rate agreements, futures, options, swaps, CDS (Credit Default Swaps) and other derivatives for both hedging and investment purposes.

FDIs may also be used for investment purposes when the targeted exposure of the Sub-Fund is difficult to achieve through the use of debt securities or if FDIs is considered a better investment due other factors, such as, but not limited to liquidity and price.

The purpose of investing in derivatives will not be to achieve leverage, however transactions in FDIs may leverage the Sub-Fund due to the leverage inherent in such instruments. This may result in a higher level of volatility than would be the case if the Sub-Fund did not invest in FDIs. In some circumstances, transactions in FDIs may result in a lower level of volatility than would be the case if the Sub-Fund did not invest in FDIs.

The Sub-Fund's total exposure from investments in FDIs shall not exceed the Sub-Fund's Net Asset Value.

The Sub-Fund does currently neither make use of securities financing transactions nor enter into total return swaps or instruments with similar characteristics and as such the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 is not applicable. The Prospectus will be updated accordingly prior to the use of any such techniques or instruments.

The Sub-Fund may also invest up to 5 % of its assets in other Sub-Funds of the Fund as well as other UCITS or UCIs with a similar investment policy as the Sub-Fund.

#### *Global Exposure under the Commitment Approach*

The global exposure of the Sub-Fund will be measured and monitored according to the commitment approach methodology.

All of the above investments will be made in accordance with the investment restrictions contained in the main part of this Prospectus.

#### **Currency hedging**

The Sub-Fund will use derivatives to hedge currency exposure to financial instruments denominated in currencies other than the Reference Currency of the Sub-Fund.

For Classes of Shares denominated in other currencies than the Reference Currency of the Sub-Fund, the individual Class of Shares will be hedged towards exposure to the Reference Currency of the Sub-Fund.

#### **Benchmark**

The Sub-Fund is actively managed and does not aim to track the composition of any benchmark index.

#### **Risk Factors**

All investment in the Sub-Fund carries risk and should be regarded as long term in nature and is only suitable for investors who understand the risks involved and who are able to withstand the loss of their invested capital.

Investing in the Sub-Fund involves certain considerations in addition to the risks normally associated with making investments in securities. There can be no assurance that the Sub-Fund will achieve its investment objective. The value of Shares in the Sub-Fund may go down as well as up and there can be no assurance that on a redemption, or otherwise, investors will receive the amount originally invested.

Typical risks associated with investment in a portfolio of high yield bonds are as follows:

- Default risk (or credit risk) of a bond refers to the risk that a bond issuer will default on any type of debt by failing to make payments which it is obligated to do. The risk is primarily that of the bondholder and includes lost principal and interest, disruption to cash flows, and increased collection costs. The loss may be complete or partial and can arise in a number of circumstances;
- Changes in interest rates and/or credit spreads may affect bond prices. These risks do not affect all bonds equally. Longer maturity bonds will experience a greater change in price than shorter maturity bonds for a given change in rate and/or credit spreads;
- Liquidity risk may arise when one or more securities are difficult to dispose of, either during certain market conditions or company specific circumstances;
- The net asset value of the Sub-Fund will be computed in SEK whereas the Sub-Fund's investments may be acquired in other currencies. Currency fluctuations may impact the value of the Sub-Fund's investments. The portfolio manager will seek to minimize currency risk by using derivatives.

Due to the nature of the Fund's investment strategy and types of securities it holds, the Fund is exposed to varied Sustainability Risks which include, but are not limited to:

- corporate governance malpractices (e.g. board structure, executive remuneration);
- changes to regulation (e.g. greenhouse gas emissions restrictions, governance codes);
- physical threats (e.g. extreme weather, climate change, water shortages);
- brand and reputational issues (e.g. poor health & safety records, cyber security breaches);
- supply chain management (e.g. increase in fatalities, lost time injury rates, labour relations); and work practices (e.g. observation of health, safety and human rights provisions).

Assets held by the Fund may be subject to partial or total loss of value because of the occurrence of a sustainability risk due to fines, reduction of demand in the asset's products or services, physical damage to the asset or its capital, supply chain disruption, increased operating costs, inability to obtain additional capital, or reputational damage.

A sustainability risk event may arise and impact a specific investment or may have a broader impact on an economic sector, geographical or political region or country which may impact the portfolio of the Fund in its entirety

### **Risk Management Process**

In compliance with the CSSF Regulation 10-4, the ESMA Guidelines on risk measurement and the calculation of global exposure and counterparty risk for UCITS (ref.: ESMA/10-788) and the ESMA Guidelines on risk management principles for UCITS (ref.: ESMA/09-178), the Management Company employs 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 the portfolio, the Management Company will use the commitment approach to measure, at least once a day, the global exposure of the Sub-Fund.

### **Profile of the typical investor**

The Sub-Fund may be appropriate for investors who:

- want and are able to assume credit and interest rate risks;
- have an investment horizon of 2 to 3 years;
- seek capital appreciation over the long term;
- are willing to take on the increased risk associated with the investment.

### **Reference Currency**

The reference currency of the Sub-Fund is the SEK.

## Classes of Shares and Investment Management Fees

An up to date list of all Classes of Shares on offer is available at the registered office of the Fund.

Share Class	ISIN codes	Reference Currency	Currency Hedging ("H")	Minimum initial investment and holding	Investment Management fee	Subscription Charge	Redemption Charge	Conversion Charge
A Shares	LU1199945780	SEK	N/A	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
A DIS SEK Shares	LU1700414375	SEK	N/A	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
A EUR Shares	LU1327537681	EUR	H	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
A USD Shares	LU1327537848	USD	H	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
A DIS USD Shares	LU1968604873	USD	H	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
A ISK Shares	LU1700414458	ISK	H	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
A AUD Shares		AUD	H	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
B Shares	LU1199945947	SEK	N/A	SEK 50 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
B DIS SEK Shares	LU1700414532	SEK	N/A	SEK 50 million	0.55% per annum	up to 0.5 %	up to 0.5 %	0 %
C Shares	LU1199946085	NOK	H	N/A	1.0 % per annum	up to 0.5 %	up to 0.5 %	0 %
D Shares	LU1199946168	NOK	H	NOK 50 mill	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H EUR Shares	LU1199946242	EUR	H	EUR 5 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H DKK Shares	LU1199946325	DKK	H	DKK 50 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H USD Shares	LU1199946598	USD	H	USD 5 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H GBP Shares	LU1199946671	GBP	H	GBP 5 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H DIS GBP Shares	LU2241368039	GBP	H	GBP 5 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %

H CHF Shares	LU1732229049	CHF	H	CHF 5 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H ISK	LU1700414706	ISK	H	ISK 600 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
I NOK Shares	LU1476748568	NOK	H	NOK 400 mill	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
I SEK Shares	LU1476748642	SEK	N/A	SEK 400 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
I EUR Shares	LU1732229718	EUR	H	EUR 50 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
I DKK Shares	LU1732230302	DKK	H	DKK 400 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
I USD Shares	LU1732230484	USD	H	USD 50 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
I GBP Shares	LU1732230641	GBP	H	GBP 40 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
I CHF Shares	LU1732231375	CHF	H	CHF 50 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %

The above investment management fees will be accrued daily and are payable monthly.

- The A and C Classes of Shares are available to all investors which are qualified to invest in the Fund in accordance with the Prospectus.
- The B, D and H Classes of Shares are available to individual clients investing the minimum subscription amount. The B, D and H Classes of Shares are also available to Investors subscribing for shares through a distributor or pension scheme, who under their agreements with the Global Distributor, do not receive any payment from the Global Distributor. For the latter the minimum investment does not apply. This does not limit the ability of the Global Distributor to pay fees to platform service providers.
- The B, D and H Classes of Shares are also available to Pareto entities and to the Investment Manager's employees, shareholders and board members, without limitation to minimum investment and holding.
- The I Classes of Shares are available to Institutional Investors as defined under article 174 of the 2010 Law and which are qualified to invest in the Fund in accordance with the Prospectus.

### **Valuation Day**

The Net Asset Value of each Class of Shares shall normally be calculated on each Business Day which then also qualifies as a "Valuation Day".

The Net Asset Value of each Class of Shares will be made available on each Valuation Day in the reference currency of each Class of Shares by the Administrator at the registered office of the Fund.



The Net Asset Value of each Class of Shares may be reported in such other currencies as decided by the Directors.

### **Business Day**

A Business Day is a day on which banks are normally open for business in Luxembourg, Norway and Sweden except for 24 December in each year. In addition, days when local markets on which the Sub-Fund holds a significant portion of its investment are closed, are not Business Days.

### **Subscriptions**

Shares are available for subscription on each Valuation Day. Applications for Shares must be received by the Registrar and Transfer Agent by no later than 12.00 noon (Luxembourg time). Applications so received will be dealt with on the basis of the Net Asset Value per Share of that Valuation Day calculated on the same Business Day with the last available prices of such Valuation Day.

Subscription proceeds must be received by the Depositary on an account of the Fund within two (2) Business Days after the relevant Valuation Day.

Applications for Shares received by the Registrar and Transfer Agent after 12.00 noon (Luxembourg time) will be dealt with on the basis of the Net Asset Value per Share of the next Valuation Day.

### **Redemptions**

Shares are redeemable at the option of the Shareholders.

Completed redemption requests should be sent to the Registrar and Transfer Agent to be received no later than 12.00 noon (Luxembourg time). Requests so received will be dealt with on the basis of the Net Asset Value per Share of that Valuation Day calculated on the same Business Day with the last available prices of such Valuation Day.

Redemption requests received by the Registrar and Transfer Agent after 12.00 noon (Luxembourg time) will be dealt with on the basis of the Net Asset Value per Share of the next Valuation Day.

Payment of redemption proceeds will normally be made within two (2) Business Days after the relevant Valuation Day.

A request for a partial redemption of Shares may be treated as a request for the redemption of the entire holding if, as a result of such partial redemption, the total Net Asset Value of the Shares retained by the Shareholder in the Sub-Fund would be less than the minimum holding.

### **Dividend Policy**

Except for the DIS Classes of Shares, the Sub-Fund shall not distribute any dividend and all net investment income, and all net realised and unrealised capital gains will be accumulated and will increase the Net Asset Value of the Shares of the Sub-Fund.

The DIS Classes of Shares will distribute dividends to its Shareholders upon decision of the Company. Such dividends are paid on a quarterly basis or such other frequency as resolved by the Company.

## **Depository and Administration Fees**

### *Depository Fee*

The Depository will receive a depository fee determined as an annual percentage calculated per market on a monthly basis based on the Sub-Fund's assets and paid monthly in arrears. The Depository will further receive a supervisory fee of 0.006% p.a. based on the Sub-Fund's assets. The Depository shall also be entitled to reimbursement of all reasonable out-of-pocket expenses relating to the custody services rendered.

The Depository Fee does not cover operational costs such as costs of buying and selling securities, transaction fees and correspondent bank charges.

### *Administrator, Registrar and Transfer and Domiciliary Agent Fee*

In addition to the fees payable to the Management Company as mentioned in section "Fees and Expenses" in the main part of this Prospectus, the Management Company will receive a fee with a maximum of EUR 3,700.00- per Class of Share, out of the net assets of the Sub-Fund.

The Administrator, Registrar and Transfer and Domiciliary Agent shall also be entitled to reimbursement of all reasonable out-of-pocket expenses relating to the services thereto.

### *Other Charges and Expenses*

The other charges and expenses borne by the Sub-Fund are mentioned in section "Fees and Expenses" in the main part of this Prospectus.

## **Term of the Sub-Fund**

The Sub-Fund has been established for an indefinite period of time.

## **Other information**

The Sub-Fund will be managed by Pareto Asset Management AS, Sweden Branch.

# Template pre-contractual disclosure for financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

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

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

**Product name:** PARETO SICAV – Pareto ESG Global Corporate Bond

**Legal entity identifier:** 213800ZLUK8TYAC4A289

## Sustainable investment objective

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

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective: 25%**

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

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

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

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

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

with a social objective

It will make a minimum of **sustainable investments with a social objective: 25\_\_\_%**

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

### What is the sustainable investment objective of this financial product?

#### Overall

The Sub-Fund's investment objective is to create long-term positive return relative to its risk profile, by making investments aligned with its sustainable investment objectives. The Sub-Fund has one environmentally sustainable investment objective and one socially sustainable investment objective. Both sustainable investment objectives have connections to the 2030 Agenda for Sustainable Development with the 17 Sustainable Development Goals (hereinafter "SDGs") at its core.

The 2030 Agenda for Sustainable Development (hereinafter "the Agenda") was adopted by the UN General Assembly in 2015. The Agenda is a plan of action for people, planet and prosperity. To achieve the ambitions set out in the Agenda it applies the 17 SDGs.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

## **Environmentally sustainable investment objective**

The Sub-Fund's environmentally sustainable investment objective is to maintain a decarbonization trajectory.

The fund managers have identified the following activities which contribute to the objective through targeted SDGs:

### *Climate and environment*

The Sub-Fund will make investments that, through its products or services contribute to a sustainable society and reduced impact on climate:

- Producing renewable energy,
- Defining a plan and target to address negative impact on ecosystems, land and ocean safeguard,
- Promoting the sustainable management of agriculture, aquaculture and forestry
- Deployment of a strategy for limiting global warming

These activities target the following SDGs: 7 Affordable and clean energy, 13 Climate action, 14 Life below water and 15 Life on land.

### *Circular economy*

The Sub-Fund will make investments that, through its products or services contribute to a sustainable society and reduced impact on the climate:

- Promoting a model of production and consumption implying, leasing, reusing, repairing, refurbishing, or recycling existing materials and products
- Providing or supporting the development of sustainable or smart infrastructures or cities

These activities target the following SDGs: 9 Industry, innovation and infrastructure, 11 Sustainable cities and communities, 12 Responsible consumption, and production and 13 Climate action.

### *Innovative and sustainable solutions*

The Sub-Fund will make investments that, through its products or services contribute to a sustainable society and reduced impact on climate by:

- Providing a model that promotes sustainable production and consumption
- Promoting product or services innovation enabling energy efficiency, digitalization, and electrification

These activities target the following SDGs: 7 Affordable and clean energy, 8 Decent work and economic growth, 9 Industry, innovation, and infrastructure, 11 Sustainable cities and communities, 12 Responsible consumption and production and 13 Climate action.

### *Environmentally sustainable funding*

The Sub-Fund will make investments that, through its products or services contribute to a sustainable society and reduced impact on climate by:

- Providing funds to develop or improve environmentally sustainable solutions

These activities target the following SDGs 8 Decent work and economic growth, 9 Industry, innovation, and infrastructure, 11 Sustainable cities and communities, 12 Responsible consumption and production and 13 Climate action.

### *Green Bonds*

In addition, the Sub-Fund will make investments in Green Bonds. Such bonds are issued in line with the Green Bond Principles and the use of the proceeds are allocated towards climate related or environmental projects contributing to the objective of the Sub-Fund. For investment in such financial instruments, the Second Party Opinion and the Green Bond Framework developed and applied by the issuer will be evaluated by the fund managers prior to investment.

### **Socially sustainable investment objective**

The Sub-Fund's socially sustainable investment objective is to contribute to a well-functioning society and promote better living standards.

The fund managers have identified the following activities which contribute to the objective through targeted SDGs:

### *Health and wellness*

The Sub-Fund will make investments that, through its products or services contribute to a better society or improvement in people wellness by:

- Providing health care services, medicines, or medical aids
- Improving people everyday life

These activities target the following SDGs: 3 Good health and well-being, 4 Quality education, 5 Gender equality, 10 Reduced inequalities.

### *Socially sustainable solutions funding*

The Sub-Fund will make investments that, through its products or services contribute to a better society or reduce inequalities:

- Providing fund to develop or improve socially sustainable solutions

These activities target the following SDGs: 1 No poverty, 2 Zero hunger, 3 Good health and well-being, 4 Quality education, 5 Gender equality, 6 Clean water and sanitation, 8 Decent work and economic growth and 10 Reduced inequalities, 16 Peace, justice and strong institutions, 17 Partnerships for the goals.

At the time of this Annex no eligible or appropriate benchmark with similar investment universe and in accordance with Regulation (EU) 2016/1011 is available. Due to this, no reference benchmark has been designated for the purpose of attaining the sustainable investment objective. However, the Sub-Fund solely makes investments that by the fund managers are considered to contribute to one of the sustainable investment objectives.

Further, such investments cannot cause significant harm to any environmental or social sustainable investment objective. In addition, the issuer must follow good governance practices.

The Sub-Fund has an environmentally sustainable investment objective as one of its objectives, but it is not part of the Sub-Fund's investment strategy to make sustainable investments in economic activities that qualify as environmentally sustainable under the EU Taxonomy to attain the investment objective.

The Sub-Fund is however permitted to allocate to Taxonomy-aligned sustainable investments, which would form part of its overall allocation to sustainable investments with an environmental objective.

Further, the Sub-Fund intends to make socially sustainable investments according to the Sub-Fund's social objective.

- ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

#### **Sustainability indicators used to measure the attainment of the environmentally sustainable investment objective**

- Percentage of NAV in investments aligned with the SDGs [SDG 7, SDG 8, SDG 9, SDG 11, SDG 12, SDG 13, SDG 14, SDG 15]
- Percentage of NAV committed to Science-Based Targets (hereinafter "SBTs")
- Percentage of NAV approved SBTs
- Percentage of NAV climate action plan
- Percentage of NAV Green bonds and Sustainability-linked bonds
- Carbon Footprint assessment executed by a designated third party

#### **Sustainability indicators used to measure the attainment of the socially sustainable investment objective**

- Percentage of NAV in investments aligned with the SDGs [SDG 1, SDG 2, SDG 3, SDG 4, SDG 5, SDG 6, SDG 8, SDG 10, SDG 16, SDG 17].

Further, the Sub-Fund will use the principal adverse impacts on sustainability factors, where such information is available, to over time compare the portfolio's results and progress when the Sub-Fund has obtained sufficient basis of comparison.

- ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

As part of the investment strategy, the fund managers apply the following measures to ensure that the sustainable investments do not cause significant harm to any environmental or social sustainable investment objective:

- Exclusions;
- ESG analysis;
- Principal adverse impact on sustainability factors; and
- Carbon footprint assessment.

For further details reference is made to section "What investment strategy does this financial product follow".

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

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

The fund managers' methodology aims to continuously evaluate the principal adverse impacts on environmental, social and governance issues related to the issuers' operation activities where such information is available. This entails that the Sub-Fund will collect and measure any relevant quantitative and qualitative information enabling to measure principal adverse impacts on sustainability factors.

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

As the Sub-Fund is managed under the requirements of the Nordic Swan Ecolabel and the Investment Manager 's guidelines for responsible investments, every issuer must comply with the OECD Guidelines for multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

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

Yes,

The fund managers' methodology aims to continuously evaluate the principal adverse impacts on environmental, social and governance issues related to the issuers' operation activities where such information is available. The principal adverse impact indicators are taken into account in the initial investment decision making process and are likewise monitored manually during the holding period, to the extent such information is available. In this regard, the fund managers will obtain all available data from an external designated data provider.

No

## What investment strategy does this financial product follow?

### Overall about the Sub-Fund's investment strategy

The Sub-Fund's investment strategy must be exercised in accordance with the following frameworks for all investments made by the Sub-Fund:

- The Nordic Swan Ecolabel criteria;
- UN's Principles for Responsible Investments;
- The Investment Manager's guidelines for responsible investments; and
- The Sub-Fund's investment policy, exclusion policy and engagement policy.

The Sub-Fund applies the following as the main elements in its investment strategy to ensure that all investments meet the Sub-Fund's investment criteria:

- Exclusion criteria;
- ESG integration (inclusion criteria); and
- ESG engagement

An investment is considered sustainable by the Sub-Fund if:

- The activities (products or services) of the investee contribute to one of the Sub-Fund's sustainable investment objectives;
- The activities (products or services) of the investee do not cause significant harm to any environmental or social sustainable objective; and
- The investees show good governance practices.

### Exclusions

First, the fund managers exclude all investments not within the Sub-Fund's investment universe, as such investments do not contribute to the Sub-Fund's sustainable investment objectives, may cause significant harm to environmental and / or social objectives and such investees' governance practices do not live up to the required standards.

The exclusion process is executed through screening with exclusion and observation lists developed by using Bloomberg classification industry sectors ("BICS") applicable to the Sub-Fund's exclusion criteria. The exclusion lists are updated on a monthly basis.

The following exclusions criteria are applied:

#### *Extracting and refining fossil fuels and uranium*

The Sub-Fund may not invest in companies which themselves or through entities they control derive 5% or more of their revenue from exploration, drilling, extraction and/or refining (for fuel) of:

- coal (all sorts of thermal coal, e.g. lignite or anthracite);
- natural gas (conventional and unconventional);
- crude oil (conventional and unconventional); and
- uranium.

In theory, and in accordance with the Nordic Swan Ecolabel criteria companies that fulfil all of the following criteria are exempt and may be included in the Sub-Fund:

- At least 90% of the company's energy sector CapEx in new capacity, on average for the three consecutive years including the last financial year, are in the renewable energy sector.
- Revenue from renewable energy comprises at least 50% of the company's total revenue. This ratio may be calculated on average over the course of 1, 2 or 3 of the last financial years.
- The company has no revenue from tar sand, shale oil or shale gas, or other fracking activities and/or mining of oil shale and/or extraction in the Arctic region.

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

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



### *Generating power*

The Sub-Fund may not invest in energy companies which themselves or through entities they control derive 5% or more of their revenue from generating power from:

- coal (all sorts of thermal coal, e.g., lignite or anthracite);
- natural gas (conventional and unconventional);
- crude oil (conventional and unconventional); and
- uranium.

In theory, and in accordance with the Nordic Swan Ecolabel criteria companies that fulfil all of the following criteria are exempt and may be included in the Sub-Fund:

- At least 90% of the company's energy sector CapEx is in new capacity, on average for three consecutive years including the last financial year, are in the renewable energy sector.
- Revenue from renewable energy comprises at least 50% of the company's total revenue from power generation OR at least 50% of the company's energy production capacity is based on renewable sources. This ratio may be calculated on average over the course of 1, 2 or 3 of the last financial years.
- The company has no revenue from tar sand, shale oil or shale gas or other fracking activities and/or mining of oil shale and/or extraction in the Arctic region

The aforementioned sectors generate a significant amount of Greenhouse Gas Emissions contributing to accelerate global warming and temperature rising.

### *High emitting sectors*

- Further, the Sub-Fund has identified the following sectors as high emitters of Greenhouse Gases, namely: Aluminum;
- Aviation;
- Automobiles;
- Cement;
- Mining;
- Pulp and papers;
- Shipping; and
- Steel.

If holding companies operating in the above-mentioned sectors shall be considered investable by the Sub-Fund, they must pass at least one of the following eligibility criteria:

- At least 30% of the company's economic activity is aligned with the climate change objectives of the EU Taxonomy (climate change mitigation and adaptation);
- At least 75% of the company's CapEx, on average for three consecutive years including the last financial year, is aligned with the climate change objectives of the EU Taxonomy;
- The company is in a rapid transition and has a validated 1.5 °C Science Based Target (SBT) with near- and long-term or net-zero emission targets or is aligned with a similar internationally accepted framework for transition; and/or
- The company is one of the best 15% in GHG intensity. To calculate intensity the Fund shall consistently use either yearly GHG emission/Enterprise value incl. cash or GHG emission/revenue in a global comparison of its sector with reported GHG emissions. GHG emissions shall be calculated with the GHG Protocol Corporate Standard (scopes 1 & 2, and scope 3 for automobiles).

### *Conventional weapons*

The Sub-Fund may not invest in companies which themselves or through entities they control derive 5% or more of their revenue from the production or sale of conventional weapons. This also covers firearms for civilian use but does not include production or sale of weapons or ammunition for hunting and competition.

Any investment in companies that do not derive 5% or more of their revenue from such activities, must nevertheless comply with the Investment Manager's guidelines for responsible investment which prohibits the fund to invest in companies which:

- Produce weapons that in normal use does violate basic humanitarian principles
- Sell weapons or military equipment to states subject to sanctions from the UN Security Council or other international measures directed at a particular country that Norway has supported

#### *Tobacco*

The Sub-Fund may not invest in companies which themselves or through entities they control derive 5% or more of their revenue from the production of tobacco and tobacco products.

The Sub-Fund may not invest in companies which themselves or through entities they control derive 5% or more of their revenue from sale/distribution of tobacco and tobacco products.

#### *International norms and conventions*

##### *ILO's fundamental principles*

The Sub-Fund may not invest in company if there is an unacceptable risk or systematic violations of human rights such as murder, torture, deprivation of liberty, forced labour, the worst forms of child labour.

##### *UN Global Principles*

The Sub-Fund may not invest in company if there is an unacceptable risk or systematic violations of the ten principles which cover human rights, labour rights, environmental protection, and the fight against corruption.

##### *OECD Guidelines for multinational Enterprises*

The Sub-Fund may not invest in company if there is an unacceptable risk or systematic violations of the government-backed recommendations on responsible business conduct.

##### *Exclusions specifically applied for government bonds*

The Sub-Fund does not invest in government bonds.

In case of investment in government bonds, the Sub-Fund may not invest in such bonds issued by countries that are subject to EU Financial sanctions or UN Financial sanctions, or countries that have not ratified the Paris Agreement. Further, the Sub-Fund may not invest in government bonds issued by countries which achieve a score worse than 40 in the currently valid Transparency International's Corruption Perceptions Index.

##### *Severe environmental damage*

The Sub-Fund may not invest in companies if there is an unacceptable risk that the company contributes or is responsible for severe environmental damage including emissions of greenhouse gases that affect our climate.

##### *Gross corruption*

The Sub-Fund may not invest in company if there is an unacceptable risk or systematic violations of the UN Global Compact's tenth principle on "business should work against corruption in all its forms, including extortion and bribery".

##### *Produce pornography*

The Sub-Fund may not invest in companies which themselves or through entities they control produce pornography.

##### *Produce alcohol*

The Sub-Fund may not invest in companies which themselves or through entities they control derive revenue from the production of alcohol.

### *Gambling*

The Sub-Fund may not invest in companies which themselves or through entities they control derive 5% or more of their revenue from gambling.

### *Genetically modified organism*

The Sub-Fund may not invest in companies which themselves or through entities they control derive 5% or more of their revenue from modified seeds, crops and genetically modified organisms for agricultural use or human consumption.

### **The investment contributes to one of the sustainable investment objectives of the Sub-Fund**

Issuers still within the Sub-Fund's investment universe after the exclusion screening process are subject to further analysis by the fund managers to disclose whether the investment contributes to one of the sustainable investment objectives of the Sub-Fund.

An investment is considered to contribute to one of the sustainable investment objectives if:

- The products / services / clearly identifiable strategy and targets of the investee enable or positively impact one of the targeted SDGs; and
- The issuer passes the Sub-Fund's ESG analysis.

As an investment's contribution to the Sub-Fund's sustainable investment objectives is assessed based on, among others, the targeted SDGs for each sustainable investment objective, the fund managers will perform an analysis of the issuer to determine whether the issuer has revenue derived from activities enabling or positively impacting one of the targeted SDGs and / or has a clearly identifiable strategy and targets that enable or positively impact one of the targeted SDGs.

Further, the investment is subject to the Sub-Fund's adapted ESG analysis. The issuer is assigned an ESG rating, where issuers at least have to gain the rating as "average", relative to the result of the analysis, including all E, S and G aspects to be eligible for investment. If an issuer is rated below "average", the issuer is not eligible for investment.

The ESG analysis' methodology is developed according to the requirement of the Nordic Swan Ecolabel. An annual review of the Sub-Fund's analysis is performed, signed, and released by the Chief Compliance Officer. This review is verified by the Nordic Swan Ecolabel.

The ESG analysis is conducted based on information disclosed in several sources. Given the amount of available information, the fund managers prioritize data collection from the following sources:

- Companies' public disclosures and publicly available reports;
- Sell-side research;
- Third party research;
- Academic studies;
- White papers;
- Climate research centers; and / or
- Non-governmental organisations (NGOs) research.

The first step of the valuation model is to assign the issuer an individual environmental score, social score and governance score based on the following associated factors:

#### *Environmental factors*

The following criteria are considered:

- Demonstrate a clear focus on environmental issues in operations. Considerations: evidence of environmental policies, codes, certifications, or practices promoting environmental consciousness
- Undertake initiatives to promote greater environmental responsibility. Considerations: 1) development of a sustainability strategy or explicit commitment, along with details to prioritize and address environmental issues, and 2) provide environmental adverse impact indicators, set targets, and demonstrate tangible progress
- Promote and widespread adoption of environmentally friendly technologies. Considerations: foster innovation to minimize waste of raw material, enhance energy efficiency and develop use of greener technologies

Ratings:

(+) Environmental: The issuer satisfies all the three criteria and associated considerations.

(0) Environmental: The issuer satisfies at least one out of the three criteria and associated considerations.

(-) Environmental: The issuer does not satisfy any of the above criteria and associated considerations.

#### *Social factors*

The following criteria are considered:

- Implement a comprehensive framework for Human and Labor rights. Considerations: support and respect the protection of internationally proclaimed human and labor rights in direct operations and supply chain
- Cultivate a constructive workplace promoting the health and well-being of employees. Considerations: develop inclusion, diversity, equality, and empowerment principles and practices

Ratings:

(+) Social: The issuer satisfies all the criteria and associated considerations.

(0) Social: The issuer satisfies at least one out of the three criteria and associated considerations.

(-) Social: The issuer does not satisfy any of the above criteria and associated considerations.

## *Governance*

The following criteria are considered:

- Mitigate ethical misconduct in operations. Considerations: provide policy or guidelines promoting business ethics
- Manage critical corporate governance cornerstones. Considerations: evidence of a well application and monitoring of process
- Promote good corporate governance principles. Considerations: develop practices in line with respective market standards

Ratings:

(+) Governance: The issuer satisfies all the three criteria and associated considerations.

(0) Governance: The issuer satisfies at least one out of the three criteria and associated considerations.

(-) Governance: The issuer does not satisfy any of the above criteria and associated considerations.

Once the issuer is assigned an individual environmental score, social score and governance score, a total score is computed, where the issuer at least has to gain an overall score of average.

## *Engagement*

Each formalized dialogue is integrated, updated and reviewed into the ESG analysis. The outcome of the engagement activities may impact the ESG rating.

At the time of this Annex, it does not exist further guidance related to the definition of “sustainable investments” under SFDR Article 2 (17). Due to this, the Sub-Fund’s definition of sustainable investments may change when such guidance is provided to ensure that the Sub-Fund’s definition is compliant with Article 2 (17).

## **The activities (products or services) of the investee do not cause significant harm to any environmental or social sustainable objective and the investee follows good governance practices**

To ensure that all investments made by the Sub-Fund comply with the do no significant harm principle and follow good governance practices, the Sub-Fund applies the following methodologies:

- *Exclusions*: All investments not within the Sub-Fund’s investment universe are excluded, as such investments do not contribute to the Sub-Fund’s sustainable investment objectives, may cause significant harm to environmental and / or social objectives and such investees’ governance practices do not live up to the required standards.
- *ESG analysis*: Issuers not filtered out in the exclusion screening and that do not pass the ESG analysis are not eligible for investment as the risk of the issuer causing significant harm to any environmental or social objective is unacceptable and / or the investees’ governance practices do not live up to the required standards.
- *Principle adverse impacts on sustainability factors*: Issuers’ principal adverse impacts on sustainability factors are assessed prior to an investment and monitored during the holding period, to the extent such information is available.
- *Carbon Footprint*: A third party is designated to measure the carbon footprint of each investment within the Sub-Fund’s portfolio and aggregated at portfolio level.

- ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

Overall, the investment strategy of the Sub-Fund has to be executed in accordance with:

- The Nordic Swan Ecolabel criteria;
- UN's Principles for Responsible Investments ;
- The Investment Manager's guidelines for responsible investments; and
- The Sub-Fund's investment policy, exclusion policy and engagement policy.

The Sub-Fund applies several binding elements in its investment strategy to select investments to attain the sustainable investment objectives of the Sub-Fund.

- The investment has to contribute to one of the Sub-Fund's sustainable investment objectives: 1) to maintain a decarbonization trajectory, or 2) contribute to a well-functioning society and promote better living standards. Each investment has to enable or positively impact one of the SDGs targeted by each sustainable investment objective and pass the ESG analysis.
- The investment cannot cause significant harm to any environmental or social sustainable investment objective: The investment has to comply with the Sub-Fund's applied exclusion criteria, pass the Sub-Fund's ESG analysis, " and the principal adverse impacts have to be acceptable opposite the sustainable investment objectives of the Sub-Fund
- The investee has to follow good governance practices: The investment has to comply with the Sub-Fund's applied exclusion criteria and pass the Sub-Fund's ESG analysis.
- Newsflow analysis: The newsflow analysis is a binding element applied to monitor the Sub-Fund's investments during their holding period. "Newsflow" includes all new information about an issuer disclosed by the issuer or through public sources. The disclosures provided through the newsflow enable the Sub-Fund to continuously assess whether the investment complies with the Sub-Fund's investment criteria.
- Engagement: The fund managers shall engage with the issuers which the Sub-Fund is invested in according to procedures as described in the Sub-Fund's Engagement Policy.

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

The investees' governance practices are assessed in the Sub-Fund's ESG analysis. The criteria used to assess potential investees' corporate governance are:

- Anti-corruption policies;
- Political stability and rights;
- Transparency in corporate governance practices;
- Board diversity and independency

Further, the fund managers emphasise the importance of good corporate governance within the investee companies as the quality of such is experienced as substantial for transparency in the disclosures and the companies' awareness of its own operational actions.

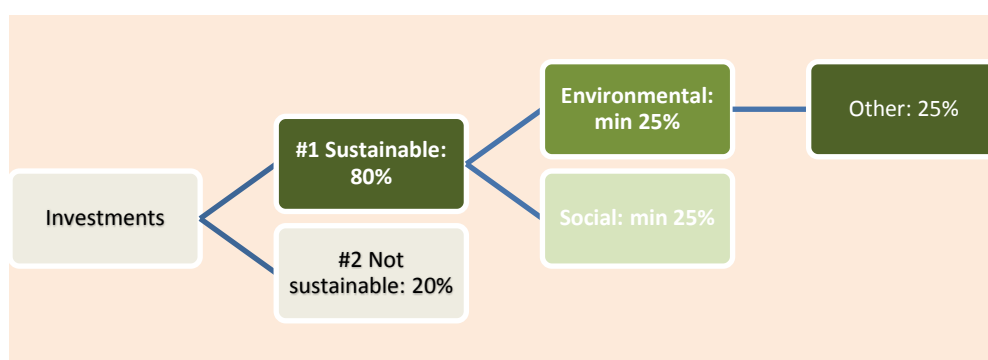
## What is the asset allocation planned for this financial product?

All of the Sub-Fund's investments in bonds will be sustainable investments, which is equivalent to 80% of the total net assets of the Sub-Fund. The sustainable investments will contribute to one of the sustainable investment objectives of the Sub-Fund.

The remaining share of the Sub-Fund is not considered sustainable and includes cash and derivatives. Cash may be held as ancillary liquidity or for risk balancing purposes. The Sub-Fund may use derivatives for the purposes described in the "Investment Objective and Policy" section in the Sub-Fund's Annex.

It is emphasised that the actual share of environmental and social objectives may vary over time, but the minimum share of environmental or social objectives will not be less than 25% of the total net assets of the Sub-Fund.

Where it is in the best interests of the investors and in response to market conditions, the Sub-Fund may temporarily deviate from the 80% threshold.



**#1 Sustainable covers** sustainable investments with environmental or social objectives. **#2 Not sustainable** includes investments which do not qualify as sustainable investments.

- **How does the use of derivatives attain the sustainable investment objective?**  
Derivatives are not used to attain the sustainable investment objective.

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

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



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

0%. The Sub-Fund does not commit to making sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy. The Sub-Fund is however permitted to allocate to Taxonomy-aligned sustainable investments, which would form part of its overall allocation to sustainable investments with an environmental objective.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>2</sup>?**

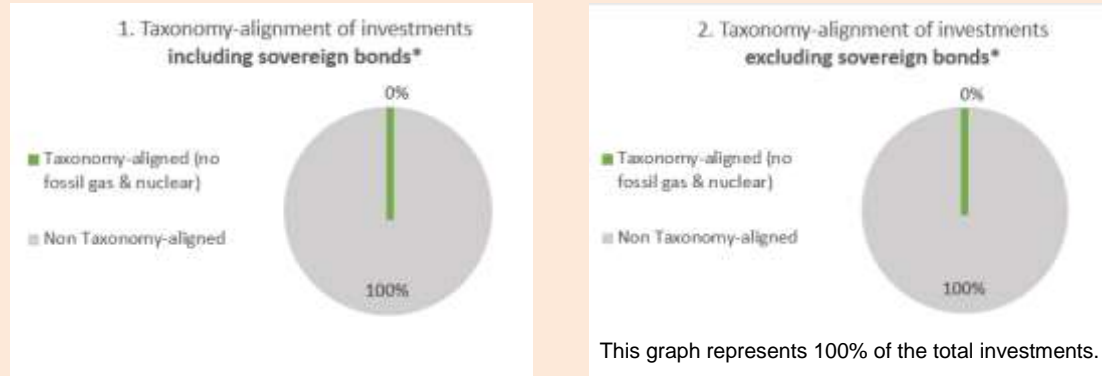
Yes:

In fossil gas

In nuclear energy

No

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



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

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

0%. As the Sub-Fund does not commit to making sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy there is no share of investments in transitional and enabling activities.


<sup>2</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory not in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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

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

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



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



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

25% of the total net assets of the Sub-Fund. The Sub-Fund will make sustainable investments with an environmental objective that is not aligned with the EU Taxonomy. Such investments contribute to another environmental objective in accordance with the Sub-Fund's environmentally sustainable investment objective.

These investments offer products / services and / or has a clearly identifiable strategy and targets that contribute to maintaining a decarbonisation trajectory through enabling or positively impacting targeted SDGs.

Due to the lack of/low numbers of companies reporting on the EU Taxonomy at the time of this Annex, the Sub-Fund does not commit to a percentage of sustainable investments with an environmental objective that are aligned with the EU Taxonomy. Nevertheless, the fund is not prevented from making sustainable investments with an environmental objective that are aligned with the EU Taxonomy.



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

25% of the total net assets of the Sub-Fund.



**What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

The Sub-Fund's investments included under “#2 Not sustainable” include the use of cash and derivatives. Cash may be held as ancillary liquidity or for risk balancing purposes. The Sub-Fund may use derivatives for the purposes described in the “Investment Objective and Policy” section in the Sub-Fund's Annex.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

At the time of this Annex no eligible or appropriate benchmark with similar investment universe and in accordance with Regulation (EU) 2016/1011 is available

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

N/A

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

N/A

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

N/A

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

N/A



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

More product-specific information can be found on the website:

<https://paretoam.com/en/our-funds/>

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

## ANNEX 3: PARETO SICAV – PARETO NORDIC EQUITY

### Investment Objective and Policy

The investment objective of the Sub-Fund is to achieve the highest possible long-term return, relative to the risk taken by the Sub-Fund.

The Sub-Fund seeks to achieve its investment objective by investing primarily in equities listed on a stock exchange or other regulated market in the Nordic region (Norway, Sweden, Denmark, Finland and Iceland) which promote environmental and/or social characteristics and which integrate sustainability into the investment process in a binding manner, while ensuring a constant direct investment into equity participations of at least 51% of the Sub-Fund's net assets. The Sub-Fund aims to hold a diversified portfolio with no particular focus on an industrial sector or the market capitalisation of companies.

The Sub-Fund is actively managed. This means that investment decisions are taken on the basis of fundamental analysis. Important selection criteria for the Sub-Fund's investments are a sound business model, a dividend policy in accordance with its balance sheet, earnings power and prospects of profitable growth, and skilful management.

The Sub-Fund does not invest its assets in asset-backed securities (ABS'), mortgage-backed securities (MBS'), contingent convertible bonds (Coco's) or structured fixed-income products. The Sub-Fund may invest up to 20% of its assets in fixed income instruments which consists primarily in sovereign bonds and to a lesser extent in convertible bonds.

#### *Use of Financial Derivative Instruments (FDIs)*

The Sub-Fund may use financial derivative instruments (FDI's) such as FX swaps for hedging against unfavourable foreign exchange market movements. Equity index futures and/or equity options might also be used for hedging against unfavourable equity risk movements.

The purpose of investing in derivatives will not be to achieve leverage; however, transactions in FDIs may leverage the Sub-Fund due to the leverage inherent in such instruments. This may result in a higher level of volatility than would be the case if the Sub-Fund did not invest in FDIs. In some circumstances, transactions in FDIs may result in a lower level of volatility than would be the case if the Sub-Fund did not invest in FDIs.

The Sub-Fund does currently neither make use of securities financing transactions nor enter into total return swaps or instruments with similar characteristics and as such the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 is not applicable. The Prospectus will be updated accordingly prior to the use of any such techniques or instruments.

The Sub-Fund's total exposure from investments in FDIs shall not exceed the Sub-Fund's Net Asset Value.

The Sub-Fund qualifies as an Article 8 financial product under SFDR since its investment policy contains broad environmental social, and governance consideration

Please refer to the section on pre-contractual disclosure for financial products at the end of this Sub-Fund's Annex for further information.

The Sub-Fund may also invest up to 10% of its assets in other Sub-Funds of the Fund as well as other UCITS or UCIs with a similar investment policy as the Sub-Fund.

The Sub-Fund may also invest in liquid assets on an ancillary basis. From time to time, a maximum of 20% of the Sub-Fund's net assets might be invested in liquid assets. Those assets might either be cash deposits.

All of the above investments will be made in accordance with the investment restrictions contained in the main part of this Prospectus.

#### *Global Exposure under the Commitment Approach*

The global exposure of the Sub-Fund will be measured and monitored according to the commitment approach methodology.

#### **Benchmark**

The Sub-Fund's benchmark for both performance measurement and Performance Fees purposes is the VINX Benchmark Cap Net Index, measured in the currency of the relevant share class. The benchmark is a dividend adjusted Nordic equity index. The Sub-Fund will not try to replicate this index and will freely select the securities that it will invest in.

In general, Nordic companies score well in terms of ESG objectives (ref. RobecoSAM: [https://www.activesustainability.com/sustainable-development/nordic-countries-top-sustainability-rankings/?\\_adin=11551547647](https://www.activesustainability.com/sustainable-development/nordic-countries-top-sustainability-rankings/?_adin=11551547647)) but may include constituents where that may not be the case.

More information about the methodology for the index calculation can be found here:

<https://www.nasdaq.com/solutions/vinx-equity-indexes>

#### **Risk Factors**

All investment in the Sub-Fund carries risk and should be regarded as long term in nature and is only suitable for investors who understand the risks involved and who are able to withstand the loss of their invested capital.

Investing in the Sub-Fund involves certain considerations in addition to the risks normally associated with making investments in equities. There can be no assurance that the Sub-Fund will achieve its investment objective. The value of Shares in the Sub-Fund may go down as well as up and there can be no assurance that on a redemption, or otherwise, investors will receive the amount originally invested.

Due to the nature of the Fund's investment strategy and types of securities it holds, the Fund is exposed to varied Sustainability Risks which include, but are not limited to:

- corporate governance malpractices (e.g. board structure, executive remuneration);
- shareholder rights (e.g. election of the likely directors, capital amendments);
- changes to regulation (e.g. greenhouse gas emissions restrictions, governance codes);
- physical threats (e.g. extreme weather, climate change, water shortages);
- brand and reputational issues (e.g. poor health & safety records, cyber security breaches);
- supply chain management (e.g. increase in fatalities, lost time injury rates, labour relations); and work practices (e.g. observation of health, safety and human rights provisions).

Assets held by the Fund may be subject to partial or total loss of value because of the occurrence of a sustainability risk due to fines, reduction of demand in the asset's products or services, physical damage to the asset or its capital, supply chain disruption, increased operating costs, inability to obtain additional capital, or reputational damage.

A sustainability risk event may arise and impact a specific investment or may have a broader impact on an economic sector, geographical or political region or country which may impact the portfolio of the Fund in its entirety

### **Profile of the typical investor**

The Sub-Fund may be appropriate for investors who:

- have an investment horizon of at least 5 years;
- seek capital appreciation over the long term;
- do not seek current income from their investment;
- are willing to take on the increased risk associated with the investment.

### **Reference Currency**

The reference currency of the Sub-Fund is the NOK.

## Classes of Shares and Investment Management Fees

An up to date list of all Classes of Shares on offer is available at the registered office of the Fund.

Share Class	ISIN codes	Reference Currency	Currency Hedging ("H")	Minimum initial investment and holding	Investment Management fee	Subscription Charge	Redemption Charge	Conversion Charge
B EUR Shares	LU1904797575	EUR	N/A	N/A	1.60% per annum	up to 1 %	up to 0.5 %	0 %
B NOK Shares	LU1653072675	NOK	N/A	N/A	1.60% per annum	up to 1 %	up to 0.5 %	0 %
B SEK Shares	LU1653072758	SEK	N/A	N/A	1.60% per annum	up to 1 %	up to 0.5 %	0 %
C NOK Shares	LU1653072832	NOK	N/A	20,000,000 NOK	1.25% per annum	up to 1 %	up to 0.5 %	0 %
C SEK Shares	LU2023202521	SEK	N/A	20,000,000 SEK	1.25% per annum	up to 1 %	up to 0.5 %	0 %
D EUR Shares	LU1904797732	EUR	N/A	5,000,000 EUR	0.75% per annum	up to 1 %	up to 0.5 %	0 %
D NOK Shares	LU1653072915	NOK	N/A	50,000,000 NOK	0.75% per annum	up to 1 %	up to 0.5 %	0 %
D SEK Shares	LU2023202794	SEK	N/A	50,000,000 SEK	0.75% per annum	up to 1 %	up to 0.5 %	0 %
I NOK Shares	LU1653073053	NOK	N/A	100,000,000 NOK	0.50% per annum	up to 1 %	up to 0.5 %	0 %
I SEK Shares	LU2023202877	SEK	N/A	100,000,000 SEK	0.50% per annum	up to 1 %	up to 0.5 %	0 %

- The B Class of Shares is available to all Investors which are qualified to invest in the Sub-Fund in accordance with the Prospectus.
- The C Classes of Shares are available to individual clients investing the minimum subscription amount.

The C Classes of Shares are also available to Investors subscribing for Shares through a distributor or pension scheme who, under their agreements with the Global Distributor, do not receive any payment from the Global Distributor. For the latter the minimum investment does not apply. This does not limit the Global Distributor of paying trailer fees to distributors for investments above the minimum investments or fees to platform service providers.

The C Classes of Shares are also available to Pareto entities and to the Investment Manager's employees, shareholders and board members, without limitation to minimum investment and holding.

- The D Classes of Shares are available to individual clients investing the minimum subscription amount. The D Classes of Shares is also available to Investors subscribing for Shares through a distributor or pension scheme who, under their agreements with the Global Distributor, do not receive any payment from the Global Distributor. For the latter the minimum investment does not apply. This does not limit the Global Distributor of paying fees to platform service providers.

The D Classes of Shares are also available to Pareto entities and to the Investment Manager's employees, shareholders and board members, without limitation to minimum investment and holding.

- The I Classes of Shares are available to Institutional Investors as defined under article 174 of the 2010 Law and which are qualified to invest in the Sub-Fund in accordance with the Prospectus.

## **Classes of Shares with a Performance Fee and Investment Management Fees**

<b>Name</b>	<b>A NOK Shares</b>	<b>A SEK Shares</b>	<b>A EUR Shares</b>	<b>N NOK Shares</b>	<b>N SEK Shares</b>	<b>N EUR Shares</b>
<b>ISIN Code</b>						
<b>Reference Currency</b>	NOK	SEK	EUR	NOK	SEK	EUR
<b>Currency Hedging (“H”)</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Initial Subscription Price per Share</b>	1,000.00 NOK	1,000.00 SEK	100,00 EUR	1,000.00 NOK	1,000.00 SEK	100.00 EUR
<b>Minimum Initial Subscription Amount</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Investment Management Fee</b>	1.30% per annum	1.30% per annum	1.30% per annum	0.85% per annum	0.85% per annum	0.85% per annum
<b>Performance Fee Mechanism</b>	Benchmark	Benchmark	Benchmark	Benchmark	Benchmark	Benchmark
<b>Performance Fee Crystallisation Frequency</b>	Annually	Annually	Annually	Annually	Annually	Annually
<b>Performance Fee Benchmark</b>	VINX Benchmark Cap Net Index	VINX Benchmark Cap Net Index	VINX Benchmark Cap Net Index	VINX Benchmark Cap Net Index	VINX Benchmark Cap Net Index	VINX Benchmark Cap Net Index
<b>Performance Fee Rate</b>	15%	15%	15%	15%	15%	15%
<b>Performance Reference Period</b>	Five years	Five years	Five years	Five years	Five years	Five years
<b>Subscription Charge</b>	up to 1 %	up to 1 %	up to 1 %	up to 1 %	up to 1 %	up to 1 %
<b>Redemption Charge</b>	up to 0.5 %	up to 0.5 %	up to 0.5 %	up to 0.5 %	up to 0.5 %	up to 0.5 %
<b>Conversion Charge</b>	0 %	0 %	0 %	0 %	0 %	0 %

- The A Class of Shares is available to all Investors which are qualified to invest in the Sub-Fund in accordance with the Prospectus.
- The N Class of Shares is available to Investors subscribing for Shares through a distributor or pension scheme who, under their agreements with the Global Distributor, do not receive any payment from the Global Distributor. This does not limit the Global Distributor of paying fees to platform service providers.

## Performance Fee

The Investment Manager will be entitled to receive out of the assets of the Sub-Fund a performance fee (the “**Performance Fee**”) net of all costs, in accordance with the principles outlined below.

For each Valuation Day, the Performance Fee will be calculated on excess performance relative to the benchmark regardless if the absolute return is negative or positive.

The Performance Fee will be calculated and accrued on each Valuation Day and shall be payable annually within thirty (30) days from the end of the financial year of the Sub-Fund.

The Performance Fee will be calculated as follows: it will be equal to the number of shares in respectfully the A Class of Shares and N Class of Shares multiplied by the Performance Fee Rate, which corresponds to 15% multiplied by the appreciation of the Net Asset Value per share in excess of the performance of the VINX Benchmark Cap Net Index recorded that Valuation Day regardless if the absolute return is negative or positive.

**Outperformance can also occur in periods where both the Performance Fee Benchmark and the Net Asset Value per Share Class decrease (in case the Sub-Fund has over performed the Performance Fee Benchmark but had a negative performance).**

The Performance Reference Period over which the performance of the Sub-Fund is measured and compared with that of the Performance Fee Benchmark is five years, with an annual crystallisation, at the end of which the mechanism for the compensation for past underperformance (or negative performance) can be reset after 5 years on a rolling basis.

An investor redeeming A Class of Shares and N Class of Shares in the course of the calendar year will not have the whole year as the period of calculation and the Performance Fee will be paid in due proportions at the date of the investors’ redemption.

## Performance Fee calculation simulation:

Period	Start NAV	End NAV before Performance Fee (GAV)	Start Index Value (VINX)	End Index Value (VINX)	NAV Performance	Index Performance	Yearly Performance vs Index	NAV performance since last Performance Fee (capitalized)	Index performance since last Performance Fee (capitalized)	Net Performance since last Performance Fee (capitalized)	Performance Fee (Y/N)	Performance Fee (on last NAV after Performance Fee on which Performance Fee was paid)	End NAV after Performance Fee	Base NAV for Performance Fee (last NAV after Performance Fee on which performance fee was paid)
														100.00
1	100.00	112.00	100.0	102.0	12.0%	2.0%	10.0%	12.0%	2.0%	10.0%	Y	1.50	110.50	110.50
2	110.50	104.50	102.0	91.8	-5.4%	-10.0%	4.6%	-5.4%	-10.0%	4.6%	Y	0.76	103.74	103.74
3	103.74	105.00	91.8	110.0	1.2%	19.8%	-18.6%	1.2%	19.8%	-18.6%	N	0.00	105.00	103.74
4	105.00	108.00	110.0	101.0	2.9%	-8.2%	11.0%	4.1%	10.0%	-5.9%	N	0.00	108.00	103.74
5	108.00	95.00	101.0	98.0	-12.0%	-3.0%	-9.1%	-8.4%	6.8%	-15.2%	N	0.00	95.00	103.74
6	95.00	105.00	98.0	100.0	10.5%	2.0%	8.5%	1.2%	8.9%	-7.7%	N	0.00	105.00	103.74
7	105.00	109.00	100.0	103.0	3.8%	3.0%	0.8%	5.1%	12.2%	-7.1%	N	0.00	109.00	103.74
8	109.00	107.00	103.0	99.0	-1.8%	-3.9%	2.0%	-0.9%	-2.0%	1.1%	Y	0.16	106.84	106.84
9	106.84	108.00	99.0	100.0	1.1%	1.0%	0.1%	1.1%	1.0%	0.1%	Y	0.01	107.99	107.99
10	107.99	109.00	100.0	99.5	0.9%	-0.5%	1.4%	0.9%	-0.5%	1.4%	Y	0.23	108.77	108.77
11	108.77	107.00	99.5	101.0	-1.6%	1.5%	-3.1%	-1.6%	1.5%	-3.1%	N	0.00	107.00	108.77
12	107.00	106.00	101.0	92.0	-0.9%	-8.9%	8.0%	-2.5%	-7.5%	5.0%	Y	0.81	105.19	105.19
13	105.19	110.00	92.0	95.0	4.6%	3.3%	1.3%	4.6%	3.3%	1.3%	Y	0.21	109.79	109.79

### Notes:

Period 8 The positive performance of period 4 is not taken in consideration as it occurs before the negative performance of period 5. Period 4 serves to compensate the negative underperformance of period 3 but cannot compensate future underperformance from period 6.

Period 12 Performance fees are calculated on the net of period 11 and 12



The above example is purely for illustrative purposes and is not a representation of the actual performance of the Sub-Fund, or of future returns to shareholders, and has been simplified for the purposes of illustrating the effect of the Performance Fee in different scenarios. These simplifications allow the Performance Fee to be illustrated in a straightforward manner, without producing a material deviation from any actual Performance Fee calculation that will be carried out for the Sub-Fund.

### **Valuation Day**

The Net Asset Value of each Class of Shares shall normally be calculated on each Business Day which then also qualifies as a “Valuation Day”.

The Net Asset Value of each Class of Shares will be made available on each Valuation Day in the reference currency of each Class of Shares by the Administrator at the registered office of the Fund.

The Net Asset Value of each Class of Shares may be reported in such other currencies as decided by the Directors.

### **Business Day**

A Business Day is a day on which banks are normally open for business in Luxembourg, Norway and Sweden, except for 24 December each year. In addition, days when local markets on which the Sub-Fund holds a significant portion of its investments are closed, are not Business Days.

### **Subscriptions**

Shares are available for subscription on each Valuation Day. Applications for Shares must be received by the Registrar and Transfer Agent by no later than 12.00 noon (Luxembourg time). Applications so received will be dealt with on the basis of the Net Asset Value per Share of that Valuation Day calculated on the next following Business Day with the last available closing prices of such Valuation Day.

Subscription proceeds must be received by the Depositary on an account of the Sub-Fund within two (2) Business Days after the relevant Valuation Day.

Applications for Shares received by the Registrar and Transfer Agent after 12.00 noon (Luxembourg time) will be dealt with on the basis of the Net Asset Value per Share of the next Valuation Day.

### **Redemptions**

Shares are redeemable at the option of the Shareholders.

Completed redemption requests should be sent to the Registrar and Transfer Agent to be received no later than 12.00 noon (Luxembourg time). Requests so received will be dealt with on the basis of the Net Asset Value per Share of that Valuation Day calculated on the next following Business Day with the last available closing prices of such Valuation Day.

Redemption requests received by the Registrar and Transfer Agent after 12.00 noon (Luxembourg time) will be dealt with on the basis of the Net Asset Value per Share of the next Valuation Day.

Payment of redemption proceeds will normally be made within two (2) Business Days after the relevant Valuation Day.

A request for a partial redemption of Shares may be treated as a request for the redemption of the entire holding if, as a result of such partial redemption, the total Net Asset Value of the Shares retained by the Shareholder in the Sub-Fund would be less than the minimum holding.

### **Dividend Policy**

The Sub-Fund shall not distribute any dividend and all net investment income and all net realised and unrealised capital gains will be accumulated and will increase the Net Asset Value of the Shares of the Sub-Fund.

### **Depositary and Administration Fees**

#### *Depositary Fee*

The Depositary will receive a depositary fee determined as an annual percentage calculated per market on a monthly basis based on the Sub-Fund's assets and paid monthly in arrears. The Depositary will further receive a supervisory fee of 0.006% p.a. based on the Sub-Fund's assets, which will be due by the Sub-Fund as from the end of the first year following the end of the initial offering period of the Sub-Fund. The Depositary shall also be entitled to reimbursement of all reasonable out-of-pocket expenses relating to the custody services rendered.

The Depositary Fee does not cover operational costs such as costs of buying and selling securities, transaction fees and correspondent bank charges.

#### *Administrator, Registrar and Transfer and Domiciliary Agent Fee*

In addition to the fees payable to the Management Company as mentioned in section "Fees and Expenses" in the main part of this Prospectus, the Management Company will receive a fee with a maximum of EUR 3,700.- per Share-Class, out of the net assets of the Sub-Fund.

The Administrator, Registrar and Transfer and Domiciliary Agent shall also be entitled to reimbursement of all reasonable out-of-pocket expenses relating to the services thereto.

#### *Other Charges and Expenses*

The other charges and expenses borne by the Sub-Fund are mentioned in section "Fees and Expenses" in the main part of this Prospectus.

### **Term of the Sub-Fund**

The Sub-Fund has been established for an indefinite period of time.

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

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

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

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

**Product name:** PARETO SICAV – Pareto Nordic Equity

**Legal entity identifier:** 529900866L3MEDTZ2431

## Environmental and/or social characteristics

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

Yes

No

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

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

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

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

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

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

with a social objective

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

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

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

The Sub-Fund promotes environmental and social characteristics by making responsible investments according to the Investment Manager's guidelines for responsible investments. When making such investments, the Sub-Fund promotes environmental and social standards by emphasising social conditions, the environment and good corporate governance as described in section "What investment strategy does this financial product follow?":

The Sub-Fund is actively managed, and no specific index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

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

As the Sub-Fund promotes both environmental and social standards, it applies the principal adverse impact indicators on sustainability factors, to the extent such information is available, and other indicators to observe how the companies address the environmental and social characteristics promoted by the Sub-Fund described in section “What investment strategy does this financial product follow?”.

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

The Sub-Fund does not commit to making sustainable investments.

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

N/A

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

N/A

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

N/A

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

Yes,

The principal adverse impacts on sustainability factors are integrated in the Sub-Fund’s decision-making process when such information is available.

Information pursuant to Article 11 (2) of Regulation (EU) 2019/2088 will be disclosed in the SICAV’s annual report in accordance with Annex IV of Regulation (EU) 2022/1288.

No

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





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

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

## What investment strategy does this financial product follow?

### Overall about the Sub-Fund's investment strategy

The Sub-Fund's investment strategy is based on being an active investment manager, emphasising fundamental analysis on company level. Furthermore, it is considered important to integrate ESG assessments into the Sub-Fund's investment process, as this can also affect the long-term value of the Sub-Fund's investments.

The investment strategy must be exercised in accordance with the following frameworks for all investments made by the Sub-Fund:

- UN's Principles for Responsible Investments; and
- the Investment Manager's guidelines for responsible investments.

**Negative tilt** First, the fund managers exclude all investments not within the Sub-Fund's investment universe, as such investments may contribute to / enable violation of human rights, labor rights, corruption, environmental damage and other unethical actions.

The Sub-Fund applies the following binding exclusion criteria:

Prior to including a company within the investment universe, the fund managers shall consider whether there is an unacceptable risk that the company contributes or is responsible for:

- Human rights violations, such as killing, torture, deprivation of liberty, forced labour and exploitation of children, including child labour
- Violations of individuals' rights in war or conflict situations
- Breach of basic employee rights
- Severe environmental damage
- Actions or omissions that at an aggregated company level lead to an unacceptable degree of greenhouse gas emissions
- Corruption
- Other repeated or significant violations of basic ethical norms

The Sub-Fund shall not invest, on behalf of our customers, in companies which themselves or through entities they control which:

- Produce weapons that, in normal use, violate basic humanitarian principles
- Produce tobacco
- Sell weapons or military equipment to states subject to sanctions from the UN Security Council or other international measures directed at a particular country that Norway has supported
- Mining companies and power producers that themselves or consolidated with controlled entities receive 30 per cent or more of their revenues from thermal coal, or base 30 per cent or more of their operations on thermal coal activity
- Produce pornography

The fund managers shall exercise a precautionary principle in connection with investments in biotechnology companies, gambling, and alcohol.

The screening is done according to the Norges Bank Investment Management (hereinafter "NBIM") exclusion list with the associated guidelines provided in guidelines Norwegian Government Pension Fund Global. The Head of Risk maintains an exclusion and observation list that is cross-checked against the exclusions list on a monthly basis. In addition, the Head of Risk receives news from NBIM via email alerts and will get a notification if a new company were to be excluded.

In addition, the Investment Manager has an Ethics Committee. The Ethics Committee is authorised to exclude companies from the Sub-Fund's investment universe beyond the scope of NBIM's exclusion list.

### **Positive tilt**

As a second step, the fund managers apply the positive tilt to emphasise social conditions, the environment and good corporate governance according to the Investment Manager's guidelines for responsible investments. A dedicated ESG team is working closely with fund managers to identify ESG risks and opportunities.

### **Environmental**

The following elements are considered:

- Demonstrate a clear focus on environmental issues in operations. Considerations: evidence of environmental policies, codes, certifications, or practices promoting environmental consciousness
- Undertake initiatives to promote greater environmental responsibility. Considerations: 1) development of a sustainability strategy or explicit commitment, along with details to prioritize and address environmental issues, and 2) provide environmental adverse impact indicators, set targets, and demonstrate tangible progress
- Promote and widespread adoption of environmentally friendly technologies. Considerations: foster innovation to minimize waste of raw material, enhance energy efficiency and develop use of greener technologies

### **Social**

The following elements are considered:

- Implement a comprehensive framework for Human and Labor rights. Considerations: support and respect the protection of internationally proclaimed human and labor rights in direct operations and supply chain
- Cultivate a constructive workplace promoting the health and well-being of employees. Considerations: develop inclusion, diversity, equality, and empowerment principles and practices

### **Governance**

The following elements are considered:

- Mitigate ethical misconduct in operations. Considerations: provide policy or guidelines promoting business ethics
- Manage critical corporate governance cornerstones. Considerations: evidence of a well application and monitoring of process
- Promote good corporate governance principles. Considerations: develop practices in line with respective market standards

The investment team has defined a process based on a materiality assessment that is applied to all companies to evaluate whether a company is eligible for investment.

## Engagement

The Sub-Fund shall exercise active ownership in the portfolio companies in order to promote responsible business operations. This means that we will use our ownership rights and influence in the companies to help move the companies in a positive direction. When there is a specific reason to believe that a company violates our policy of responsible investments, the fund managers will consider addressing the issue with the company's management and encouraging the company to correct the circumstances. If necessary change is not implemented, the fund managers will normally sell all positions in the company.

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

Overall, as the Investment Manager is a signatory of the UN's Principles for Responsible Investments, the fund managers are committed to comply with the principles provided for the Sub-Fund's investment strategy. The Sub-Fund applies the following binding elements in its investment strategy to select investments to attain the environmental and social characteristics promoted by the Sub-Fund, as described in the previous section.

- The investment has to comply with the Sub-Fund's applied exclusion criteria; The investment has to be eligible for investment in accordance with the Sub-Fund's positive-tilted investment criteria.
- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

N/A

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

To assess if a company deploy good governance practices, consideration is placed on whether it has developed practices in line with respective market standards, including transparency, anti-corruption, board composition.



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

Taxonomy-aligned activities are expressed as a share of:

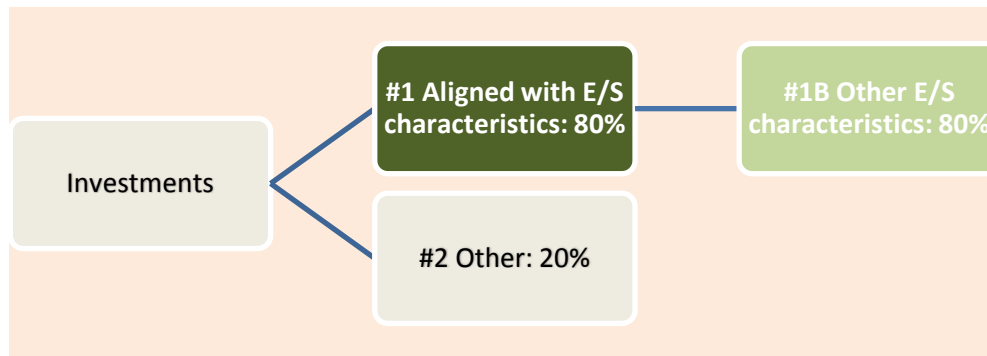
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities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

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

All of the Sub-Fund's investments in equity will be aligned with the environmental and social characteristics promoted by the Sub-Fund, which is equivalent to 80% of the total net assets of the Sub-Fund.

The remaining share of the Sub-Fund is not considered to be aligned with the environmental and social characteristics promoted by the Sub-Fund and includes cash and derivatives. Cash may be held as ancillary liquidity or for risk balancing purposes. The Sub-Fund may use derivatives for the purposes described in the "Investment Objective and Policy" section in the Sub-Fund's Annex.

Where it is in the best interests of the investors and in response to market conditions, the Sub-Fund may temporarily deviate from the 80% threshold.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
  - The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.
- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental or social characteristics promoted by this Sub-Fund.





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

0%. As the Sub-Fund does not commit to making sustainable investments with an environmental objective aligned with the EU Taxonomy, this section is not relevant.

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

Yes:

In fossil gas

In nuclear energy

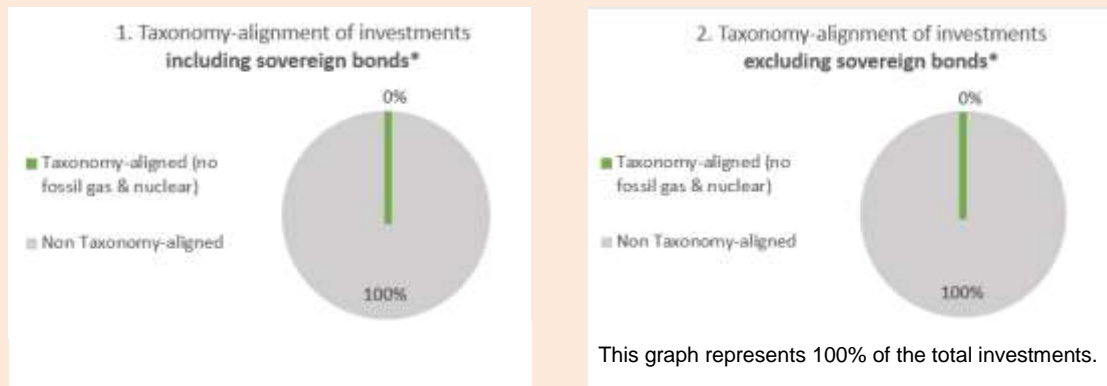
No

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

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

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

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



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

- **What is the minimum share of investments in transitional and enabling activities? 0%**

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



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



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**  
0%



**What is the minimum share of socially sustainable investments?**  
0%



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

The Sub-Fund’s investments included under “#2 Other” include the use of cash and derivatives. Cash may be held as ancillary liquidity or for risk purposes. The Sub-Fund may use derivatives for the purposes described in the “Investment Objective and Policy” section in the Sub-Fund’s Annex.



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

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

No specific index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

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

N/A

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

N/A

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

N/A

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

N/A



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

More product-specific information can be found on the website:

<https://paretoam.com/en/our-funds/>

## **ANNEX 4: PARETO SICAV – PARETO NORDIC CROSS CREDIT**

### **Investment Objective and Policy**

The Sub-Fund's objective is to achieve the best possible return, relative to its risk profile.

The Sub-Fund will invest in fixed income and fixed income related securities ("debt securities") issued by corporations, agencies, governments and municipalities which promote environmental and/or social characteristics and which integrate sustainability into the investment process in a binding manner. The debt securities may include subordinated, hybrids, perpetual and convertible bonds.

The Sub-Fund may invest up to 20% of its Net Asset Value in CoCos.

The Sub-Fund will predominantly invest in securities issued by entities domiciled or with a presence in the Nordic region.

The Sub-Fund shall invest in debt securities. The debt securities may be rated or unrated and have credit risk corresponding to investment grade or high yield. The Sub-Fund may invest a significant part of its Net Asset Value in high yield securities.

Debt securities may become distressed while being held by the Fund and as such the Fund may continue to hold such distressed debt securities. The Sub-Fund may also invest in shares and similar instruments (e.g. following a process of restructuring or similar process) and/or hold company shares as a result of transactions involving securities or the conversion of convertible bonds.

The average interest rate duration of the Sub-Fund's portfolio shall be between 0 and 4 years. An individual bond in the Sub-Fund's portfolio may however have a higher duration.

The Sub-Fund may use financial derivative instruments (FDI's), such as forward rate agreements, futures, options, swaps, CDS (Credit Default Swaps) and other derivatives for both hedging and investment purposes.

FDIs may also be used for investment purposes when the targeted exposure of the Sub-Fund is difficult to achieve through the use of debt securities or if FDIs is considered a better investment due other factors, such as, but not limited to liquidity and price.

The purpose of investing in derivatives will not be to achieve leverage, however transactions in FDIs may leverage the Sub-Fund due to the leverage inherent in such instruments. This may result in a higher level of volatility than would be the case if the Sub-Fund did not invest in FDIs. In some circumstances, transactions in FDIs may result in a lower level of volatility than would be the case if the Sub-Fund did not invest in FDIs.

The Sub-Fund's total exposure from investments in FDIs shall not exceed the Sub-Fund's Net Asset Value.

The Sub-Fund qualifies as an Article 8 financial product under SFDR since its investment policy contains broad environmental social, and governance consideration  
Please refer to the section on pre-contractual disclosure for financial products at the end of this Sub-Fund's Annex for further information.

The Sub-Fund does currently neither make use of securities financing transactions nor enter into total return swaps or instruments with similar characteristics and as such the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 is not applicable. The Prospectus will be updated accordingly prior to the use of any such techniques or instruments.

The Sub-Fund may also invest up to 10% of its assets in other Sub-Funds of the Fund as well as other UCITS or UCIs with a similar investment policy as the Sub-Fund.

#### *Global Exposure under the Commitment Approach*

The global exposure of the Sub-Fund will be measured and monitored according to the commitment approach methodology.

All of the above investments will be made in accordance with the investment restrictions contained in the main part of this Prospectus.

#### **Currency hedging**

The Sub-Fund will use derivatives to hedge currency exposure to financial instruments denominated in currencies other than the Reference Currency of the Sub-Fund.

For Classes of Shares denominated in other currencies than the Reference Currency of the Sub-Fund, the individual Class of Shares will be hedged towards exposure to the Reference Currency of the Sub-Fund.

#### **Benchmark**

The Sub-Fund is actively managed and does not aim to track the composition of any benchmark index.

#### **Risk Factors**

All investment in the Sub-Fund carries risk, and should be regarded as long term in nature and is only suitable for investors who understand the risks involved and who are able to withstand the loss of their invested capital.

Investing in the Sub-Fund involves certain considerations in addition to the risks normally associated with making investments in securities. There can be no assurance that the Sub-Fund will achieve its investment objective. The value of Shares in the Sub-Fund may go down as well as up and there can be no assurance that on a redemption, or otherwise, investors will receive the amount originally invested.

Typical risks associated with investment in a portfolio of high yield bonds are as follows:

- Default risk (or credit risk) of a bond refers to the risk that a bond issuer will default on any type of debt by failing to make payments which it is obligated to do. The risk is primarily that of the bondholder and includes lost principal and interest, disruption to cash flows, and increased collection costs. The loss may be complete or partial and can arise in a number of circumstances;
- Changes in interest rates and/or credit spreads may affect bond prices. These risks do not affect all bonds equally. Longer maturity bonds will experience a greater change in price than shorter maturity bonds for a given change in rate and/or credit spreads;
- Liquidity risk may arise when one or more securities are difficult to dispose of, either during certain market conditions or company specific circumstances.

The Net Asset Value of the Sub-Fund will be computed in NOK whereas the Sub-Fund's investments may be acquired in other currencies. Currency fluctuations may impact the value of the Sub-Fund's investments. The portfolio manager will seek to minimize currency risk by using derivatives.

CoCos are likely to be adversely impacted should specific trigger events occur (as specified in the contract terms of the issuer). This may result in the bond converting to equity at a discounted share price, the value of the bond being written down, temporarily or permanently, and/or coupon payments ceasing or being deferred. CoCos can perform poorly even when the issuer and/or its equities are performing well. CoCos are structured such that the occurrence of a trigger event (such as the issuer's capital ratio or share price falling to a particular level for a certain period of time) may render the bond worthless or may trigger a conversion to equity that is likely to be disadvantageous to the bondholder. With CoCos, the date and amount of any repayment of principal is uncertain as their termination and redemption require regulatory approval, which may not be granted in certain circumstances.

The Sub-Fund may hold distressed securities. These securities may have become the subject of bankruptcy proceedings or in repayment default or have low credit ratings assessed by a credit rating agency. Distressed securities are speculative and involve significant risk. They may frequently not produce income while they are outstanding and may require the Sub-Fund to bear certain extraordinary expenses in order to protect and recover its holding. This may diminish the Sub-Fund's ability to achieve income. The Sub-Fund may be subject to significant uncertainty as to the outcome of any plan in respect of the distressed securities (liquidation, re-organisation, exchange offer etc.) and ultimately the value derived from the distressed securities or from other assets or securities resulting from an exchange offer or reorganisation.

Due to the nature of the Fund's investment strategy and types of securities it holds, the Fund is exposed to varied Sustainability Risks which include, but are not limited to:

- corporate governance malpractices (e.g. board structure, executive remuneration);
- changes to regulation (e.g. greenhouse gas emissions restrictions, governance codes);
- physical threats (e.g. extreme weather, climate change, water shortages);
- brand and reputational issues (e.g. poor health & safety records, cyber security breaches);
- supply chain management (e.g. increase in fatalities, lost time injury rates, labour relations); and work practices (e.g. observation of health, safety and human rights provisions).

### **Risk Management Process**

In compliance with the CSSF Regulation 10-4, the ESMA Guidelines on risk measurement and the calculation of global exposure and counterparty risk for UCITS (ref.: ESMA/10-788) and the ESMA Guidelines on risk management principles for UCITS (ref.: ESMA/09-178), the Management Company employs 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 the portfolio, the Management Company will use the commitment approach to measure, at least once a day, the global exposure of the Sub-Fund.

### **Profile of the typical investor**

The Sub-Fund may be appropriate for investors who:

- want and are able to assume credit and interest rate risks;
- have an investment horizon of 1 to 3 years;
- seek capital appreciation over the long term;
- are willing to take on the increased risk associated with the investment.

## Reference Currency

The reference currency of the Sub-Fund is the NOK.

## Classes of Shares and Investment Management Fees

An up to date list of all Classes of Shares on offer is available at the registered office of the Fund.

Share Class	ISIN codes	Reference Currency	Currency Hedging ("H")	Minimum initial investment and holding	Investment Management fee	Subscription Charge	Redemption Charge	Conversion Charge
R NOK Shares	LU2200513666	NOK	N/A	N/A	0.70 % per annum	up to 0.5 %	up to 0.5 %	0 %
R SEK Shares	LU2200513823	SEK	H	N/A	0.70 % per annum	up to 0.5 %	up to 0.5 %	0 %
R EUR Shares	LU2200514128	EUR	H	N/A	0.70 % per annum	up to 0.5 %	up to 0.5 %	0 %
R USD Shares		USD	H	N/A	0.70 % per annum	up to 0.5 %	up to 0.5 %	0 %
R AUD Shares		AUD	H	N/A	0.70 % per annum	up to 0.5 %	up to 0.5 %	0 %
A NOK Shares	LU2023199396	NOK	N/A	NOK 10 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
A SEK Shares	LU2023199479	SEK	H	SEK 10 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
A EUR Shares	LU2023199552	EUR	H	EUR 1 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
A USD Shares	LU2023199636	USD	H	USD 1 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
A CHF Shares	LU2023199719	CHF	H	CHF 1 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
A DIS SEK Shares	LU2023199800	SEK	H	SEK 10 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
A DIS EUR Shares	LU2023199982	EUR	H	EUR 1 million	0.55 % per annum	up to 0.5 %	up to 0.5 %	0 %
H NOK Shares	LU2023200079	NOK	N/A	NOK 50 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %

H SEK Shares	LU2023200152	SEK	H	SEK 50 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
H EUR Shares	LU2023200236	EUR	H	EUR 5 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
H USD Shares	LU2023200319	USD	H	USD 5 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
H CHF Shares	LU2023200400	CHF	H	CHF 5 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
H DIS SEK Shares	LU2023200582	SEK	H	SEK 50 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
H DIS EUR Shares	LU2023200665	EUR	H	EUR 5 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
H DIS USD Shares		USD	H	USD 5 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
H-I NOK Shares	LU2023200749	NOK	N/A	NOK 50 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
H-I SEK Shares	LU2023200822	SEK	H	SEK 50 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
H-I EUR Shares	LU2023201044	EUR	H	EUR 5 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
H-I USD Shares	LU2023201127	USD	H	USD 5 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
H-I CHF Shares	LU2023201390	CHF	H	CHF 5 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
H-I DIS SEK Shares	LU2023201556	SEK	H	SEK 50 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
H-I DIS EUR Shares	LU2023201630	EUR	H	EUR 5 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
H-I DIS USD Shares		USD	H	USD 5 million	0.40 % per annum	up to 0.5 %	up to 0.5 %	0 %
I NOK Shares	LU2023201713	NOK	N/A	NOK 400 mill	0.30 % per annum	up to 0.5 %	up to 0.5 %	0 %
I SEK Shares	LU2023201804	SEK	H	SEK 400 million	0.30 % per annum	up to 0.5 %	up to 0.5 %	0 %
I EUR Shares	LU2023201986	EUR	H	EUR 50 million	0.30 % per annum	up to 0.5 %	up to 0.5 %	0 %

I USD Shares	LU2023202018	USD	H	USD 50 million	0.30 % per annum	up to 0.5 %	up to 0.5 %	0 %
I CHF Shares	LU2023202281	CHF	H	CHF 50 million	0.30 % per annum	up to 0.5 %	up to 0.5 %	0 %
I DIS SEK Shares	LU2023202364	SEK	H	SEK 400 million	0.30 % per annum	up to 0.5 %	up to 0.5 %	0 %
I DIS EUR Shares	LU2023202448	EUR	H	EUR 50 million	0.30 % per annum	up to 0.5 %	up to 0.5 %	0 %

The above investment management fees will be accrued daily and are payable monthly.

- The R and A Classes of Shares are available to all investors which are qualified to invest in the Fund in accordance with the Prospectus.
- The H Classes of Shares are available to individual clients investing the minimum subscription amount. The H Classes of Shares are also available to Investors subscribing for shares through a distributor or pension scheme, who under their agreements with the Global Distributor, do not receive any payment from the Global Distributor. For the latter the minimum investment does not apply. This does not limit the ability of Global Distributor to pay fees to platform service providers. The H Classes of Shares are also available to Pareto entities and to the Investment Manager's employees, shareholders and board members, without limitation to minimum investment and holding.
- The I Classes of Shares are available to Institutional Investors as defined under article 174 of the 2010 Law and which are qualified to invest in the Fund in accordance with the Prospectus.
- The H-I Classes of Shares are available to Institutional Investors investing the minimum subscription amount.

### **Valuation Day**

The Net Asset Value of each Class of Shares shall normally be calculated on each Business Day which then also qualifies as a "Valuation Day".

The Net Asset Value of each Class of Shares will be made available on each Valuation Day in the reference currency of each Class of Shares by the Administrator at the registered office of the Fund.

The Net Asset Value of each Class of Shares may be reported in such other currencies as decided by the Directors.

### **Business Day**

Business Day is a day on which banks are normally open for business in Luxembourg, Norway and Sweden, except for 24 December in each year.

In addition, days when local markets on which the Sub-Fund holds a significant portion of its investment are closed, are not Business Days.



## **Subscriptions**

Shares are available for subscription on each Valuation Day. Applications for Shares must be received by the Registrar and Transfer Agent by no later than 12.00 noon (Luxembourg time). Applications so received will be dealt with on the basis of the Net Asset Value per Share of that Valuation Day calculated on the same Business Day with the last available closing prices of such Valuation Day.

Subscription proceeds must be received by the Custodian on an account of the Fund within two (2) Business Days after the relevant Valuation Day.

Applications for Shares received by the Registrar and Transfer Agent after 12.00 noon (Luxembourg time) will be dealt with on the basis of the Net Asset Value per Share of the next Valuation Day.

## **Redemptions**

Shares are redeemable at the option of the Shareholders.

Completed redemption requests should be sent to the Registrar and Transfer Agent to be received no later than 12.00 noon (Luxembourg time). Requests so received will be dealt with on the basis of the Net Asset Value per Share of that Valuation Day calculated on the same Business Day with the last available closing prices of such Valuation Day.

Redemption requests received by the Registrar and Transfer Agent after 12.00 noon (Luxembourg time) will be dealt with on the basis of the Net Asset Value per Share of the next Valuation Day.

Payment of redemption proceeds will normally be made within two (2) Business Days after the relevant Valuation Day.

A request for a partial redemption of Shares may be treated as a request for the redemption of the entire holding if, as a result of such partial redemption, the total Net Asset Value of the Shares retained by the Shareholder in the Sub-Fund would be less than the minimum holding.

## **Dividend Policy**

Except for the DIS Classes of Shares, the Sub-Fund shall not distribute any dividend and all net investment income, and all net realised and unrealised capital gains will be accumulated and will increase the Net Asset Value of the Shares of the Sub-Fund.

The DIS Classes of Shares will distribute dividends to its Shareholders upon decision of the Company. Such dividends are paid on a quarterly basis or such other frequency as resolved by the Company.

## **Depositary and Administration Fees**

### *Depositary Fee*

The Depositary will receive a depositary fee determined as an annual percentage calculated per market on a monthly basis based on the Sub-Fund's assets and paid monthly in arrears. The Depositary will further receive a supervisory fee of 0.006% p.a. based on the Sub-Fund's assets, which will be due by the Sub-Fund as from the end of the first year following the end of the initial offering period of the Sub-Fund. The Depositary shall also be entitled to reimbursement of all reasonable out-of-pocket expenses relating to the custody services rendered.

The Depositary Fee does not cover operational costs such as costs of buying and selling securities, transaction fees and correspondent bank charges.

*Administrator, Registrar and Transfer and Domiciliary Agent Fee*

In addition to the fees payable to the Management Company as mentioned in section “Fees and Expenses” in the main part of this Prospectus, the Management Company will receive a fee with a maximum of EUR 3,700.- per Share-Class, out of the net assets of the Sub-Fund.

The Administrator, Registrar and Transfer and Domiciliary Agent shall also be entitled to reimbursement of all reasonable out-of-pocket expenses relating to the services thereto.

*Other Charges and Expenses*

The other charges and expenses borne by the Sub-Fund are mentioned in section “Fees and Expenses” in the main part of this Prospectus.

**Term of the Sub-Fund**

The Sub-Fund has been established for an indefinite period of time.

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

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

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

**Product name:** PARETO SICAV – Pareto Nordic Cross Credit

**Legal entity identifier:** 529900X793N00EZPTF54

## Environmental and/or social characteristics

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

**Yes**

**No**

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

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

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

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

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

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

with a social objective

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

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

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

The Sub-Fund promotes environmental and social characteristics by making responsible investments according to the Investment Manager's guidelines for responsible investments. When making such investments, the Sub-Fund promotes environmental and social standards by emphasising social conditions, the environment and good corporate governance as described in section "What investment strategy does this financial product follow?".

The Sub-Fund is actively managed, and no specific index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.



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

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

As the Sub-Fund promotes both environmental and social standards, it applies the principal adverse impact indicators on sustainability factors, to the extent such information is available, and other indicators to observe how the companies address the environmental and social characteristics promoted by the Sub-Fund.

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

The Sub-Fund does not commit to making sustainable investments.

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

N/A

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

N/A

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

N/A

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

Yes,

The principal adverse impacts on sustainability factors are integrated in the Sub-Fund's decision-making process when such information is available.

Information pursuant to Article 11 (2) of Regulation (EU) 2019/2088 will be disclosed in the SICAV's annual report in accordance with Annex IV of Regulation (EU) 2022/1288.

No

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





## What investment strategy does this financial product follow?

### Overall about the Sub-Fund's investment strategy

The Sub-Fund's investment strategy is based on being an active investment manager, emphasizing fundamental analysis on company level. Furthermore, it is considered important to integrate ESG assessments into the Sub-Fund's investment process, as this can also affect the long-term value of the Sub-Fund's investments.

The investment strategy must be exercised in accordance with the following frameworks for all investments made by the Sub-Fund:

- UN's Principles for Responsible Investments; and
- The Investment Manager's guidelines for responsible investments.

### Negative tilt

First, the fund managers exclude all investments not within the Sub-Fund's investment universe, as such investments may contribute to / enable violation of human rights, labor rights, corruption, environmental damage and other unethical actions.

The Sub-Fund applies the following binding exclusion criteria:

Prior to including a company within the investment universe, the fund managers shall consider whether there is an unacceptable risk that the company contributes or is responsible for:

- Human rights violations, such as killing, torture, deprivation of liberty, forced labour and exploitation of children, including child labour
- Violations of individuals' rights in war or conflict situations
- Breach of basic employee rights
- Severe environmental damage
- Actions or omissions that at an aggregated company level lead to an unacceptable degree of greenhouse gas emissions
- Corruption
- Other repeated or significant violations of basic ethical norms

The Sub-Fund shall not invest, on behalf of our customers, in companies which themselves or through entities they control which:

- Produce weapons that, in normal use, violate basic humanitarian principles
- Produce tobacco
- Sell weapons or military equipment to states subject to sanctions from the UN Security Council or other international measures directed at a particular country that Norway has supported
- Mining companies and power producers that themselves or consolidated with controlled entities receive 30 per cent or more of their revenues from thermal coal, or base 30 per cent or more of their operations on thermal coal activity
- Produce pornography

The Sub-Fund shall not invest in companies that generate more than five percent of their total revenue from production of fossil fuel.

The fund managers shall exercise a precautionary principle in connection with investments in biotechnology companies, gambling, and alcohol.

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

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

The screening is done according to the Norges Bank Investment Management (hereinafter "NBIM") exclusion list with the associated guidelines provided in guidelines Norwegian Government Pension Fund Global. The Head of Risk maintains an exclusion and observation list that is cross-checked against the exclusions list on a monthly basis. In addition, the Head of Risk receives news from NBIM via email alerts and will get a notification if a new company were to be excluded.

In addition, the Investment Manager has an Ethics Committee. The Ethics Committee is authorised to exclude companies from the Sub-Fund's investment universe beyond the scope of NBIM's exclusion list.

### **Positive tilt**

As a second step, the fund managers apply the positive tilt to emphasise social conditions, the environment and good corporate governance according to the Investment Manager's guidelines for responsible investments. A dedicated ESG team is working closely with fund managers to identify ESG risks and opportunities.

### **Environmental**

The following elements are considered:

- Demonstrate a clear focus on environmental issues in operations. Considerations: evidence of environmental policies, codes, certifications, or practices promoting environmental consciousness
- Undertake initiatives to promote greater environmental responsibility. Considerations: 1) development of a sustainability strategy or explicit commitment, along with details to prioritize and address environmental issues, and 2) provide environmental adverse impact indicators, set targets, and demonstrate tangible progress
- Promote and widespread adoption of environmentally friendly technologies. Considerations: foster innovation to minimize waste of raw material, enhance energy efficiency and develop use of greener technologies

### **Social**

The following elements are considered:

- Implement a comprehensive framework for Human and Labor rights. Considerations: support and respect the protection of internationally proclaimed human and labor rights in direct operations and supply chain
- Cultivate a constructive workplace promoting the health and well-being of employees. Considerations: develop inclusion, diversity, equality, and empowerment principles and practices

### **Governance**

The following elements are considered:

- Mitigate ethical misconduct in operations. Considerations: provide policy or guidelines promoting business ethics
- Manage critical corporate governance cornerstones. Considerations: evidence of a well application and monitoring of process
- Promote good corporate governance principles. Considerations: develop practices in line with respective market standards

The investment team has defined a process based on a materiality assessment that is applied to all companies to evaluate whether a company is eligible for investment.

## **Engagement**

The Sub-Fund is a fixed income fund. Bonds do not have affiliated voting rights and the fund managers' power of influence in terms of active ownership is consequently limited. However, the Sub-Fund applies a reactive engagement approach when there is a specific reason to believe that a company violates the Sub-Fund's investment criteria. In such cases, the fund managers will consider addressing the issue with the company's management and encouraging the company to correct the circumstances. If the necessary change is not implemented, the fund managers will normally sell all positions in the company.

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

Overall, as the Investment Manager is a signatory of the UN's Principles for Responsible Investments, the fund managers are committed to comply with the principles provided for the Sub-Fund's investment strategy. The Sub-Fund applies the following binding elements in its investment strategy to select investments to attain the environmental and social characteristics promoted by the Sub-Fund, as described in the previous section.

- The investment has to comply with the Sub-Fund's applied exclusion criteria;
- The investment has to be eligible for investment in accordance with the Sub-Fund's positive-tilted investment criteria;
- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***  
N/A
- **What is the policy to assess good governance practices of the investee companies?**  
To assess if a company deploy good governance practices, consideration is placed on whether it has developed practices in line with respective market standards,

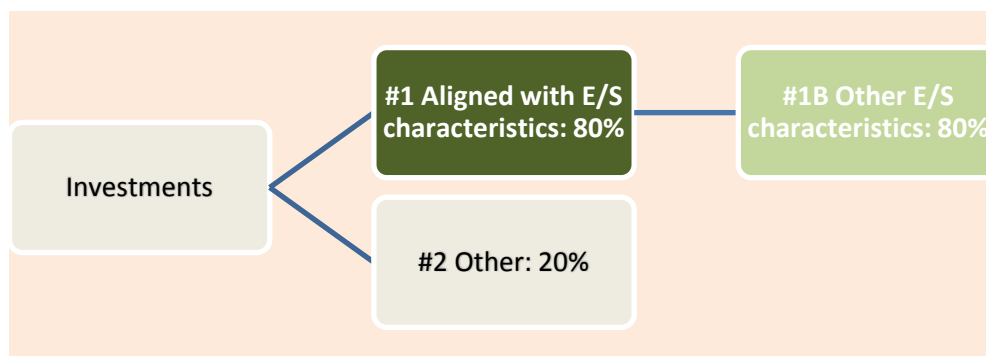


## What is the asset allocation planned for this financial product?

All of the Sub-Fund's investments in bonds will be aligned with the environmental and social characteristics promoted by the Sub-Fund, which is equivalent to 80% of the total net assets of the Sub-Fund.

The remaining share of the Sub-Fund is not considered to be aligned with the environmental and social characteristics promoted by the Sub-Fund and includes cash and derivatives. Cash may be held as ancillary liquidity or for risk balancing purposes. The Sub-Fund may use derivatives for the purposes described in the "Investment Objective and Policy" section in the Sub-Fund's Annex.

**Where it is in the best interests of the investors and in response to market conditions, the Sub-Fund may temporarily deviate from the 80% threshold.**



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

Derivatives are not used to attain the environmental or social characteristics promoted by this Sub-Fund.

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

Taxonomy-aligned activities are expressed as a share of:

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





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

0%. As the Sub-Fund does not commit to making sustainable investments with an environmental objective aligned with the EU Taxonomy, this section is not relevant.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>4</sup>?**

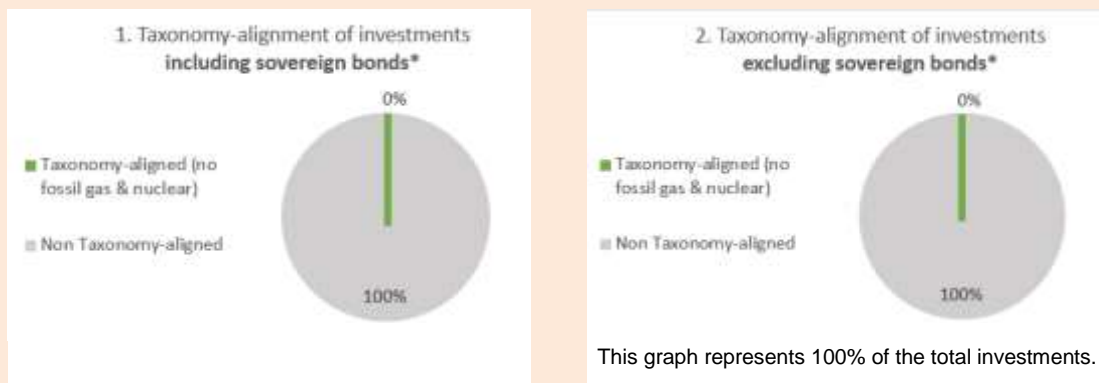
Yes:

In fossil gas

In nuclear energy

No

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



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

- **What is the minimum share of investments in transitional and enabling activities? 0%**

<sup>4</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory not in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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

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

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



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



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**  
0%



**What is the minimum share of socially sustainable investments?**  
0%



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

The Sub-Fund’s investments included under “#2 Other” include the use of cash and derivatives. Cash may be held as ancillary liquidity or for risk purposes. The Sub-Fund may use derivatives for the purposes described in the “Investment Objective and Policy” section in the Sub-Fund’s Annex.



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

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

No specific index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

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

N/A

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

N/A

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

N/A

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

N/A



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

**More product-specific information can be found on the website:**

<https://paretoam.com/en/our-funds/>