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L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité

Luxembourg, le 2016-01-25

Commission de Surveillance du Secteur Financier



## **YELLOW FUNDS SICAV**

Société d'investissement à capital variable Luxembourg

Distribution of this Prospectus is not authorized unless accompanied by a copy of the latest annual financial report and of the latest semi-annual financial report, if published thereafter. Such reports form an integral part of this Prospectus.

**Prospectus January 2016**

**LIST OF ACTIVE SUB-FUNDS**

<b>Name of the Sub-Fund</b>	<b>Reference currency</b>
<b>YELLOW FUNDS SICAV – Difesa by BlackRock</b>	<b>EUR</b>
<b>YELLOW FUNDS SICAV – Centrocampo by BlackRock</b>	<b>EUR</b>
<b>YELLOW FUNDS SICAV – Attacco by BlackRock</b>	<b>EUR</b>
<b>YELLOW FUNDS SICAV - Cedola by Duemme</b>	<b>EUR</b>
<b>YELLOW FUNDS SICAV – Dividendo by Duemme</b>	<b>EUR</b>

## INTRODUCTION

**YELLOW FUNDS SICAV** (the “**Company**”) is an investment company organized under the laws of the Grand-Duchy of Luxembourg as a *société d'investissement à capital variable* and qualifies as an Undertaking for Collective Investments in Transferable Securities “**UCITS**”.

The Company is offering shares (the “**Shares**”) of several separate sub-funds (“**Sub-Fund**”) and within each Sub-Fund separate classes of Shares (the “**Class of Shares**” or “**Classes of Shares**”), on the basis of the information contained in this prospectus (the “**Prospectus**”) and in the documents referred to herein.

No person is authorized to give any information or to make any representations concerning the Company other than as contained in the Prospectus and in the documents referred to herein, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in the Prospectus shall be solely at the risk of the purchaser. Neither the delivery of the Prospectus nor the offer, sale or issue of Shares shall under any circumstances constitute a representation that the information given in the Prospectus is correct at any time subsequent to the date hereof. An amendment or updated Prospectus shall be provided, if necessary, to reflect material changes to the information contained herein.

The Shares to be issued hereunder may be of several different classes which relate to several separate Sub-Funds of the Company. Shares of the different Sub-Funds may be issued, redeemed and converted at prices computed on the basis of the net asset value (the “**Net Asset Value**”) per each Class of Shares of the relevant Sub-Fund, as defined in the articles of incorporation of the Company (the “**Articles**”).

In accordance with the Articles, the board of directors of the Company (the “**Board of Directors**”) may issue Shares and Classes of Shares in each Sub-Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund. As a result, the Company is an “umbrella fund” enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds. Investors may choose which Sub-Fund best suits their specific risk and return expectations as well as their diversification needs.

The Board of Directors may, at any time, create additional Sub-Funds, whose investment objectives may differ from those of the Sub-Funds then existing. Upon creation of new Sub-Funds, the Prospectus will be updated accordingly.

The distribution of the Prospectus and the offering of the Shares may be restricted in certain jurisdictions. The Prospectus does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or where the person making the offer or solicitation is not qualified to do so or where a person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of the Prospectus and of any person wishing to apply for Shares to inform himself or herself of and to observe all applicable laws and regulations of relevant jurisdictions.

The Board of Directors has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion. The Board of Directors accepts responsibility accordingly.

**Grand-Duchy of Luxembourg** - The Company is registered pursuant to Part I of the law of 17 December 2010 relating to undertakings for collective investment (the “**2010 Law**”) as may be amended. However, such registration does not require any authority of the Grand-Duchy of

Luxembourg to approve or disapprove either the adequacy or accuracy of the Prospectus or the assets held in the various Sub-Funds. Any representations to the contrary are unauthorized and unlawful.

**European Union ("EU")** - The Company is an UCITS for the purposes of the Council Directive 2009/65/EC ("**UCITS Directive**") and the Board of Directors of the Company proposes to market the Shares in accordance with the UCITS Directive in certain Member States of the EU and in countries which are not Member States of the EU.

**United States of America** - The Shares have not been registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"); they may therefore not be publicly offered or sold in the United States of America, or in any of its territories subject to its jurisdiction or to or for the benefit of a U.S. Person as such expression is defined by Article 10 of the Articles.

The Shares are not being offered in the United States of America, and may be so offered only pursuant to an exemption from registration under the 1933 Act, and have not been registered with the Securities and Exchange Commission or any state securities commission nor has the Company been registered under the Investment Company Act of 1940, as amended (the "**1940 Act**"). No transfer or sale of the Shares shall be made unless, among other things, such transfer or sale is exempt from the registration requirement of the 1933 Act and any applicable state securities laws or is made pursuant to an effective registration statement under the 1933 Act and such state securities laws and would not result in the Company becoming subject to registration or regulation under the 1940 Act. Shares may furthermore not be sold or held either directly by nor to the benefit of, among others, a citizen or resident of the United States of America, a partnership organized or existing in any state, territory or possession of the United States of America or other areas subject to its jurisdiction, an estate or trust the income of which is subject to United States federal income tax regardless of its source, or any corporation or other entity organized under the law of or existing in the United States of America or any state, territory or possession thereof or other areas subject to its jurisdiction (a "**U.S. Person**"). All purchasers must certify that the beneficial owner of such Shares is not a U.S. Person and is purchasing such Shares for its own account, for investment purposes only and not with a view towards resale thereof.

The Articles give powers to the Board of Directors to impose such restrictions as they may think necessary for the purpose of ensuring that no Shares in the Company are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of the Board of Directors might result in the Company incurring any liability or taxation or suffering any other disadvantage which the Company may not otherwise have incurred or suffered and, in particular, by any U.S. Person as referred to above. The Company may compulsorily redeem all Shares held by any such person.

The value of the Shares may fall as well as rise and a shareholder on transfer or redemption of Shares may not get back the amount he initially invested. Income from the Shares may fluctuate in money terms and changes in rates of exchange may cause the value of Shares to go up or down. The levels and basis of, and relief from, taxation may change. There can be no assurance that the investment objectives of the Company will be achieved.

Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions, exchange control requirements or additional costs and expenses incurred relating to investments in the Company which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, conversion, redemption or disposal of the Shares of the Company (including, but not limited to any potential fees of local financial intermediaries).

**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 UCI(TS), 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 UCI(TS). In cases where an investor invests in the UCI(TS) through an intermediary investing into the UCI(TS) in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the UCI(TS). Investors are advised to take advice on their rights.**

All references in the Prospectus to “USD”, “EUR” and “JPY” are to the legal currency of the United States of America, the EU and Japan.

All references to:

- **"Business Day"**: refers to any day on which banks are open for business in Luxembourg except 24<sup>th</sup> and 31<sup>th</sup> December
- **"Valuation Day"**: the net asset value per Share of each Class is determined on each day which is a Valuation Day for that Sub-Fund. Unless otherwise specified in Part B of this Prospectus, a Valuation Day in relation to any Sub-Fund is every day which is a bank business day in Luxembourg.

Further copies of this Prospectus may be obtained from:

BNP Paribas Securities Services, Luxembourg Branch  
60, avenue J.F. Kennedy,  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**YELLOW FUNDS SICAV**  
Société d'investissement à capital variable  
R.C.S. Luxembourg B-175.534

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**Registered Office:**

60, avenue J.F. Kennedy,  
L-1855 Luxembourg, Grand Duchy of Luxembourg

**Board of Directors:**

**Chairman:**

Roberto Ferrari  
General Manager  
CheBanca! S.p.A.  
Viale Bodio 37,  
Palazzo 4,  
I-20158 Milano, Italy

**Members:**

Marco Parini,  
Chief Investment Officer  
CheBanca! S.p.A.  
Viale Bodio 37,  
Palazzo 4,  
I-20158 Milano, Italy

Stefano Radice  
CheBanca! S.p.A.  
Deputy General Manager & CFO  
Viale Bodio 37,  
Palazzo 4,  
I-20158 Milano, Italy

Andrea Verger  
CheBanca! S.p.A.  
Chief Risk Officer & AML Officer  
Viale Bodio 37,  
Palazzo 4,  
I-20158 Milano, Italy

Mario Seghelini  
Banca Esperia S.p.A.  
Head of Risk Management and Compliance &  
AML Officer  
Via Filodrammatici, 5  
I-20121 Milano, Italy

**Management Company:**

Duemme International Luxembourg SA  
2, Boulevard de la Foire,  
L-1528, Luxembourg  
Grand-Duchy of Luxembourg

**Board of Directors:**

Robert Rausch  
 Chief Executive Officer  
 2, Boulevard de la Foire,  
 L-1528, Luxembourg  
 Grand-Duchy of Luxembourg

Fabio Ventola  
 Chief Operating Officer  
 2, Boulevard de la Foire,  
 L-1528, Luxembourg  
 Grand-Duchy of Luxembourg

George Gudenburg  
 Independent Director  
 44, Rue de Contern  
 L-5339 Moutfort  
 Grand-Duchy of Luxembourg

Giovanni Lainati  
 Independent Director  
 42 Am Bongert  
 L-1270 Luxembourg  
 Grand-Duchy of Luxembourg

**Custodian and Principal  
 Paying Agent,  
 Domiciliary and Listing Agent,  
 Transfer and  
 Registrar Agent:**

BNP Paribas Securities Services, Luxembourg  
 Branch  
 60, avenue J.F. Kennedy,  
 L-1855 Luxembourg  
 Grand Duchy of Luxembourg

**Administrative Agent:**

BNP Paribas Securities Services, Luxembourg  
 Branch  
 60, avenue J.F. Kennedy,  
 L-1855 Luxembourg  
 Grand Duchy of Luxembourg

**Investment Managers:**

For the following sub-funds: YELLOW FUNDS  
 SICAV – Difesa by Blackrock, YELLOW FUNDS  
 SICAV – Centrocampo by Blackrock, YELLOW  
 FUNDS SICAV - Attacco by Blackrock  
 Blackrock Investment Management (UK) Limited  
 33 King William Street  
 London EC4R 9AS, United Kingdom

For the following sub-funds: YELLOW FUNDS  
SICAV – Cedola by Duemme, YELLOW FUNDS  
SICAV – Dividendo by Duemme  
Duemme SGR S.p.A.  
Via Dante, 16  
I-20121 Milano, Italy

**Distributors:**

CheBanca! S.p.A..  
Viale Bodio 37,  
Palazzo 4,  
I-20158 Milano, Italy

Allfunds Bank S.A. 6, La Moraleja  
Complejo Plaza de la Fuente  
Alcobendas, Madrid

**Auditor:**

Ernst & Young  
35 Avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand-Duchy of Luxembourg



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## PART A: COMPANY INFORMATION

### INVESTMENT OBJECTIVES, POLICIES, TECHNIQUES AND INVESTMENT RESTRICTIONS

#### I. INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Company is to manage the assets of each Sub-Fund for the benefit of its shareholders within the limits set forth under "Investment Restrictions". In order to achieve the investment objective, the assets of the Company will be invested in transferable securities or other assets permitted by law including but not limited to cash and cash equivalents.

The investments within each Sub-Fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that their investment objective will be achieved.

The investment policies and structure applicable to the various Sub-Funds created by the Board of Directors are described hereinafter in Part B of this Prospectus. If further Sub-Funds are created the Prospectus will be updated accordingly.

#### II. INVESTMENT RESTRICTIONS

The Board of Directors shall, based upon the principle of risk spreading, have power to determine the investment policy for the investments for each Sub-Fund and the course of conduct of the management and business affairs of the Company.

Except to the extent that more restrictive rules are provided for in connection with a specific Sub-Fund as described in the particulars of the Sub-Fund, the investment policy shall comply with the rules and restrictions laid down hereafter:

##### 1. Investment in each Sub-Fund of the Company shall consist solely of:

- a) Transferable securities and money market instruments admitted to or dealt in on a regulated market that operates regularly and is recognized and is open to the public ("**Regulated Market**");
- b) Transferable securities and money market instruments dealt in on another Regulated Market in a Member State of the European Union which operates regularly and is recognized and open to the public;
- c) Transferable securities and money market instruments admitted to official listing on a stock exchange in a non-Member State of the European Union or dealt in on another regulated market in a non-Member State of the European Union which operates regularly and is recognized and open to the public;
- d) Recently issued transferable securities and money market instruments provided that:
  - The terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another regulated market referred to under a), b) and c) above; and
  - Such admission is secured within one year of the issue;

- e) Shares or units of UCITS authorized according to the Directive 2009/65/EC (“UCITS Directive”) and/or other UCI within the meaning of the first and second indent of Article 1(2) of the UCITS Directive, should they be situated in a Member State of the European Union or not, provided that:
- Such other UCIs are authorized under laws which provide that they are subject to supervision considered by the Commission de Surveillance du Secteur Financier (“CSSF”) to be equivalent to that laid down in Community law and that cooperation between authorities is sufficiently ensured;
  - The level of guaranteed protection for share- or unit-holders in such other UCIs is equivalent to that provided for share- or unit-holders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive;
  - The business of the other UCI is reported in at least half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
  - No more than 10% of the UCITS or the other UCI assets, whose acquisition is contemplated, can be, according to its instruments of incorporation, invested in aggregate in shares or units of other UCITS or other UCIs;
- f) Deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State of the European Union or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
- g) Financial derivatives, including equivalent cash settled instruments, dealt in on a regulated market referred to under a), b) and c) above, and/or financial derivative instruments dealt in over-the-counter (“OTC derivatives”), provided that:
- The underlying consist of instruments covered by this Section 1, financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund may invest in accordance with its investment objectives;
  - The counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF and the board of directors of the Management Company; and
  - 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 market value at the Company’s initiative;
- h) Money market instruments other than those dealt in on Regulated Markets or other regulated markets referred to in a), b) and c) and other than money market instruments, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
- Issued or guaranteed by a central, regional or local authority, a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or
  - Issued by an undertaking any securities of which are dealt in on Regulated Markets or other regulated markets referred to under a), b) or c) above; or
  - Issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law or by an establishment which is subject to and complies with prudential rules considered by the Member States of the OECD and GAFI 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 CSSF provided that investments in such instruments are subject to investor protection

equivalent to that laid down in the first, second and third indent of this Section 1 h), and provided that the issuer (i) is a company whose capital and reserves amount at least to ten million Euro (EUR 10,000,000) and (ii) which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, (iii) 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 (iv) is an entity which is dedicated to the financing of securitization vehicles which benefit from a banking liquidity line.

**2. Each Sub-Fund may:**

- a) Invest up to 10% of the net assets of each of the Sub-Funds in transferable securities and money market instruments other than those referred to under Section 1) a) through h) above.
- b) Hold ancillary liquid assets.
- c) Borrow the equivalent of up to 10% of its net assets provided that the borrowing is on a temporary basis.
- d) Acquire foreign currencies by means of back-to-back loans.

**3. In addition, the Company shall comply in respect of the net assets of each Sub-Fund with the following investment restrictions per issuer:**

**(a) Rules for risk spreading**

**For the calculation of the limits defined in points (1) to (5) and (7) below, companies belonging to the same Group of Companies shall be treated as a single issuer.**

• **Transferable Securities and Money Market Instruments**

- (1) A Sub-Fund may not invest more than 10% of its net assets in transferable securities or money market instruments issued by the same body.  
The total value of the transferable securities and money market instruments held by the Sub-Fund in the issuing bodies in each of which it invests more than 5% of its net assets must not exceed 40% of the value of its net assets. This restriction does not apply to deposits and OTC transactions made with financial institutions subject to prudential supervision.
- (2) The 10% limit laid down in paragraph (1) is raised to 20% in the case of transferable securities and money market instruments issued by the same Group of Companies.
- (3) The 10% limit laid down in paragraph (1) is raised to a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State of the European Union, by its local authorities, by a non-Member State or by public international bodies to which one or more Member States are members.
- (4) The 10% limit laid down in paragraph (1) is raised to 25% for certain debt securities issued by a credit institution whose registered office is in a Member State of the European Union and which is subject by law to special public supervision designed to protect the holders of debt securities. In particular, sums deriving from the issue of such debt securities must be invested pursuant to the law in assets which, during the whole period of validity of the debt securities, are capable of covering claims attaching to the debt securities and which, in event of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of accrued interest. To the extent that the Sub-Fund invests more than 5% of its assets in such debt securities, issued by the same

issuer, the total value of such investments may not exceed 80% of the value of the Sub-Fund's net assets.

- (5) The values mentioned in (3) and (4) above are not taken into account for the purpose of applying the 40% limit referred to under paragraph (1) above.
- (6) **Notwithstanding the limits indicated above, and in accordance with the principle of risk-spreading, each Sub-Fund is authorized to invest up to 100% of its assets in transferable securities and money market instruments issued or guaranteed by a Member State of the European Union, its local authorities, a member state of the OECD or public international bodies of which one or more Member States of the European Union are members, provided that (i) these securities consist of at least six different issues and (ii) securities from any one issue may not account for more than 30% of the Sub-Fund's net assets.**
- (7) Without prejudice to the limits laid down in (b) below, the limits laid down in (1) above are raised to maximum 20% for investment in shares and/or debt securities issued by the same body and when the Sub-Fund's investment policy is aimed at duplicating the composition of a certain stock or debt securities index, which is recognized by the CSSF and meets the following criteria:
  - The index's composition is sufficiently diversified;
  - The index represents an adequate benchmark for the market to which it refers;
  - The index is published in an appropriate manner.

The 20% limit is increased to 35% where that proves to be justified by exceptional conditions, in particular in Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for one single issuer.

- **Bank deposits**

- (8) A Sub-Fund may not invest more than 20% of its net assets in deposits made with the same entity.

- **Derivatives**

- (9) The risk exposure to a counterparty in an OTC derivative transaction may not exceed 10% of the Sub-Fund's net assets when the counterparty is a credit institution referred to in f) in Section 1 above, or 5% of its net assets in the other cases.
- (10) The Sub-Fund may invest in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in (1) to (5), (8), (16) and (17). When the Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined with the limits laid down in (1) to (5), (8), (16) and (17).
- (11) When a transferable security or money market instruments embeds a derivative, the latter must be taken into account when applying the provisions laid down in (12), (16) and (17), and when determining the risks arising on transactions in derivative instruments.
- (12) With regard to derivative instruments, each Sub-Fund will ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio.  
The risks 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.

As more specifically provide for in the section "Financial Techniques and Instruments" herebelow and in the particulars of the Sub-Funds, derivatives may be used for both hedging and investment purposes.

- **Shares or units in open-ended funds**

(13) Each Sub-Fund may not invest more than 20% of its net assets in shares or units of a single UCITS or other UCI referred to in 1) e) above.

(14) Furthermore, investments made in UCIs other than UCITS, may not exceed, in aggregate, 30% of the net assets of the Sub-Fund.

(15) To the extent that a UCITS or UCI is composed of several sub-funds and provided that the principle of segregation of commitments of the different sub-funds is ensured in relation to third parties, each sub-fund shall be considered as a separate entity for the application of the limit laid down in (13) hereabove.

When the Sub-Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same management company or by any other company to which the management company is linked by common management or control or by a substantial direct or indirect holding, that management company or other company may not charge subscription or redemption fees on account of the Sub-Fund's investment in the units of other UCITS and/or other UCI.

If the Sub-Fund shall decide to invest a substantial proportion of its assets in other UCITS and/or UCIs the maximum level of management fees that may be charged to both the Sub-Fund and to the UCITS and/or UCI in which it intends to invest will be disclosed in this Prospectus under the specific information regarding the concerned Sub-Fund.

- **Combined limits**

(16) Notwithstanding the individual limits laid down in (1), (8) and (9), the Sub-Funds may not combine:

- Investments in transferable securities or money market instruments issued by;
- Deposits made with; and/or
- Exposures arising from OTC derivatives transactions undertaken with; a single body in excess of 20% of its net assets.

(17) The limits set out in (1) to (5), (8) and (9) cannot be combined. Thus, investments by each Sub-Fund in transferable securities or money market instruments issued by the same body or in deposits or derivative instruments made with this body in accordance with (1) to (5), (8) and (9) may not exceed a total of 35% of the net assets of the Sub-Fund.

- (b) **Restrictions with regard to control**

(18) No Sub-Fund may acquire such amount of shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

(19) The Company may acquire no more than:

- (i) 10% of the outstanding non-voting shares of the same issuer,
- (ii) 10% of the outstanding debt securities of the same issuer,
- (iii) 25% of the outstanding shares or units of the same UCITS and/or other UCI,
- (iv) 10% of the outstanding money market instruments of the same issuer.

The limits set in points (ii) to (iv) may be disregarded at the time of acquisition if at that time the gross amount of debt securities or money market instruments, or the net amount of the securities in issue, cannot be calculated.

(20) The limits laid down in (18) and (19) are waived as regards:

- Transferable securities and money market instruments issued or guaranteed by a Member State of the European Union or its local authorities;
- Transferable securities and money market instruments issued or guaranteed by a non-Member State of the European Union;

- Transferable securities and money market instruments issued by public international bodies of which one or more Member States of the European Union are members;
- Shares held in the capital of a company incorporated in a non-Member State of the European Union which invests its assets mainly in securities of issuing bodies having their registered office in that State, where under the legislation of that State, such holding represents the only way in which the relevant Sub-Fund can invest in the securities of issuing bodies of that State and provided that the investment policy of the company complies with regulations governing risk diversification and restrictions with regard to control laid down herein;
- Shares held in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country/state where the subsidiary is located, in regard to the repurchase of the shares at the shareholders request exclusively on its or their behalf.

**4. Furthermore, the following restrictions will have to be complied with:**

- (i) No Sub-Fund may acquire either precious metals or certificates representing them.
- (ii) No Sub-Fund may acquire real estate, provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (iii) No Sub-Fund may issue warrants or other rights giving holders the right to purchase Shares in such Sub-Fund.
- (iv) Without prejudice to the possibility of a Sub-Fund to acquire debt securities and to hold bank deposits, a Sub-Fund may not grant loans or act as guarantor on behalf of third parties. This restriction does not prohibit the Sub-Fund from acquiring Transferable securities, money market instruments or other financial instruments that are not fully paid-up.
- (v) A Sub-Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.

**5. Notwithstanding the above provisions:**

- (vi) Each of the Sub-Funds needs not necessarily to comply with the limits referred to hereabove when exercising subscription rights attaching to transferable securities or money market instruments which form part of such Sub-Fund's portfolio concerned.
- (vii) If the limits referred to above are exceeded for reasons beyond the control of a Sub-Fund or as a result of the exercise of subscription rights, such Sub-Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.

**6. Cross-Investments.**

Finally, a Sub-fund of the Company may subscribe, acquire and/or hold securities to be issued or issued by one or more other sub-funds of the Company, in accordance with the provisions set forth in the sales documents of the Company and with the restrictions set forth in the 2010 Law, provided that:

- the Target Sub-Fund does not, in turn, invest in the Sub-Fund investing in the Target Sub-Fund;
- the Target Sub-Fund may not, according to its investment policy, invest more than 10% of its net assets in other UCITS or UCIs;



- voting rights, attaching to the Shares of the Target Sub-Fund are suspended for as long as they are held by the Sub-Fund;
- in any event, for as long as the Shares are held by the Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purpose of verifying the minimum threshold of the net assets imposed by the 2010 Law;
- subscription, redemption or conversion fees may only be charged either at the level of the Sub-Fund investing in the Target Sub-Fund or at the level of the Target Sub-Fund;
- no duplication of management fee is due on that portion of assets between those at the level of the Sub-Fund and this Target Sub-Fund.

## **7. Master-Feeders structures**

Under the conditions set forth in Luxembourg laws and regulations, the Board of Directors may, at any time it deems appropriate and to the widest extent permitted by applicable Luxembourg laws and regulations:

- create any sub-fund and/or class of shares qualifying either as a feeder UCITS or as a master UCITS,
- convert any existing Sub-Fund and/or class of shares into a feeder UCITS sub-fund and/or class of shares or- change the master UCITS of any of its feeder UCITS sub-fund and/or class of shares.

By way of derogation from Article 46 of the 2010 Law, the Company or any of its Sub-Funds which acts as a feeder (the “**Feeder**”) of a master-fund shall invest at least 85% of its assets in another UCITS or in a sub-fund of such UCITS (the “**Master**”).

The Feeder may not invest more than 15% of its assets in the following elements:

- 1) ancillary liquid assets in accordance with Article 41, paragraph (2), second subparagraph of the 2010 Law;
- 2) financial derivative instruments which may be used only for hedging purposes, in accordance with Article 41 first paragraph, point g) and Article 42 second and third paragraphs of the 2010 Law;
- 3) movable and immovable property which is essential for the direct pursuit of the Company’ business.

## **III. FINANCIAL TECHNIQUES AND INSTRUMENTS**

### **1. General principle**

The Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio; it must employ a process for accurate and independent assessment of the value of OTC derivative instruments. It must communicate to the CSSF regularly and in accordance with the detailed rules defined by the latter, the types of derivative instruments, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associated with transactions in derivative instruments.

The Company may employ techniques and instruments relating to transferable securities and money market instruments provided that, for the time being, such techniques and instruments are used for hedging purposes, efficient portfolio management, duration management or other risk management of the portfolio as described herebelow.

When these operations concern the use of derivative instruments, these conditions and limits shall conform to the provisions laid down in section “Investment Restrictions”. However, the overall risk exposure related to financial derivative instruments will not exceed the total net asset value of the Company. This means that the global exposure relating to the use of financial derivative instruments may not exceed 100% of the net asset value of the Company and, therefore, the overall risk exposure of the Company may not exceed 200% of its net asset value on a permanent basis.

Each sub-fund will employ the commitment or VAR approach to calculate their global exposure accordingly to the risk profile of the Sub-Fund.

Under no circumstances shall these operations cause a Sub-Fund to diverge from its investment objectives.

A Sub-Fund may also invest in OTC financial derivative instruments including but not limited to non deliverable forwards, total return swaps, interest rate swaps, currency swaps, swaptions, credit default swaps, and credit linked note for either investment or for hedging purposes and may employ techniques and instruments relating to Transferable Securities and Money Market Instruments (including but not limited to securities lending and borrowing, repurchase and reverse repurchase agreements) for investment purpose and efficient portfolio management.

In doing so, the Sub-Fund shall comply with applicable restrictions and in particular with ESMA guidelines on exchange traded funds (“ETFs”) and other UCITS issues as described in CSSF circular 14/592.

The risk exposures to a counterparty arising from OTC financial derivative transactions and efficient portfolio management techniques should be combined when calculating the counterparty risk limits of Article 52 of Directive 2009/65/EC.

In no case the use of financial derivatives instruments or other financial techniques and financial instruments may lead the Company to diverge from its investment objectives as expressed in the Prospectus.

Furthermore, the Company may, for efficient portfolio management purposes, exclusively resort to securities lending and borrowing and repurchase agreement transactions, provided that the rules described herebelow are complied with.

In its financial reports, the Company must disclose:

- the underlying exposure obtained through OTC financial derivative instruments;
- the identity of the counterparty(ies) to these OTC financial derivative transactions; and
- the type and amount of collateral received by the UCITS to reduce counterparty exposure.

All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the Company. In particular, fees and cost may be paid to agents of the Company and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation of their services. Such fees may be calculated as a percentage of gross revenues earned by the Company 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 Custodian, the Management Company or the Investment Manager – will be available in the annual report of the Company.

## 2. Efficient portfolio management techniques (EMT)

### 2.1. Securities Lending and Borrowing

The Company in order to achieve a positive return in absolute terms may enter into securities lending transactions and borrowing transaction provided that they comply with the regulations set forth in CSSF's Circular 08/356, CSSF's Circular 14/592 and ESMA Guidelines 2014/937 concerning the rules applicable to undertakings for collective investment when they use certain techniques and instruments relating to transferable securities and money market instruments, as amended from time to time, that they comply with the following rules:

- (i) The Company may only lend or borrow securities through a standardized system organized by a recognized clearing institution or through a first class financial institution specializing in this type of transaction approved by the board of directors of the Management Company. In all cases, the counterparty to the securities lending agreement (i.e. the borrower) must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law. In case the aforementioned financial institution acts on its own account, it is to be considered as counterparty in the securities lending agreement. If the Company lends its securities to entities that are linked to the Company by common management or control, specific attention has to be paid to the conflicts of interest which may result therefrom.
- (ii) As part of lending transactions, the Company must in principle receive an appropriate collateral, the value of which at the conclusion of the contract must be at least equal to the global valuation of the securities lent. At maturity of the securities lending transaction, the appropriate collateral will be remitted simultaneously or subsequently to the restitution of the securities lent.
- (iii) All assets received by the Company in the context of efficient portfolio management techniques should be considered as collateral. The collateral which must comply with the conditions set forth below under "collateral management"
- (iv) In case of a standardised securities lending system organised by a recognised clearing institution or in case of a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specialised in this type of transactions, securities lent may be transferred before the receipt of the guarantee if the intermediary in question assures the proper completion of the transaction. Such intermediary may, instead of the borrower, provide to the Company a guarantee which the value at conclusion of the contract must be at least equal to the total value of the securities lent.
- (v) The Company must ensure that the volume of the securities lending transactions is kept at an appropriate level or that it is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of Company's assets in accordance with its investment policy.
- (vi) With respect to securities lending, the Company will generally require the borrower to post collateral representing, at any time during the lifetime of the agreement, at least the total value of the securities lent (interest, dividends and other potential rights included)
- (vii) Borrowing transactions may not exceed 50% of the global valuation of the securities portfolio of each Sub-Fund. Each Sub-Fund may borrow securities under the following circumstances in connection with the settlement of a sale transaction: (a) during a period the securities have been sent out for re-registration; (b) when the securities have been loaned and not returned in time; (c) to avoid a failed settlement when the Custodian fails to make delivery; and (d) as a technique to meet its obligation to deliver the securities being the object of a repurchase

agreement when the counterparty to such agreement exercises its right to repurchase these securities, to the extent such securities have been previously sold by the relevant Sub-Funds.

- (viii) In its financial reports, the Company must disclose:
  - the exposure obtained through efficient portfolio management techniques;
  - the identity of the counterparty(ies) to these efficient portfolio management techniques;
  - the type and amount of collateral received by the UCITS to reduce counterparty exposure;
  - the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.
- (ix) The Company ensures that it is able at any time to recall any security that has been lent or terminate any securities lending transaction into which it has entered; and
- (x) The Company ensures that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the UCITS. The Company should also ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.

The Management Company of the Company does not act as securities lending agent.

## **2.2. Repurchase Agreement Transactions**

The Company may on an ancillary basis enter into repurchase agreement transactions which consist of the purchase and sale of securities with a clause reserving the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement.

The Company can act either as purchaser or seller in repurchase agreement transactions or a series of continuing repurchase transactions. Its involvement in such transactions is, however, subject to the following rules:

- (i) The Company may enter into these transactions only if the counterparties to these transactions are subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and approved by the board of directors of the Management Company.
- (ii) At the maturity of the contract, the Company must ensure that it has sufficient assets to be able to settle the amount agreed with the counterparty for the restitution of the Company. The Company must take care to ensure that the volume of the repurchase agreement transactions is kept at a level such that it is able, at all times, to meet its redemption obligation towards shareholders.
- (iii) The Company must ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement must be used for the calculation of the Net Asset Value of the relevant Sub-Funds.
- (iv) The Company must further ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.
- (v) Repurchase agreement and reverse repurchase agreements will generally be collateralised, at any time during the lifetime of the agreement, at least their notional amount.

- (vi) Securities that are the subject of purchase with a repurchase option transaction or of reverse repurchase agreements are limited to:
- short term bank certificates or money market instruments such as defined within Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to certain UCITS as regards the clarification of certain definitions ;
  - bonds issued or guaranteed by a Member State of the OECD or by their local public authorities; or by supranational institutions and undertakings with EU, regional or world-wide scope ;
  - shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent ;
  - bonds issued by non-governmental issuers offering an adequate liquidity ;
  - shares quoted or negotiated on a regulated market of a European Union Member State or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.
- (vii) The securities purchased with a repurchase option or through a reverse repurchase agreement transaction must be in accordance with the Sub-Fund investment policy and must, together with the other securities that it holds in its portfolio, globally comply with its investment restrictions.
- (viii) In its financial reports, the Company must disclose:
- the exposure obtained through efficient portfolio management techniques;
  - the identity of the counterparty(ies) to these efficient portfolio management techniques;
  - the type and amount of collateral received by the UCITS to reduce counterparty exposure;
  - the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.

Fixed-term repurchase and reverse repurchase agreements that do not exceed seven (7) days are to be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

### **3. Collateral Management and Policy for OTC financial derivatives and Efficient Management Technique**

As security for any EMT and OTC financial derivatives transactions, the relevant Sub-Fund will obtain collateral, under the form of bonds (bonds issued or guaranteed by a Member State of the OECD or by their local public authorities; or by supranational institutions and undertakings with EU, regional or world-wide scope) and cash, covering at least the market value of the financial instruments object of EMT and OTC financial derivatives transactions.

Collateral received must at all times meet with the following criteria:

- (a) Liquidity: Collateral must be sufficiently liquid in order that it can be sold quickly at a robust price that is close to its pre-sale valuation.
- (b) Valuation: Collateral must be capable of being valued on at least a daily basis and must be marked to market daily.
- (c) Issuer credit quality: The Company will ordinarily only accept very high quality collateral.
- (d) Safe-keeping: Collateral must be transferred to the Custodian or its agent.
- (e) Enforceable: Collateral must be immediately available to the Company without recourse to the counterparty, in the event of a default by that entity.

- (f) Non-Cash collateral
- cannot be sold, pledged or re-invested;
  - must be issued by an entity independent of the counterparty; and
  - must be diversified to avoid concentration risk in one issue, sector or country.
- (g) Cash Collateral can only be:
- placed on deposit with entities prescribed in Article 41(f) of the Law;
  - invested in high-quality government bonds;
  - used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;
  - invested in short-term money market funds as defined in ESMA's Guidelines on a Common Definition of European Money Market Funds. Each Sub-Fund may reinvest cash which it receives as collateral in connection with the use of techniques and instruments for efficient portfolio management, pursuant to the provisions of the applicable laws and regulations, including CSSF Circular 08/356, as amended by CSSF Circular 11/512 and the ESMA Guidelines.

Re-invested cash collateral will expose the Sub-Fund to certain risks such as foreign exchange risk, the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested. Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non cash collateral.

Each Sub-Fund must make sure that it is able to claim its rights on the guarantee in case of the occurrence of an event requiring the execution thereof. Therefore, the guarantee must be available at all times, either directly or through the intermediary of a first class financial institution or a wholly-owned subsidiary of this institution, in such a manner that the Sub-Fund is able to appropriate or realize the assets given as guarantee, without delay, if the counterparty does not comply with its obligation to return the securities. During the duration of the agreement, the guarantee cannot be sold or given as a security or pledged.

- (h) Collateral diversification (asset concentration) – collateral should 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 Company receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When the Company is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this sub-paragraph, a UCITS 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. Such a UCITS should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the UCITS' net asset value. UCITS that intend to be fully collateralised in securities issued or guaranteed by a Member State should disclose this fact in the prospectus of the UCITS. UCITS should also identify the Member States, local authorities, or public international bodies issuing or guaranteeing securities which they are able to accept as collateral for more than 20% of their net asset value.

### **Haircut Policy**

When entering into efficient portfolio management techniques, each Sub-Fund must receive, in principle, a guarantee the value of which is, during the lifetime of the lending agreement, at least equivalent to 105% of the global valuation (interests, dividends and other possible rights included) of

the securities lent, depending on the degree of risk that the market value of the assets included in the guarantee may fall.

The eligible collateral will be represented only by Government Bonds with the following characteristic and haircuts: collateral

Asset Class	Minimum Rating Accepted S&P	Margin required	Concentration by Issuer
<b>Fixed Income</b>			
Government Bonds ITALIA	BBB	105%	20%
Government Bonds EUR (Italy not included)	A	105%	20%
Government Bonds USD	A	105%	20%
Government Bonds CHF	A	105%	20%
Government Bonds GBP	A	105%	20%

For cash the haircut will be 0%.

When entering into OTC transaction each Sub-Fund must receive or pay a guarantee managed by the Credit Support Annex (CSA) to the ISDA in place with each counterparty. The Company must proceed on a daily basis to the valuation of the guarantee received or paid, using available market prices and taking into account appropriate discounts which will be determined in according to the CSA for each asset class based on its haircut policy. The policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets.

Any haircuts applicable to collateral are agreed conservatively with each OTC financial derivative counterparty on case by case basis. They will vary according to the terms of each collateral agreement negotiated and prevailing market practice and conditions. Collateral received or paid by the Company shall predominantly be limited to cash and government bonds according to the CSA.

Each Sub-Fund will obtain the following collateral covering at least the market value of the financial instrument object of the OTC transaction:

Asset Class	Haircut
Cash	0%
government bonds with maturity up to 1 year	between 0% and 2%
government bonds with maturity more than 1 year	between 0% and 5%

When entering in repurchase or reverse repurchase transaction, each Sub-Fund will obtain the following collateral convering at least the market value of the financial instrument object of the transaction:

Asset Class	Haircut
Cash	0%
government bonds	0%

The absence of haircut is mainly due to the very short term of the transactions.

#### **4. Currency Hedging**

In order to protect its present and future assets and liabilities against the fluctuation of currencies, the Company may enter into transactions the object of which is the purchase or the sale of forward foreign exchange contracts, the purchase or the sale of call options or put options in respect of currencies, the purchase or the sale of currencies forward or the exchange of currencies on a mutual agreement basis provided that these transactions be made either on exchanges or over-the-counter with first class financial institutions specializing in these types of transactions and being participants of the over-the-counter markets.

The objective of the transactions referred to above presupposes the existence of a direct relationship between the contemplated transaction and the assets or liabilities to be hedged and implies that, in principle, transactions in a given currency, including a currency bearing a substantial relation to the value of the reference currency (i.e. currency of denomination) of the relevant Sub-Fund -known as "hedging by proxy"- may not exceed the total valuation of the assets and liabilities held in such currency nor may they, as regards their duration, exceed the period where such assets are held or anticipated to be acquired or for which such liabilities are incurred or anticipated to be incurred.

In its financial reports, the Company must indicate for the different categories of transactions involved, the total amount of commitments incurred under such outstanding transactions as of the reference date for such financial reports.

#### **IV. RISK FACTORS**

##### **General risk considerations applicable to the Company**

An investment in the Company is not a deposit in a bank or other insured depository institution. Investment may not be appropriate for all investors. The Company is not intended to be a complete investment programme and investors should consider their long-term investment goals and financial needs when making an investment decision. An investment in the Company is intended to be a long-term investment.

Past performance is not necessarily a guide to the future. The value of Shares, and the return derived from them, can fluctuate and can go down as well as up. There can be no assurance, and no assurance is given, that the Company will achieve its investment objectives. An investor who realises his investment after a short period may, in addition, not realise the amount that he originally invested because of the initial charge applicable on the issue of Shares.

The value of an investment in the Company will be affected by fluctuations in the value of the currency of denomination of the relevant Sub-Fund's Shares against the value of the currency of denomination of that Sub-Fund's underlying investments. It may also be affected by any changes in exchange control regulations, tax laws, economic or monetary policies and other applicable laws and regulations. Adverse fluctuations in currency exchange rates can result in a decrease in return and in a loss of capital.

An investment in equity instruments may decline in value over short or even extended periods of time as well as rise. Shareholders should be aware that the holding of warrants may result in increased volatility of the relevant Sub-Fund's value.

Sub-Funds which invest in fixed interest securities are subject to changes in interest rates and the interest rate environment. Generally, the prices of bonds and other debt securities will fluctuate inversely with interest rate changes. Fixed-income securities are subject to credit risk, which is an



issuer's inability to meet principal and interest payments on the obligations, and may be subject to price volatility due to interest rate sensitivity.

### **Risk Considerations applicable to the use of derivatives**

While the prudent use of derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. Investment in derivatives may add volatility to the performance of the Sub-Funds and involve peculiar financial risks. The following is a summary of the risk factors and issues concerning the use of derivatives that investors should understand before investing in the Company.

#### *Market Risk*

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

#### *Control and Monitoring*

Derivative products are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities. The use of derivative techniques requires an understanding not only of the underlying assets of the derivative but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Company and the ability to forecast the relative price, interest rate or currency rate movements correctly.

#### *Liquidity Risk*

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous price (however, the Company will only enter into OTC derivatives if it is allowed to liquidate such transactions at any time at fair value).

#### *Counterparty Risk*

The Company may enter into transactions in OTC markets, which will expose the Company to the credit of its counterparties and their ability to satisfy the terms of such contracts. In the event of a bankruptcy or insolvency of a counterparty, the Company could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated.

#### *Other Risks*

Other risks in using derivatives include the risk of differing valuations of derivatives arising out of different permitted valuation methods and the inability of derivatives to correlate perfectly with underlying securities, rates and indices. Many derivatives, in particular OTC derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals which may act as counterparties to the transaction to be valued. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value to a Company. However, this risk is limited as the valuation method used to value OTC derivatives must be verifiable by an independent auditor.

Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, a Company's use of derivative techniques may

not always be an effective means of, and sometimes could be counterproductive to, following a Company's investment objective.

If the investors are in any doubt about the risk factors relevant to an investment, they should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser.

#### Custody Risk:

The Custodian's liability only extends to its own negligence and wilful default and to that caused by the negligence or wilful misconduct of its local agent, and does not extend to losses due to the liquidation, bankruptcy, negligence or wilful default of any registrar. In the event of such losses, the Company will have to pursue its rights against the issuer and/or the appointed registrar of the securities.

Securities held with a local correspondent or clearing / settlement system or securities correspondent ("Securities System") may not be as well protected as those held within Luxembourg. In particular, losses may be incurred as a consequence of the insolvency of the local correspondent or Securities System. In some markets, the segregation or separate identification of a beneficial owner's securities may not be possible or the practices of segregation or separate identification may differ from practices in more developed markets.

#### Conflicts of interests:

The Management Company, the distributor(s), the Investment Manager, the Custodian and the Administrative Agent may, in the course of their business, have potential conflicts of interests with the Company. Each of the Management Company, the distributor(s), the Investment Manager, the Custodian and the Administrative Agent will have regard to their respective duties to the Company and other persons when undertaking any transactions where conflicts or potential conflicts of interest may arise. In the event that such conflicts do arise, each of such persons has undertaken or will be requested by the Company to undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Company and the Shareholders are fairly treated.

#### Interested dealings:

The Management Company, the distributor(s), the Investment Manager, the Custodian and the Administrative Agent and any of their respective subsidiaries, affiliates, associates, agents, directors, officers, employees or delegates (together the Interested Parties and, each, an Interested Party) may:

- contract or enter into any financial, banking or other transaction with one another or with the Company including, without limitation, investment by the Company, in securities in any company or body any of whose investments or obligations form part of the assets of the Company or any Sub-Fund, or be interested in any such contracts or transactions;
- invest in and deal with Shares, securities, assets or any property of the kind included in the property of the Company for their respective individual accounts or for the account of a third party; and
- deal as agent or principal in the sale, issue or purchase of securities and other investments to, or from, the Company through, or with, the Investment Manager or the Custodian or any subsidiary, affiliate, associate, agent or delegate thereof.

Any assets of the Company in the form of cash may be invested in certificates of deposit or banking investments issued by any Interested Party. Banking or similar transactions may also be undertaken with or through an Interested Party (provided it is licensed to carry out this type of activities).

There will be no obligation on the part of any Interested Party to account to Shareholders for any benefits so arising and any such benefits may be retained by the relevant party.

Any such transactions must be carried out as if effected on normal commercial terms negotiated at arm's length.

Conflicts of interests of the Investment Manager:

The Investment Manager may also be appointed as the lending agent of the Company under the terms of a securities lending management agreement. Under the terms of such an agreement, the lending agent is appointed to manage the Company's securities lending activities and is entitled to receive a fee which is in addition to its fee as investment manager. The income earned from stock lending will be allocated between the Company and the Investment Manager and the fee paid to the Investment Manager will be at normal commercial rates. Full financial details of the amounts earned and expenses incurred with respect to stock lending for the Company, including fees paid or payable, will be included in the annual and semi-annual financial statements. The Management Company will, at least annually, review the stock lending arrangements and associated costs.

The Investment Manager may execute trades through their affiliates on both a principal and agency basis, as may be permitted under applicable law. As a result of these business relationships, the Investment Manager's affiliates will receive, among other benefits, commissions and mark-ups/mark-downs, and revenues associated with providing prime brokerage and other services. Certain conflicts of interest may arise from the fact that affiliates of the Investment Manager or the Management Company may act as sub-distributors of interests in respect of the Company or certain Sub-Funds. Such entities may also enter into arrangements under which they or their affiliates will issue and distribute notes or other securities the performance of which will be linked to the relevant Sub-Fund.

Where a commission (including a rebated commission) is received by the Investment Manager by virtue of an investment by a Sub-Fund in the units of another collective investment scheme, this commission must be paid into that Sub-Fund.

Conflicts of interests in the case of securities lending:

The Custodian may also be appointed as the lending agent of the Company under the terms of a securities lending agreement. Under the terms of such an agreement, the lending agent is appointed to manage the Company's securities lending activities and is entitled to receive a fee which is in addition to its fee as Custodian. The income earned from stock lending will be allocated between the Company and the Custodian and the fee paid to the Custodian will be at normal commercial rates. Full financial details of the amounts earned and expenses incurred with respect to stock lending for the Company, including fees paid or payable, will be included in the annual and semi-annual financial statements. The Management Company will, at least annually, review the stock lending arrangements and associated costs.

The Custodian may execute trades through its affiliates on both a principal and agency basis, as may be permitted under applicable law. As a result of these business relationships, the Custodian's affiliates will receive, among other benefits, commissions and mark-ups/mark-downs, and revenues associated with providing prime brokerage and other services.

Certain conflicts of interest may arise from the fact that affiliates of the Custodian or the Management Company may act as sub-distributors of interests in respect of the Company or certain Sub-Funds. Such entities may also enter into arrangements under which they or their affiliates will issue and distribute notes or other securities the performance of which will be linked to the relevant Sub-Fund.

Where a commission (including a rebated commission) is received by the Custodian by virtue of an investment by a Sub-Fund in the units of another collective investment scheme, this commission must be paid into that Sub-Fund.

Emerging Markets:

- (a) In certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect investment in those countries. There may be less publicly available information about certain financial instruments than some investors would find customary and entities in some countries may not

be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which certain investors may be accustomed. Certain financial markets, while generally growing in volume, have for the most part, substantially less volume than more developed markets, and securities of many companies are less liquid and their prices more volatile than securities of comparable companies in more sizeable markets. There are also varying levels of government supervision and regulation of exchanges, financial institutions and issuers in various countries. In addition, the manner in which foreign investors may invest in securities in certain countries, as well as limitations on such investments, may affect the investment operations of the Sub-Funds.

- (b) Emerging country debt will be subject to high risk and will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation. The issuer or governmental authority that controls the repayment of an emerging country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. As a result of the foregoing, a government obligor may default on its obligations. If such an event occurs, the Company may have limited legal recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government debt securities to obtain recourse may be subject to the political climate in the relevant country. In addition, no assurance can be given that the holders of commercial debt will not contest payments to the holders of other foreign government debt obligations in the event of default under their commercial bank loan agreements.
- (c) Settlement systems in emerging markets may be less well organised than in developed markets. Thus, there may be a risk that settlement may be delayed and that cash or securities of the Sub-Funds may be in jeopardy because of failures or of defects in the systems. In particular, market practice may require that payment will be made prior to receipt of the security which is being purchased or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank (the Counterparty) through whom the relevant transaction is effected might result in a loss being suffered by Sub-Funds investing in emerging market securities.
- (d) The Company will seek, where possible, to use Counterparties whose financial status is such that this risk is reduced. However, there can be no certainty that the Company will be successful in eliminating this risk for the Sub-Funds, particularly as Counterparties operating in emerging markets frequently lack the substance or financial resources of those in developed countries.
- (e) There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by or to be transferred to the Sub-Funds. Furthermore, compensation schemes may be non-existent or limited or inadequate to meet the Company's claims in any of these events.
- (f) In some Eastern European countries there are uncertainties with regard to the ownership of properties. As a result, investing in Transferable Securities issued by companies holding ownership of such Eastern European properties may be subject to increased risk.

### **Global Exposure & Risk Measurement**

The Company may use derivative instruments, whose underlying assets may be transferable securities or money market instruments, both for hedging and for trading purposes.

If the aforesaid transactions involve the use of derivative instruments, these conditions and limits must correspond to the provisions of the Prospectus.

If a sub-fund uses derivative instruments for investment (trading) purposes, it may use such instruments only within the limits of its investment policy.

### **1. Determination of the global exposure**

The sub-fund's global exposure must be calculated accordingly to CSSF Circular 11/512. The limits on global exposure must be complied with on an ongoing basis.

It is the responsibility of the management company to select an appropriate methodology to calculate the global exposure. More specifically, the selection should be based on the self-assessment by the management company of the sub-fund's risk profile resulting from its investment policy (including its use of financial derivative instruments).

### **2. Risk measurement methodology according to the sub-fund's risk profile**

The sub-funds are classified after a self-assessment of their risk profile resulting from their investments policy including their inherent derivative investment strategy that determines two risk measurements methodologies:

- The advanced risk measurement methodology such as the Value-at-Risk (VaR) approach to calculate global exposure where:
  - (a) The sub-fund engages in complex investment strategies which represent more than a negligible part of the sub-funds' investment policy;
  - (b) The sub-fund has more than a negligible exposure to exotic derivatives; or
  - (c) The commitment approach doesn't adequately capture the market risk of the portfolio.
- The commitment approach methodology

**The Management Company has selected the commitment approach methodology for all the sub-funds of the Company.**

### **3. Calculation of the global exposure**

- The commitment conversion methodology for standard derivatives is always the market value of the equivalent position in the underlying asset. This may be replaced by the notional value or the price of the futures contract where this is more conservative;
- For non-standard derivatives, an alternative approach may be used provided that the total amount of the derivatives represents a negligible portion of the sub-fund's portfolio;
- For structured sub-funds, the calculation method is described in the ESMA/2011/112 guidelines.
- A financial derivative instrument is not taken into account when calculating the commitment if it meets both of the following conditions:
  - (a) The combined holding by the sub-fund of a financial derivative instrument relating to a financial asset and cash which is invested in risk free assets is equivalent to holding a cash position in the given financial asset.
  - (b) The financial derivative instrument is not considered to generate any incremental exposure and leverage or market risk.

The sub-fund's total commitment to derivative financial instruments, limited to 100 % of the portfolio's total net value, is quantified as the sum, as an absolute value, of the individual commitments, after possible netting and hedging arrangements.

## INVESTOR PROFILE

Given the Company's investment objectives and policies as described here above, investment in the Company may be appropriate for investors who seek to invest in short term, fixed income securities or equity securities and who seek capital growth over the long-term. Investors should not seek regular income distributions and should accept the risks associated with this type of investment, as set out in "Risk factors" here above and can withstand volatility in the value of their Shares.

## THE SHARES

The Company may issue Shares of different Classes reflecting the various Sub-Funds which the Board of Directors may decide to open. Within a Sub-Fund, Classes of Shares may be defined from time to time by the Board so as to correspond to (i) a specific distribution policy, such as entitling to distributions ("**distribution Shares**") or not entitling to distributions ("**capitalisation Shares**") and/or (ii) a specific sales and redemption charge structure and/or (iii) a specific management or advisory fee structure, and/or (iv) a specific distribution fee structure, (v) a specific minimum subscription amount or holding amount and/or (vi) any other specific features applicable to one class.

If different Classes of Shares are issued within a Sub-Fund, the details will be described in the relevant Sub-Fund in Part B of this Prospectus.

A separate Net Asset Value, which will differ as a consequence of the variable factors described here above, will be calculated for each Class within each Sub-Fund.

Shares in any Sub-Fund may be issued on a registered or bearer basis at the request of the shareholders. The inscription of the shareholder's name in the register of Shares evidences his or her right of ownership of such registered Shares.

A holder of registered Shares shall receive a written confirmation of his or her shareholding.

A holder of bearer Shares shall receive a written confirmation of his or her shareholding. Bearer written confirmation (if any) shall only be issued in denominations of 1, 10 or 100 Shares. As per the law, the bearer shares have to be deposited with a depositary, in charge of keeping these bearer shares by holding a register. No bearer shares will be issued.

All Shares must be fully paid-up; they are of no par value and carry no preferential or preemptive rights. Each Share of the Company to whatever Sub-Fund it belongs is entitled to one vote at any general meeting of shareholders, in compliance with the laws of the Grand-Duchy of Luxembourg and the Articles.

Fractional registered and bearer Shares will be issued to one thousandth of a Share, and such fractional Shares shall not be entitled to vote but shall be entitled to a participation in the net results and in the proceeds of liquidation attributable to the Shares in the relevant Sub-Fund on a pro rata basis.

If the Shares of a Sub-Fund are listed on the Luxembourg Stock Exchange, it will be specified in Part B of the present Prospectus.

## DESCRIPTION OF THE SHARES AND CLASSES OF SHARES

### 1. Classes of Shares

The Board of Directors may decide to issue, within each Sub-Fund, separate Classes of Shares, whose assets will be commonly invested but where a specific structure, as mentioned here above, may be applied. The details of the different Classes issued within a Sub-Fund will be specified in Part B of this Prospectus.

The Company may issue the following categories of shares:

- (i) **distribution shares (shares of Category “A” or “A” shares)**, which receive an annual dividend, and the Net Asset Value of which is reduced by an amount equal to the distribution made,
- (ii) **capitalisation shares (shares of Category “B” or “B” shares)**, which do not receive a dividend, and of which the Net Asset Value remains unchanged (resulting in a percentage increase of the global Net Asset Value attributable to the shares of class B).

For the time being the Company may offer the following Classes of Shares within the Sub-Funds :

- **Classic Class (hereafter “C”)**, offered to individuals or corporate entities or professional asset managers or institutional investors, holding the shares as part of their own assets or acting on behalf of individuals or corporate entities
- **Institutional Class ( hereafter “I”)**, offered only to institutional investors according to provision 174 (2) of the 2010 Law.

The particulars of each sub-fund will specify the Classes of Shares available.

Each of these Classes may be associated with specific fee structure and minimum subscription amounts as detailed hereunder and in Part B of this Prospectus.

The investors may be able to subscribe for Shares through regular savings plans.

### 2. Minimum subscription amounts and holding requirements

The Board of Directors may fix initial minimum subscription amounts and holding amounts for each Class of Shares, which if applicable, are detailed in the relevant Sub-Fund in Part B of this Prospectus.

The Board of Directors may also fix a minimum additional subscription amount for shareholders wishing to add to their shareholding a given Class of Shares.

The Board of Directors has the discretion, from time to time, to waive any applicable minimum amounts.

The Board of Directors, may at any time, decide to compulsory redeem all Shares from shareholders whose holding is less than the minimum subscription amount specified for the relevant Sub-Fund or who fail to satisfy any other applicable eligibility requirements. In such case, the shareholder concerned shall receive one month’s prior notice so as to be able to increase his amount or to satisfy the eligibility requirement.

## PROCEDURE OF SUBSCRIPTION, CONVERSION AND REDEMPTION

### 1. Subscription of Shares

The subscription price per each Class of Shares in the relevant Sub-Fund (the "**Subscription Price**") is the total of the Net Asset Value per Share of such Class determined on the applicable Valuation Day and the sales charge as stated in Part B of this Prospectus. The Subscription Price is available for inspection at the registered office of the Company.

Investors whose applications are accepted will be allotted Shares issued on the basis of the Net Asset Value per each Class of Shares determined as of the Valuation Day following receipt of the application form provided that such application is received by the Company not later than 4.00 p.m., Luxembourg time, on the Business Day preceding that Valuation Day. Applications received after 4.00 p.m., Luxembourg time, on the Business Day preceding the Valuation Day, will be dealt with on the following Valuation Day.

Orders will generally be forwarded to the Company by the distributor(s) or any agent thereof on the date received provided the order is received by the distributor(s) or any agent thereof prior to such deadline as may from time to time be established in the office in which the order is placed. Neither the distributor(s) nor any agent thereof is permitted to withhold placing orders whether with aim of benefiting from a price change or otherwise.

Investors may be required to complete a purchase application for each Class of Shares or other documentation satisfactory to the Company or to the distributor(s) or any agent thereof, indicating that the purchaser is not a U.S. Person, as such term is defined in Article 10 of the Articles, or nominees thereof. Application forms containing such representation are available from the Company or from the distributor(s) or any of its agents.

Payments for Shares may be made either in the reference currency of the Company, or in the reference currency of the relevant Sub-Fund or in any other freely convertible currency.

Payments for subscriptions must be made within five Business Days of the calculation of the Subscription Price.

If the payment is made in a currency different from the reference currency of the relevant Sub-Fund, any currency conversion cost shall be borne by the shareholder.

The Company reserves the right to reject any application in whole or in part, in which case subscription monies paid, or the balance thereof, as appropriate, will be returned to the applicant as soon as practicable or to suspend at any time and without prior notice the issue of Shares in one, several or all of the Sub-Funds.

Written confirmations of shareholding (as appropriate) will be sent to shareholders within ten Business Days after the relevant Valuation Day.

No Shares in any Sub-Fund will be issued during any period when the calculation of the Net Asset Value per each Class of Shares in such Sub-Fund is suspended by the Company, pursuant to the powers reserved to it by Article 12 of the Articles.

In the case of suspension of dealings in Shares the application will be dealt with on the first Valuation Day following the end of such suspension period.

**In order to contribute to the fight against money laundering, subscription requests must include a certified copy (by one of the following authorities: embassy, consulate, notary, police commissioner) of (i) the subscriber's identity card in the case of individuals, (ii) the articles of**



incorporation as well as an extract of the register of commerce for corporate entities in the following cases:

1. direct subscription at the Company,
2. subscription via a professional of the financial sector who is domiciled in a country which is not legally compelled to an identification procedure equal to the standards that apply in the Grand-Duchy of Luxembourg in the fight against laundering monies through the financial system,
3. subscription via a subsidiary or a branch of which the parent company would be subject to an identification procedure equal to the one required by the laws of the Grand-Duchy of Luxembourg if the law applicable to the parent company does not compel it to see to the application of these measures by its subsidiaries or branches.

Moreover, the Company is legally responsible for identifying the origin of funds transferred from banks not subject to an identification procedure equal to the one required by the laws of the Grand-Duchy of Luxembourg. Subscriptions may be temporarily suspended until such funds have been correctly identified.

It is generally admitted that professionals of the financial sector residing in countries adhering to the conclusions of the GAFI report (*Groupe d'action financière sur le blanchiment de capitaux*) are considered as being subject to an identification procedure equal to the one required by the laws of the Grand-Duchy of Luxembourg.

## 2. Conversion of Shares

Shareholders have the right, subject to the provisions hereinafter specified, to convert all or part of their Shares of any Class from one Sub-Fund into Shares of another existing Class of that or another Sub-Fund.

However, the right to convert the Shares is subject to compliance with any conditions (including any minimum subscriptions amounts) applicable to the Class into which the conversion is to be effected.

The rate at which Shares in any Sub-Fund shall be converted will be determined by reference to the respective Net Asset Values of the relevant Shares or Classes of Shares, calculated as of the Valuation Day of the Classes following receipt of the documents referred to below.

Conversions of Shares or Classes of Shares in any Sub-Fund shall be subject to a fee based on the respective Net Asset Value of the relevant Shares or Classes of Shares as stated in Part B of this Prospectus. However, this amount may be increased if the subscription fee applied to the original Sub-Fund was less than the subscription fee applied to the Sub-Fund in which the Shares will be converted. In such cases, the conversion fee may not exceed the amount of the difference between the subscription rate applied to the Sub-Fund in which the Shares will be converted and the subscription rate applied to the initial subscription. This amount will be payable to the distributor(s).

Shares may be tendered for conversion on any Valuation Day.

All terms and notices regarding the redemption of Shares shall equally apply to the conversion of Shares.

No conversion of Shares will be effected until a duly completed request for conversion of Shares has been received at the registered office of the Company from the shareholder.

Fractions of registered and bearer Shares will be issued on conversion to one thousandth of a Share.

Written confirmations of shareholding (as appropriate) will be sent to shareholders within ten Business Days after the relevant Valuation Day, together with the balance resulting from such conversion, if any.

In converting Shares of any Class of a Sub-Fund for Shares of another Class and/or of another Sub-Fund, a shareholder must meet the applicable minimum initial investment requirements imposed by the acquired Sub-Fund.

If, as a result of any request for conversion, the number of Shares held by any shareholder in a Sub-Fund would fall below the minimum number indicated in the section 4. "Minimum Investment" under the Specific Information for each Sub-Fund, the Company may treat such request as a request to convert the entire shareholding of such shareholder.

Shares in any Sub-Fund will not be converted in circumstances where the calculation of the Net Asset Value per Share or Classes of Shares in such Sub-Funds is suspended by the Company pursuant to Article 12 of the Articles.

In the case of suspension of dealings in Shares, the request for conversion will be dealt with on the first Valuation Day following the end of such suspension period.

### 3. Redemption of Shares

Each shareholder of the Company may at any time request the Company to redeem on any Valuation Day all or any of the Shares or Classes of Shares held by such shareholder in any of the Sub-Funds.

Shareholders desiring to have all or any of their Shares redeemed should apply in writing to the registered office of the Company.

The distributor(s) and its agents shall transmit redemption requests to the Company on behalf of the shareholders.

Redemption requests should contain the following information (if applicable): the identity and address of the shareholder requesting the redemption, the number of Shares to be redeemed, the relevant Class of Shares, if any, of the Sub-Fund, whether the Shares are issued with or without a Share written confirmation, the name in which such Shares are registered and details as to whom payment should be made. All necessary documents to complete the redemption should be enclosed with such application.

Shareholders whose applications for redemption are accepted will have their Shares redeemed on any Valuation Day provided that the applications have been received by the Company prior to 4.00 p.m., Luxembourg time, on the Business Day preceding the relevant Valuation Day. Applications received after 4.00 p.m., on the Business Day preceding the Valuation Day, will be dealt with on the following Valuation Day.

Shares will be redeemed at a price (the "**Redemption Price**") based on the Net Asset Value per Share or Class of Shares in the relevant Sub-Fund determined on the first Valuation Day following receipt of the redemption request, potentially decreased by a fee, as stated in Part B of this Prospectus.

The Redemption Price shall be paid no later than five Business Days after the calculation of the relevant Net Asset Value.

Payment will be made by transfer bank order to an account indicated by the shareholder, at such shareholder's expense and at the shareholder's risk.

Payment of the Redemption Price will automatically be made in the reference currency of the relevant Sub-Fund, except if instructions to the contrary are received from the shareholder; in such case, payment may be made in the reference currency of the Company or in any other freely convertible currency and any currency conversion cost shall be deducted from the amount payable to that shareholder.

The Redemption Price may be higher or lower than the price paid at the time of subscription or purchase.

Shares in any Sub-Fund will not be redeemed if the calculation of the Net Asset Value per Share or Class of Shares in such Sub-Fund is suspended by the Company in accordance with Article 12 of the Articles.

Notice of any such suspension shall be given in all the appropriate ways to the shareholders who have made a redemption request which has been thus suspended. In the case of suspension of dealings in Shares, the request will be dealt with on the first Valuation Day following the end of such suspension period.

If, as a result of any request for redemption, the number of Shares or Classes of Shares held by any shareholder in a Sub-Fund would fall below the minimum amounts for each Class of Shares in the relevant Sub-Fund as indicated in part B of the present Prospectus, the Company may treat such request as a request to redeem the entire shareholding of such shareholder.

Unless otherwise provided in the particulars of each Sub-Fund, if on any Valuation Day redemption requests pursuant to Article 8 and conversion requests pursuant to Article 9 of the Articles relate to more than 10 percent of the Shares in issue in a specific Sub-Fund or in case of a strong volatility of the market or markets on which a specific Sub-Fund is investing, the Board of Directors may decide that part or all of such requests for redemption or conversion will be deferred for such period as the Board of Directors considers to be in the best interests of the Sub-Fund, but normally not exceeding 30 days. In any such case, an exit fee of maximum 1% of the Net Asset Value per Share of the relevant Sub-Fund may be charged to the shareholders making a redemption or conversion request to cover the corresponding costs of sales of the underlying portfolio. The rate of such exit fee will be the same for all shareholders having requested the redemption or conversion of their shares on the same Valuation Day. The exit fee shall revert to the Sub-Fund from which the redemption or conversion was effected. On the next Valuation Day following such period, these redemption and conversion requests will be met in priority to later requests.

Unless otherwise provided in the particulars of each Sub-Fund, if the value of the net assets of any Sub-Fund on a given Valuation Day has decreased to an amount determined by the Company to be the minimum level for such Sub-Fund to be operated in an economically efficient manner, or in case of a significant change of the economic or political situation or in order to proceed to an economic rationalization, the Board of Directors may, at its discretion, elect to redeem all, but not less than all, of the Shares of such Sub-Fund then outstanding at the Net Asset Value per Share in such Sub-Fund (taking into account actual realization prices of investments and realization expenses), calculated on the Valuation Day at which such decision shall take effect. The Company shall provide at least 30 days' prior written notice of redemption to all holders of the Shares to be so redeemed. Redemption proceeds corresponding to Shares not surrendered at the date of the compulsory redemption of the relevant Shares by the Company may be kept with the Custodian during a period not exceeding six months as from the date of such compulsory redemption; after this delay, these proceeds shall be kept in safe custody at the *Caisse des Consignations*. In addition, unless otherwise provided in the particulars of each Sub-Fund, if the assets of any Sub-Fund do not reach or fall below a level at which the Board of Directors considers management possible, the Board of Directors may decide the merger of one Sub-Fund with one or several other Sub-Funds of the Company in the manner described in "GENERAL INFORMATION", sub "4) Dissolution and Merger of Sub-Funds".

The Articles contain in their Article 10 provisions enabling the Company to compulsorily redeem Shares held by U.S. Persons.

#### 4. Protection against late trading and market timing

The Board of Directors will not knowingly allow investments associated with market timing or late trading practices or other excessive trading practices, as such practices may adversely affect the interests of the shareholders. The Board of Directors shall refuse subscriptions, conversions or redemptions from shareholders suspected of such practices and take, as the case may be any other decisions as it may think fit to protect the interests of other shareholders.

Market timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same UCI 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 UCI.

Late trading is to be understood as the acceptance of a subscription, conversion or redemption order after the time limit fixed for accepting orders (cut-off time) on the relevant day and the execution of such order at the price based on the net asset value applicable to such same day.

### DETERMINATION OF THE NET ASSET VALUE

#### 1. Calculation and Publication

The Net Asset Value per each Class of Shares in respect of each Sub-Fund shall be determined in the reference currency of that Sub-Fund.

The Net Asset Value per each Class of Shares in a Sub-Fund shall be calculated as of any Valuation Day (as defined hereinafter) by dividing the net assets attributable to each Class of the Company attributable to such Sub-Fund (being the value of the portion of assets less the portion of liabilities attributable to each Class of Shares in the Sub-Fund on any such Valuation Day) by the total number of Shares of such Classes in the relevant Sub-Fund then outstanding.

If, since the time of determination of the Net Asset Value per each Class of Shares on the relevant Valuation Day, there has been a material change in the quotations in the markets on which a substantial portion of the investments attributable to the relevant Sub-Fund are dealt in or quoted, the Company may, in order to safeguard the interests of the shareholders and the Company, cancel the first valuation and carry out a second valuation. All subscription, redemption and conversion requests shall be treated on the basis of this second valuation.

The Net Asset Value per each Class of Shares is determined on the day specified for each Sub-Fund in Part B of this Prospectus (the "**Valuation Day**") on the basis of the value of the underlying investments of the relevant Sub-Fund, determined as follows:

- (a) 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 is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.
- (b) The value of each security and/or financial derivative instrument and/or money market instrument which is quoted or dealt in on any stock exchange will be based on its last closing

price on the stock exchange which is normally the principal market for such security and/or financial derivative instrument and/or money market instrument known at the end of the day preceding the relevant Valuation Day.

- (c) The value of each security and/or financial derivative instrument and/or money market instrument dealt in on any other Regulated Market will be based on its last known closing price which is normally available at the end of the day preceding the relevant Valuation Day.
- (d) Shares or units in open-ended investment funds shall be valued at their last available calculated net asset value.
- (e) Swaps are valued at their fair value based on the underlying securities.
- (f) In the event that any assets are not listed or dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange, or other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (b) to (e) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.
- (g) All other securities and other assets are valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.

The net proceeds from the issue of Shares in the relevant Sub-Fund are invested in the specific portfolio of assets constituting such Sub-Fund.

The Board of Directors shall maintain for each Sub-Fund a separate portfolio of assets. As between shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant Sub-Fund and each Sub-Fund is treated as a separate legal entity. The assets of a particular Sub-Fund are only applicable to the debts, engagements and obligations of that Sub-Fund.

The value of all assets and liabilities not expressed in the reference currency of a Sub-Fund will be converted into the reference currency of such Sub-Fund at the rate of exchange ruling in Luxembourg on the relevant Valuation Day. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the Board of Directors.

The Board of Directors, in its discretion, may permit other methods of valuation to be used if it considers that such valuation better reflects the fair value of any assets.

The Net Asset Value per each Class of Shares and the issue, redemption and conversion prices for the Shares in each Sub-Fund may be obtained during business hours at the registered office of the Company and will be published in such newspapers as determined for each Sub-Fund in part B of this prospectus.

## **2. Temporary Suspension of the Calculation**

Unless otherwise provided in the particulars of each Sub-Fund, the Company may temporarily suspend the calculation of the Net Asset Value per each Class of Shares and the issue, redemption and conversion of Shares during:

- (a) any period when any of the principal stock exchanges or other markets on which a substantial portion of the investments of the Company attributable to such Sub-Fund from time to time is quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended, provided that such restriction or suspension affects the valuation on the investments of the Company attributable to such Sub-Fund quoted thereon;

- (b) the existence of any state of affairs which constitutes an emergency in the opinion of the Board of Directors as a result of which disposal or valuation of assets owned by the Company attributable to such Sub-Fund would be impracticable;
- (c) any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Sub-Fund or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange;
- (d) when for any other reason the prices of any investments owned by the Company attributable to such Sub-Fund cannot promptly or accurately be ascertained;
- (e) upon the publication of a notice convening a general meeting of shareholders for the purpose of resolving the winding-up of the Company;
- (f) when a Sub-Fund merges with another Sub-Fund or with another UCITS (or a sub-fund of such other UCITS) provided any such suspension is justified by the protection of the Shareholders; and/or
- (g) when a class of shares or a Sub-Fund is a Feeder of another UCITS, if the net asset value calculation of the said Master UCITS or sub-fund or class of Shares is suspended.

Notice of the beginning and of the end of any period of suspension shall be given by the Company to all the shareholders by way of publication and may be sent to shareholders affected, i.e. having made an application for subscription, redemption or conversion of Shares for which the calculation of the Net Asset Value has been suspended.

Any application for subscription, redemption or conversion of Shares is irrevocable except in case of suspension of the calculation of the Net Asset Value per Share in the relevant Sub-Fund, in which case shareholders may give notice that they wish to withdraw their application. If no such notice is received by the Company, such application will be dealt with on the first Valuation Day following the end of the period of suspension.

### **DISTRIBUTION POLICY**

The Company's principal investment objective is to achieve long term capital growth.

Consequently, no dividend is expected to be paid to the shareholders of the different Sub-Funds.

The Board of Directors reserves however the right to propose the payment of a dividend at any time.

Nevertheless, some Sub-Funds, as specified in Part B of this Prospectus, will issue shares on a distribution basis. Those shares will entitle shareholders to receive dividends.

In any event, no distribution may be made if, as a result, the Net Asset Value of the Company would fall below EUR 1,250,000.

Dividends not claimed within five years of their due date will lapse and revert to the Shares in the relevant Sub-Fund.

## MANAGEMENT COMPANY

Pursuant to a Management Services Agreement dated 19<sup>th</sup> March 2015, Duemme International Luxembourg S.A, having its registered address at 2, Boulevard de la Foire, L-1528, Luxembourg has been appointed as management company (the “**Management Company**”) of the Company. The Management Company will be responsible on a day-to-day basis, under the overall responsibility and supervision of the Board of Directors, for providing administration, marketing, investment management and advisory services in respect of the Company. The Management Company Services Agreement is terminable by any party thereto by giving not less than three months' prior written notice

The Management Company has the possibility to delegate any or all of such functions to third parties. The Management Company has delegated the administration functions to the Administration Agent and registrar and transfer functions to the Registrar and Transfer Agent. The Management Company has delegated the investment management services for some specific Sub-Funds to an Investment Manager and the marketing and distribution functions to distributor(s) as may be appointed.

The Management Company was incorporated on 15<sup>th</sup> May 2008 as a *société anonyme* for an unlimited duration. As at 15<sup>th</sup> May 2008 the Management Company has a subscribed and paid-up capital of EUR 500,000. The Management Company is a member of the Banca Esperia Banking Group and has been approved as a management company regulated by chapter 15 of the 2010 Law.

## DISTRIBUTOR(S)

The Management Company has appointed:

- CheBanca! S.p.A. as distributor to market and promote the Company's Shares in each Sub-Fund, pursuant to an agreement dated 19<sup>th</sup> March 2015 entered into between CheBanca! S.p.A. and the Management Company.
- Allfunds Bank SA (Milan Branch), to market and promote the Company's Shares in each Sub-Fund only to retail, pursuant to an agreement dated 23<sup>rd</sup> January 2014 as further amended on 19<sup>th</sup> March 2015 entered into between Allfunds Bank SA and the Management Company.

In addition, the Management Company may appoint further distributors.

Distribution agreements are concluded for an unlimited period of time from the date of their signature and may be terminated by any party thereto by giving not less than three months' prior written notice. However, the Management Company may terminate these agreements with immediate effect when this is in the best interest of the shareholders.

The distributor(s) are authorized to retain a sales charge calculated on the Net Asset Value per Share of the Sub-fund on the relevant Valuation Day.

The distributor(s) may be involved in the collection of subscription and redemption orders on behalf of the Company and any of the Sub-Funds and may, in that case, provide a nominee service for investors purchasing Shares through the distributor(s). Investors may elect to make use of such nominee service pursuant to which the nominee will hold the Shares in its name for and on behalf of the investors who shall be entitled at any time to claim direct title to the Shares and who, in order to empower the nominee to vote at any general meeting of shareholders, shall provide the nominee with specific or general voting instructions to that effect. Notwithstanding the foregoing, investors may also invest directly in the Company without using the nominee service.

The Management Company, the Company and the distributor(s) will at all time comply with any obligations imposed with respect to money laundering and, in particular, with the Luxembourg laws of 19 February 1973, 5 April 1993 and 12 November 2004 and the related circulars issued by the Luxembourg supervisory authority (in particular the circular 05/211) on the fight against money laundering and against the financing of terrorism and any other applicable laws and regulations, as they may be amended or revised from time to time.

### **INVESTMENT MANAGER AND INVESTMENT ADVISER(S)**

The Management Company may delegate its investment management services to a delegated investment manager (the “**Investment Manager**”). The Investment Manager will manage the investment and reinvestment of the assets of the Sub-Fund(s) in accordance with its investment objectives, and investment and borrowing restrictions, under the overall responsibility of the Board of Directors.

The particulars of each Sub-Fund will specify when an Investment Manager has been approved.

The Investment Manager shall be entitled to delegate, with the prior approval of the Board of Directors and the Management Company and at its own expenses, its functions, discretions, privileges and duties herein or any of them to any person, firm or corporation (the “**Sub-Investment Manager**”) whom it may consider appropriate, provided that the Investment Manager shall remain liable hereunder for any loss or omission of such person, firm or corporation as if such act or omission was its own other than in respect of any error of judgment or mistake of law on the part of such person, firm or corporation made or committed in good faith in the performance of the duties delegated to it. Information on the Sub-Investment Manager, if any, will be specified in Part B of this Prospectus.

Moreover, the Management Company or the Investment Manager may appoint one or more investment advisers who shall provide advice and recommendations to the Management Company or Investment Manager as to the investment of the portfolios of the Sub-Funds.

### **CUSTODIAN AND PAYING AGENT**

The Company has appointed BNP Paribas Securities Services, Luxembourg branch, as custodian (the “**Custodian**”) of its assets.

BNP Paribas Securities Services is a bank organised as a partnership limited by shares (*société en commandite par actions*) under French laws and a wholly owned subsidiary of BNP Paribas. Its equity capital as at 16th June 2014 amounted to approximately EUR 172 millions.

BNP Paribas Securities Services, Luxembourg branch was created on 28 March 2002 and its office address is at 60, avenue J.F. Kennedy, L-1855 Luxembourg Grand Duchy of Luxembourg.

In accordance with article 33 of the 2010 Law, the Custodian will:

- a) Ensure that the sale, the issue, the redemption and the cancellation of Shares carried out by the Company or on its behalf are carried out in accordance with the applicable laws and the Articles,
- b) Ensure that in transactions involving the assets of the Company, any consideration is remitted to it within the customary settlement dates,
- c) Ensure that the income of the Company is applied in accordance with the Articles.

In the case of Master-Feeder structures, if the master and the feeder UCITS have a different depositary from the Custodian, the Custodian will enter into an information-sharing agreement with the other depositary in order to ensure the fulfilment of the duties of both depositaries.



The Custodian may entrust all or part of the assets of the Company, in particular securities traded abroad or listed on a foreign stock exchange or admitted to a clearing system, to such clearing system or to such correspondent banks, nominees, delegates or agents of the Custodian as may be determined by the Custodian from time to time. The Custodian's liability shall not be affected by the fact that it has entrusted all or part of the assets in its care to a third party.

The Company has further appointed BNP Paribas Securities Services, Luxembourg branch as its paying agent (the "**Paying Agent**") responsible for the payment of distributions, if any, and for the payment of the Redemption Price by the Company.

The rights and obligations of BNP Paribas Securities Services, Luxembourg Branch as custodian and paying agent are governed by an agreement entered into for an unlimited period of time on 30<sup>th</sup> June 2013. Each of the parties may terminate the agreement by way of three months prior written notice, it being understood that the Custodian shall continue to act as custodian pending replacement (which must be effected within two months) and until all assets of the Company have been transferred to the successor custodian.

### **REGISTRAR AND TRANSFER AGENT**

The Management Company has also appointed BNP Paribas Securities Services, Luxembourg branch, as registrar and transfer agent to the Company (the "**Registrar and Transfer Agent**").

In its capacity as registrar and transfer agent, the Registrar and Transfer Agent is responsible for handling the processing of subscription for Shares, dealing with requests of redemption and conversion and accepting transfers of funds, for the safe keeping of the register of Shareholders of the Company, for accepting certificates rendered for replacement, redemption or conversion and providing and supervising the mailing of statements, reports, notices and other documents to the Shareholders.

The rights and obligations of BNP Paribas Securities Services, Luxembourg Branch as registrar and transfer agent are governed by an agreement entered into for an unlimited period of time on 6<sup>th</sup> September 2013. Each of the parties may terminate the agreement by way of three months prior written notice.

### **DOMICILIARY AND LISTING AGENT**

The Company has appointed BNP Paribas Securities Services, Luxembourg branch, as its domiciliary and listing agent (the "**Domiciliary Agent**" and "**Listing Agent**" respectively).

In its capacity as domiciliary agent, in accordance with the terms of the agreement and the requirements of the Prospectus and Articles, the Domiciliary Agent is responsible inter alia for the receipt of any correspondence addressed to the Company, for the preparation and sending to Shareholders of any reports, notices, convening notices, publications, proxies and any other documents arising during the course of the life of the Company, and the preparation of the minutes of all Company meetings including Board of Directors and Shareholder meetings and legal publications as for all and any secretarial and administrative tasks.

In its capacity as listing agent, the Listing Agent will undertake upon instruction of the Company, the listing of the Shares, where necessary, on the Luxembourg Stock Exchange. Where the Shares are

listed on the Luxembourg Stock Exchange, the particulars of the relevant Sub-Fund will specify as such.

The rights and obligations of BNP Paribas Securities Services, Luxembourg Branch as Domiciliary and Listing agent are governed by an agreement entered into for an unlimited period of time on 29 July 2013 as further amended on 19<sup>th</sup> March 2015. Each of the parties may terminate the agreement by way of three months prior written notice.

### **ADMINISTRATIVE AGENT**

The Management Company has further appointed BNP Paribas Securities Services, Luxembourg Branch as administrative agent to the Company (the “**Administrative Agent**”).

In its capacity as administrative agent, it will be responsible for all administrative duties required by Luxembourg law, and in particular for the book-keeping and calculation of the Net Asset Value of the Shares as required by Luxembourg law.

The rights and obligations of BNP Paribas Securities Services, Luxembourg Branch as administrative agent are governed by an agreement entered into for an unlimited period of time on 6<sup>th</sup> September 2013. Each of the parties may terminate the agreement by way of three months prior written notice.

### **CHARGES AND EXPENSES**

#### **1. General**

The Company pays out of the assets of the relevant Sub-Fund all expenses payable by the Company which shall include but not be limited to formation expenses, fees payable to the Management Company, any investment manager including performance fees, if any, fees and expenses payable to the auditor and accountants, Custodian and its correspondents, Domiciliary agent, Registrar and Transfer Agent, distributor(s), the Listing agent, the Principal Paying Agent, any permanent representatives in places of registration, as well as any other agent employed by the Company, the remuneration (if any) of the Directors and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with board meetings, fees and expenses for legal and auditing services, any fees and expenses involved in registering and maintaining the registration of the Company with any governmental agencies or stock exchanges in the Grand-Duchy of Luxembourg and in any other country, reporting and publishing expenses, including the costs of preparing, printing, advertising and distributing prospectuses, explanatory memoranda, periodical reports or registration statements, and the costs of any reports to shareholders, all taxes, duties, governmental and similar charges, and all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage, postage, telephone and telex. The Company may accrue administrative and other expenses of a regular or recurring nature based on an estimated amount for yearly or other periods.

In the case where any liability of the Company cannot be considered as being attributable to a particular Sub-Fund, such liability shall be allocated to all the Sub-Funds on a *pro rata* basis to their Net Asset Values or in such other manner as determined by the Board of Directors acting in good faith, provided that all liabilities, whatever Sub-Fund they are attributable to, shall, unless otherwise agreed upon with the creditors, be binding upon the Company as a whole.

Charges relating to the incorporation of the Company and the creation of a new Sub-Fund shall be borne by all the existing Sub-Funds on a *pro rata* basis to their net assets. Hence, the new created Sub-

Funds shall have to bear on a *prorata* basis of the costs and expenses incurred in connection with the creation of the Company and the initial issue of Shares, which have not already been written off at the time of the creation of the new Sub-Funds.

All charges relating to the creation of a new Sub-Fund after the Company's incorporation expenses have been written off, shall be fully amortized upon their occurrence and shall be borne by all the existing Sub-Funds on a *prorata* basis to their net assets.

In case of a dissolution of a Sub-Fund all charges relating to the incorporation of the Company and the creation of new Sub-Funds which have not already been written off shall be borne by all the remaining Sub-Funds.

## **2. Fees of the Management Company**

The Management Company is entitled to receive a management fee based on the net assets of the SICAV. The management fee is as follows:

- 5bps per annum for assets under management up to 100 Mio EURO included,
- 3bps per annum for assets under management between 100 Mio and 200 Mio EURO included,
- 1bp per annum for assets under management above 200 Mio EURO.

The fee will be calculated on the quarterly average of the total assets under management of the previous quarter. The fees will be payable quarterly in arrears.

In addition, if the Management Company acts as investment manager directly, the Management Company may also be entitled to an investment management fee in compensation for its investment management services. Such a fee is payable quarterly and calculated on the average of the net assets of the relevant Sub-Fund for the relevant quarter, unless otherwise determined in Part B of this Prospectus.

Moreover, for its risk management activities, the Management Company is entitled to receive from the Company a fee of 0.025% per annum, payable quarterly and calculated on the average quarterly net asset value of the Company.

## **3. Fees of the Investment Manager**

Where an Investment Manager has been appointed as specified in the particulars of the relevant Sub-Funds, the Management Company will pay the Investment Manager an investment management fee for its investment activity unless otherwise determined in Part B of this Prospectus.

## **4. Duplication of Commissions and Fees**

Given that various Sub-Funds will invest in other UCIs, investors must be aware that the applicable investment management commissions may be in addition to commissions paid by UCIs to their sub-managers, resulting in double payment of such commissions.

Investors are also made aware that the Sub-Funds may invest, in accordance with the terms of the present Prospectus, in collective investment schemes that are managed, directly or by delegation, by the same management company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding; in this case

the Management Company or the other company may not charge subscription, conversion or redemption fees on the account of the Sub-Funds investment in the collective investment schemes.

A Sub-Fund that invests a substantial proportion of its assets in other collective investment schemes shall disclose in the present Prospectus the maximum level of the management fees that may be charged both to the Sub-Fund itself and to the other collective investment schemes in which it intends to invest. In the annual report of the Company, it shall indicate the maximum proportion of management fees charged both to the Sub-Fund itself and to the other collective investment schemes in which it intends to invest.

## **5. Fees of the Custodian and Central Administration**

The Custodian and Paying Agent, Domiciliary and Listing Agent, Administrative Agent, Registrar and Transfer Agent are entitled to receive out of the assets of each Sub-Fund a fee calculated in accordance with customary banking practice in Luxembourg as a percentage per annum of the average quarterly Net Asset Value thereof during the relevant quarter and payable quarterly in arrears. In addition, the Custodian and Paying Agent, Domiciliary and Listing Agent, Administrative Agent, Registrar and Transfer Agent are entitled to be reimbursed by the Company for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

As remuneration for services rendered to the Company in its respective capacities, the Custodian and Paying Agent will receive from the Company, in accordance with market practice in Luxembourg and unless otherwise determined in Part B of this Prospectus., a fee of a maximum of 0.75% per annum and calculated on the average quarterly net asset value of the Company.

In accordance with market practice in Luxembourg, a fee of a maximum of 0.80% per annum and calculated on the average quarterly net asset value of the Company will be charged to the Company for central administration services provided to the Company.

## **TAXATION**

The following summary is based on the laws and practice currently applicable in the Grand-Duchy of Luxembourg and is subject to changes therein.

### **1. Taxation of the Company in the Grand-Duchy of Luxembourg**

The Company is not liable to any tax in the Grand-Duchy of Luxembourg on profits or income, nor are distributions paid by the Company liable to any withholding tax in the Grand-Duchy of Luxembourg. The Company is, however, liable in the Grand-Duchy of Luxembourg to a subscription tax (taxe d'abonnement) of 0.05 % *per annum* of its Net Asset Value, such tax being payable quarterly on the basis of the value of the aggregate net assets of the Sub-Funds at the end of the relevant calendar quarter.

However, in respect of the Classes of Sub-Fund which are only held by institutional investors the Company is liable to the above mentioned subscription tax at a rate of 0.01% *per annum* of the Net Asset Value of such Sub-Fund, as defined by guidelines or recommendations issued by Luxembourg supervisory authorities.

It is to be noted that no such subscription tax is levied on the portion of the net assets of the Sub-Funds that is invested in the shares or units of other UCI governed by the laws of the Grand-Duchy of Luxembourg. No stamp duty or other tax is payable in the Grand-Duchy of Luxembourg on the issue

of Shares. No tax is payable in the Grand-Duchy of Luxembourg on the realized capital appreciation of the assets of the Company.

### **General**

Dividends and interest received by the Company on its investments may be subject to non-recoverable withholding or other taxes in the countries of origin.

## **2. Taxation of Shareholders in the Grand-Duchy of Luxembourg**

Under the current laws, shareholders are not subject to any capital gains, income or withholding tax in the Grand-Duchy of Luxembourg (except for (i) those domiciled, resident or having a permanent establishment in the Grand-Duchy of Luxembourg or (ii) non-residents of the Grand-Duchy of Luxembourg who hold (personally or by attribution) more than 10% of the Shares of the Company and who dispose of all or part of their holdings within six months from the date of acquisition or (iii) in some limited cases, some former residents of the Grand-Duchy of Luxembourg who hold (personally or by attribution) more than 10% of the Shares of the Company).

### **General**

It is expected that shareholders in the Company will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarize the taxation consequences for each investor of subscribing, converting, holding or redeeming or otherwise acquiring or disposing of Shares in the Company. These consequences will vary in accordance with the law and practice currently in force in a shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances.

From July 1st 2005 onwards and in accordance with the Luxembourg law dated 21 June 2005 enforcing the provisions of the European Union Savings Directive 2003/48/EC (hereinafter the "EUSD"), withholding tax will apply for incomes in the form of interest payment made in Luxembourg to beneficial owners who are individuals resident for tax purposes in another European Union Member State. Unless the individual specifically requests to be brought within the EUSD exchange of information regime, such incomes will be subject to withholding tax at the rate of 35%.

**Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, converting, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.**

### **Foreign Account Tax Compliance Act ("FATCA") Requirements**

FATCA provisions generally impose a reporting to the U.S. Internal Revenue Service of U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities. Failure to provide the requested information could lead to a 30% withholding tax applying to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends.

The basic terms of FATCA may include the Company as a "Financial Institution", such that in order to comply, the Company may require all Shareholders to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned legislation.

Despite anything else herein contained and as far as permitted by Luxembourg law, the Company shall have the right to:

- withhold any taxes or similar charges that it is legally required to withhold, whether by law or otherwise, in respect of any shareholding in the Company;
- require any Shareholder or beneficial owner of the Shares to promptly furnish such personal data as may be required by the Company in its discretion in order to comply with any law and/or to promptly determine the amount of withholding to be retained;
- divulge any such personal information to any tax or regulatory authority, as may be required by law or such authority;
- withhold the payment of any dividend or redemption proceeds to a Shareholder until the Company holds sufficient information to enable it to determine the correct amount to be withheld.

In addition the Company hereby confirms that it may become a participating Foreign Financial Institution (“**FFI**”) as laid down in the FATCA rules and that it may register and certify compliance with FATCA with obtaining a GIIN (“**Global Intermediary Identification Number**”). From this point the Company will furthermore only deal with professional financial intermediaries duly registered with a GIIN.

**The foregoing provisions are based on the laws and practices currently in force, and are subject to change. Potential investors are advised to seek information in their country of origin, place of residence or domicile on the possible tax consequences associated with their investment. The attention of investors is also drawn to certain tax provisions specific to individual countries in which the Company publicly markets its shares.**

## GENERAL INFORMATION

### 1. Corporate Information

The Company was incorporated for an unlimited period of time on 21<sup>st</sup> February 2013 and is governed by the law of 10 August 1915 on commercial companies, as amended, and by the 2010 Law.

The registered office of the Company is established at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

. The Company is recorded at the *Registre de Commerce et des Sociétés* with the District Court of Luxembourg under the number B 175.534.

The Articles have been published in the *Mémorial, Recueil des Sociétés et Associations* (the *Mémorial*) of 6<sup>th</sup> March 2013 and have been filed with the Chancery of the District Court of Luxembourg together with the *notice légale* on the issue and sale of Shares.

As per an Extraordinary General meeting dated 18<sup>th</sup> March 2015, the name of the Company changed from MEDIOBANCA SICAV to YELLOW FUNDS SICAV. The Articles have been published in the *Mémorial* by date of 1<sup>st</sup> April 2015.

Following an Extraordinary General Meeting, the Company on 14 October, 2015 has modified its articles of incorporation. These amendments are published in the *Mémorial* on 8 January, 2016. Copies thereof may be obtained from the Register of Companies in Luxembourg upon payment of the Registrar’s costs.

The copies, as well as the corresponding key investor information documents, are available on request at the registered office of the Company.

The minimum capital of the Company, as provided by law, is of EUR 1,250,000.-. The capital of the Company is represented by fully paid-up Shares of no par value.

The Company is open-ended which means that it may, at any time on the request of the shareholders, redeem its Shares at prices based on the applicable Net Asset Value per Share of the relevant Sub-Fund.

In accordance with the Articles, the Board of Directors may issue Shares in each Sub-Fund. A separate portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective applicable to the relevant Sub-Fund. As a result, the Company is an "umbrella fund" enabling investors to choose between one or more investment objectives by investing in one or more Sub-Funds.

The Board of Directors of the Company may from time to time decide to create further Sub-Funds; in that event, the Prospectus will be updated and amended so as to include detailed information on the new Sub-Funds.

The share capital of the Company will be equal, at any time, to the total value of the net assets of all the Sub-Funds.

## **2. Meetings of, and Reports to, Shareholders**

Notice of any general meeting of shareholders shall be mailed to each registered shareholder at least eight days prior to the meeting and shall be published to the extent required by the 2010 Law in the *Mémorial* and in any newspaper published in the Grand-Duchy of Luxembourg and other newspaper(s) that the Board of Directors may determine. Such notices will indicate the date and time of the meeting as well as the agenda, quorum requirements and the conditions of admission.

If all the Shares are only issued in registered form, convening notices may be mailed by registered mail to each registered shareholder without any further publication.

If the Articles are amended, such amendments shall be filed with the Chancery of the District Court of Luxembourg and published in the *Mémorial*.

The Company publishes annually a detailed audited report on its activities and on the management of its assets; such report shall include, inter alia, the combined accounts relating to all the Sub-Funds, a detailed description of the assets of each Sub-Fund and a report from the Auditor.

The Company shall further publish semi-annual unaudited reports, including, inter alia, a description of the investments underlying the portfolio of each Sub-Fund and the number of Shares issued and redeemed since the last publication.

The aforementioned documents will be available within four months for the annual reports and two months for the semi-annual reports of the date thereof and copies may be obtained free of charge by any person at the registered office of the Company.

The accounting year of the Company commences on the first of July and terminates on the thirtieth of June.

The annual general meeting of shareholders takes place in the Grand Duchy of Luxembourg at a place specified in the notice of meeting on the third Thursday in the month of October at 2.30 p.m.. If such day is not a bank business day in Luxembourg, the meeting shall be held on the next following bank business day in Luxembourg.

The shareholders of any Class of Shares of any Sub-Fund may hold, at any time, general meetings to decide on any matters which relate exclusively to such Class of Shares of a Sub-Fund.

The combined accounts of the Company shall be maintained in EUR being the currency of the share capital. The financial statements relating to the various separate Sub-Funds shall also be expressed in the reference currency for the Sub-Funds.

### **3. Dissolution and Liquidation of the Company**

The Company may at any time be dissolved by a resolution of a general meeting of shareholders subject to the quorum and majority requirements applicable for amendments to the Articles.

Whenever the share capital falls below two-thirds of the minimum capital indicated in Article 5 of the Articles, the question of the dissolution of the Company shall be referred to a general meeting of shareholders by the Board of Directors. The meeting, for which no quorum shall be required, shall decide by the simple majority of the Shares represented at the meeting.

The question of the dissolution of the Company shall also be referred to a general meeting of shareholders whenever the share capital falls below one-fourth of the minimum capital set by Article 5 of the Articles; in such event, the meeting shall be held without any quorum requirement and the dissolution may be decided by shareholders holding one-fourth of the Shares represented at the meeting.

The meeting must be convened so that it is held within a period of 40 days as from ascertainment that the net assets have fallen below two-thirds or one-fourth of the legal minimum, as the case may be.

Liquidation shall be carried out by one or several liquidators, who may be physical persons or legal entities, duly approved by the regulatory authority and appointed by the general meeting of shareholders which shall determine their powers and their compensation.

The net proceeds of liquidation corresponding to each Class of Shares in each Sub-Fund shall be distributed by the liquidators to the holders of Shares of the relevant Class in such Sub-Fund in proportion to their holding of such Shares.

Should the Company be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with the provisions of the 2010 Law. The said 2010 Law specifies the steps to be taken to enable shareholders to participate in the distribution(s) of the liquidation proceeds and provides for a deposit in escrow at the *Caisse des Consignations* at the time of the close of liquidation. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of the 2010 Law.

### **4. Dissolution and Merger of Sub-Funds**

Unless otherwise provided in the particulars of each Sub-Fund, the following provisions apply to the dissolution and merger of Sub-Funds.

#### **4.1. Dissolution**

In the event that for any reason the value of the net assets in any Sub-Fund has decreased to an amount determined by the Board of Directors to be the minimum level for such Sub-Fund to be operated in an economically efficient manner, or if a change in the economical or political situation relating to the Sub-Fund concerned would have material adverse consequences on the investments of that Sub-Fund or in order to proceed to an economic rationalization, the Board of Directors may decide to compulsorily redeem all the Shares issued in such Sub-Fund at the Net Asset Value per Share (taking into account actual realization prices of investments and realization expenses), calculated on the Valuation Day at which such decision shall take effect. 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 (but taking into account actual realization prices of investments and realization expenses) prior to the date effective for the compulsory redemption.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, the general meeting of shareholders of any Sub-Fund may, upon proposal from the Board of 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 realization prices of investments and realization expenses) calculated on the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for such general meeting of shareholders which shall decide by resolution taken by simple majority of the shares present or represented.

Assets which may not be distributed to their beneficiaries upon the implementation of the redemption will be deposited with the Custodian for a period of six months thereafter; after such period, the assets will be deposited with the *Caisse des Consignations* on behalf of the persons entitled thereto.

All redeemed Shares shall be cancelled.

#### **4.2. Merger**

The Board of Directors may decide, in the interest of the Shareholders and in accordance with the provisions of the 2010 Law, to transfer or merge the assets of one Sub-Fund, category or class of Shares to those of another Sub-Fund, category or class of Shares of such other Sub-Fund within the Company. Such mergers may be performed for reasons of various economic reasons justifying a merger of Sub-Funds, categories or classes of Shares. The merger decision of Sub-Funds shall be published and be sent to all registered Shareholders of the Sub-Fund before the effective date of the merger in accordance with the provisions of CSSF Regulation 10-5.. The publication in question shall indicate, in addition, the characteristics of the new Sub-Fund, the new category or class of Shares. Every Shareholder of the relevant Sub-Funds shall have the opportunity of requesting the redemption or the conversion of his own Shares without any cost (other than the cost of disinvestment) during a period of at least thirty (30) Calendar Days before the effective date of the merger, it being understood that the effective date of the merger takes place five (5) Business Days after the expiry of such notice period.

In the same circumstances as described in the previous paragraph and in the interest of the Shareholders, the transfer or merger of assets and liabilities attributable to a Sub-Fund, category or class of Shares to another UCITS or to a sub-fund, category or class of shares within such other UCITS (whether established in Luxembourg or another Member State and whether such UCITS is incorporated as a company or is a contractual type fund), may be decided by the Board of Directors , in accordance with the provisions of the 2010 Law. The Company shall send a notice to the Shareholders of the relevant Sub-Fund in accordance with the provisions of CSSF Regulation 10-5. Every Shareholder of the Sub-Fund, category or class of Shares concerned shall have the possibility to request the redemption or the conversion of his Shares without any cost (other than the cost of disinvestment) during a period of at least thirty (30) Calendar Days before the effective date of the merger, it being understood that the effective date of the merger takes place five (5) Business Days after the expiry of such notice period.

In case of a merger of a sub-fund, category or class of shares where, as a result, the Company ceases to exist, the merger needs to be decided by a meeting of shareholders of the sub-fund, category or class of shares concerned, for which no quorum is required and decisions are taken by the simple majority of the votes cast.

## **PART B: SPECIFIC INFORMATION**

### **Sub-Fund YELLOW FUNDS SICAV- Difesa by BlackRock**

#### **1. Name**

The name of the Sub-Fund is "**YELLOW FUNDS SICAV- Difesa by Blackrock**" (hereinafter referred to as the "**Sub-Fund**").

#### **2. Investment objectives**

The Sub-Fund aims to be invested to a conservative risk profile and to deliver a total return, which is a combination of capital growth and income, commensurate with that level of risk. The risk management strategy may have a direct impact on the sub-Fund's returns which may be limited by this strategy. The measure of risk is the annualised, equal-weighted volatility of the monthly portfolio returns over a rolling three year period.

#### **3. Specific Investment Policy and Restrictions**

The Sub-Fund will seek to achieve the investment objective by having a flexible approach to asset allocation. This means that the Investment Manager of the Sub-Fund will actively manage the Sub-Fund exposures to a variety of asset classes and sectors as described further below, and adjust these tactically, as determined appropriate, to maintain a conservative level of risk. The main strategy which the Investment Manger intends to pursue in order to assist it in achieving the investment objective is a fundamental diversified growth strategy. These strategies are generally based on the assessment and analysis of the core characteristics of a country's or region's economic, monetary and risk environment, which is combine to a review of its corporate landscape (such as earnings, price valuations, business growth and operational efficiency), with the objective of increasing exposure to assets that present an investment opportunity and decreasing exposure to those with unfavourable prospects. Furthermore, in order to reduce or mitigate the impact of market risk (i.e. the risk associated with the market moving in one direction, up or down) and therefore lower its sensitivity to market movements, the Sub-Fund may invest up to 100% of its net asset value in money market funds or use Financial Derivative Instruments (FDIs), as further described below under the section entitled "Financial Derivatives Instruments".

The range of asset classes in which the Sub-Fund will invest include, but is not necessarily limited to, equity, government bond, corporate bond (investment grade and non-investment grade), commodity and real estate. It will also include alternative asset classes, often considered to include, high yield bond, emerging market sovereign bond, emerging market corporate bond and commodity assets. The Sub-Fund has no geographic, industry or market capitalization focus and has the ability to investment globally in the full spectrum of permitted investments. Within a conservative risk profile, the Sub-Fund typically expects to invest between 10% and 35% of its total assets in instruments providing exposure to equity, equity-related securities, real estate and commodities, with the remainder of the Sub-Fund's exposure in fixed income, fixed income-related securities, cash and alternatives as described earlier. Equity and equity-related securities typically include company stocks, units of undertaking for collective investments or exchange trade funds that are primarily investing in company stocks in developed and emerging markets. For the attainment of its objective, the undertaking for collective investments or exchange trade funds in which the Sub-Fund invest in may be allocated to and invested in mortgage backed securities (MBS), commercial mortgage backed securities (CMBS), asset backed securities (ABS) and securities equivalent in nature to such

securities. Similarly, fixed income and fixed income related securities include bonds (issued by government or corporates in developed and emerging markets), units of undertaking for collective investments or exchange trade funds that are primarily investing in bonds. Real estate and commodity exposures will be achieved indirectly, via purchasing units of collective investment schemes or exchange traded fund authorised as UCITS, as well as FDIs on commodities indices. Example of commodity FDIs are provided in the section entitled “Financial Derivatives Instruments”. FDI's indices will not exceed 10% of the net assets. There can be no guarantee that the Sub-Fund will attain a conservative level of risk at all times, especially during periods of unusually high or low market volatility, nor that the Sub-Fund will maintain an exposure of 10% to 35% of its total assets in instruments providing exposure to equity, equity-related securities, real estate and commodities.

The Sub-Fund will however gain investment exposures primarily via investment in units of undertaking for collective investments and exchange traded funds, which means that the Sub-Fund will not seek to have direct exposure to transferable securities such as company stocks, bonds issued by a government or corporate entity. Moreover, a predominant part, of up to 100%, might be selected from funds managed or advised by the Investment Manager and/or its affiliated.

### **Efficient Portfolio Management**

Efficient portfolio management transactions relating to the assets of the Sub-Fund may be entered into by the Investment Manager with one of the following aims: (a) a reduction of risk (including currency exposure risk); (b) a reduction of cost (with no increase or minimal increase in risk); and (c) generation of additional capital or income for the Sub-Fund with a level of risk consistent with the risk profile of the Sub-Fund. In relation to efficient portfolio management operations, the Investment Manager will look to ensure that the techniques and instruments used are economically appropriate in that they will be realized in a cost-effective way.

### **Financial Derivative Instruments**

As described in the Investment Policy, the Sub-Fund may invest in Financial Derivatives Instruments (“FDIs”) for investment and/or hedging purposes. It is anticipated that the Sub-Fund will be able to have a long or short exposure to equities through the use of FDIs. The FDIs used by the Sub-Fund will consist of exchange traded FDIs only and may include: currency forwards, equity index futures, bond futures and commodity futures

### **Currency forwards:**

The Investment Manager may employ currency forwards as a means of gaining long or short exposure to particular currency for the purpose of hedging the foreign exchange exposure of the assets of a Sub-Fund in order to mitigate the impact of fluctuations in the relevant exchange rates. However, a Sub-Fund may have currency exposure which is reflective of the global markets into which it is investing.

### **Equity Index Futures:**

The Investment Manager may enter into equity index futures as a means of gaining long or short exposure to equity indices as part of implementing the Sub-Fund’s investment policy. It may also enter into futures contract to hedge against changes in the values of securities held by the sub-fund or markets to which the Sub-Fund is exposed.

### **Bond Futures:**

The Investment Manager may enter into developed sovereign bond futures as a means of gaining long or short exposure to developed countries national debt issuance, as part of implementing the Sub-Fund’s investment policy. The Investment Manager may enter into bond futures contracts as a means to hedge against changes in the values of securities held by the sub-fund or markets to which the Sub-Fund is exposed.

### **Commodity Futures:**

The Investment Manager may enter into commodity index futures as a means of gaining long or short exposure to commodity indices as part of implementing the Sub-Fund’s investment policy. It may also

enter into futures contract to hedge against changes in the values of securities held by the Sub-Fund or markets to which the Sub-Fund is exposed.

**Equity Indices:**

Indices which the Sub-Fund may gain exposure to, through the use of equity index futures could include, without necessarily being limited to, the S&P500, the FTSE 100, the FTSE 250, the TOPIX and the EuroStoxx indices.

The S&P500 is widely regarded as a gauge of large capitalization US equities and includes 500 companies, capturing 80% of available market capitalization. Information on this index may be found at <http://www.spindices.com/indices/equity/sp-500>. The FTSE 100 comprises the 100 most highly capitalised blue chip companies listed on London Stock Exchange. It is used extensively as a basis for investment products, such as derivatives and exchange-traded funds. The FTSE 250 comprises mid-capitalised companies not covered by the FTSE 100, and represents approximately 15% of UK market capitalisation. Information on these indices may be found at [http://www.ftse.com/Indices/UK\\_Indices/index.jsp](http://www.ftse.com/Indices/UK_Indices/index.jsp). The TOPIX is the Tokyo Stock Price Index. It is an important stock market index for the Tokyo Stock Exchange in Japan, tracking all domestic companies of the exchange's First Section. It counts over 1,500 companies. More information on this index may be found at <http://www.tse.or.jp/english/market/topix>. The EuroStoxx is Europe's blue-chip index for the Eurozone, providing a Blue-chip representation of sector leaders in the European Union. Additional information on this index may be found at <http://www.stoxx.com>.

**Commodity Indices:**

Indices which the Sub-Fund may gain exposure to, through the use of commodity index futures could include, without necessarily being limited to, the West Texas Intermediate Price (WTI), the London Gold Market and the S&P-GSCI Commodity Indices.

West Texas Intermediate (WTI), also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing. Additional information can be found on <http://www.cmegroup.com/trading/energy/crude-oil/light-sweet-crude.html>. The London Gold Market, also known as the London Bullion Market, is a worldwide recognized gauge of gold prices. This includes the majority of the gold-holding central banks, private sector investors, mining companies, producers, refiners and fabricators. More information can be found at <http://www.lbma.org.uk>. The S&P-GSCI Commodity Indices are widely tracked indices and recognized as a leading measure of general price movements and inflation in the world economy. The indices – representing market beta are designed to be investable by including the most liquid commodity futures, and provides diversification with low correlations to other asset classes. Further information is available at <https://us.spindices.com/performance-overview/commodities/sp-gsci>.

**Asset-backed Securities / Mortgage-backed Securities:**

The Sub-funds may gain exposure in asset-backed Securities / Mortgage-backed Securities indirectly, via purchasing units of collective investment schemes or exchange traded fund authorised as UCITS.

**Asset-backed Securities (“ABS”)**

An asset-backed security is a generic term for a debt security issued by corporations or other entities (including public or local authorities) backed or collateralised by the income stream from an underlying pool of assets. The underlying assets typically include loans, leases or receivables (such as credit card debt, automobile loans and student loans). An asset-backed security is usually issued in a number of different classes with varying characteristics depending on the riskiness of the underlying assets assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate. The higher the risk contained in the class, the more the asset-backed security pays by way of income. The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other fixed income securities such as government issued bonds. ABS and MBS are often exposed to extension risk (where obligations on the underlying assets are not paid on time) and prepayment risks (where obligations on the underlying assets are paid earlier than

expected), these risks may have a substantial impact on the timing and size of the cashflows paid by the securities and may negatively impact the returns of the securities. The average life of each individual security may be affected by a large number of factors such as the existence and frequency of exercise of any optional redemption and mandatory prepayment, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets.

#### Mortgage-backed Securities (“MBS”)

A mortgage-backed security is a generic term for a debt security backed or collateralised by the income stream from an underlying pool of commercial and/or residential mortgages. This type of security is commonly used to redirect the interest and principal payments from the pool of mortgages to investors. A mortgage-backed security is normally issued in a number of different classes with varying characteristics depending on the riskiness of the underlying mortgages assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate of securities. The higher the risk contained in the class, the more the mortgage-backed security pays by way of income.

The global exposure of the Sub-Fund, including FDIs, is calculated by the commitment approach and shall not exceed 100% of the Sub-Fund Net Asset Value.

#### 4. Classes of Shares

For the time being the Sub-Fund only issues the Classes of Shares denominated “Classic”, referred to as, “C” and denominated “Institutional”, referred to as, “I”, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Classes of Shares will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion, Redemption”.

The Sub-Fund issues Shares on a capitalisation, referred to as, “B” and distribution basis, referred to as, “A”, as described in Part A of this Prospectus.

With reference to the Shares issued on a distribution basis, the Board of Directors will determine the periodical dividend per share and the period of distribution. The amount of the periodical distribution can not exceed the total value of the income, earnings, dividends and capital gains received by the Sub-Fund in the relevant period and arising from the investment holdings

Investors of this Sub-Fund are entitled to convert their issued Shares into Shares of another existing Class, where available. However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class in which conversion is effected.

#### 5. Minimum Initial and Subsequent Investment

The minimum initial and subsequent investment amounts are reported in the following table:

<i>Class of shares</i>	<i>Category of shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C Class	A and B	EUR 1000	EUR 1000
I Class	A and B	EUR 1000	EUR 1000

## 6. Investment Management

The Management Company has appointed Blackrock Investment Management (UK) Limited, having its registered office at 12 Throgmorton Avenue, London EC2N 2DL, United Kingdom as Investment Manager for the Sub-Fund, pursuant to an Investment Management Agreement dated 19<sup>th</sup> March 2015 between the Management Company and the Investment Manager. The Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three months' prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

## 7. Fees

An investment management fee is payable to the Investment Manager in compensation for its investment management services. Such a fee is, payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

The distributor(s) is authorized to retain a sales charge calculated on the Net Asset Value per share of the Sub-Fund on the relevant Valuation Day.

The investment management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Class of Shares</i>	<i>Category of shares</i>	<i>Investment Management Fee</i>	<i>Sales Charge</i>
C Class	A and B	1.675 % per annum	up to a maximum of 3 %
I Class	A and B	0.70 % per annum	up to a maximum of 3 %

As for investments in a UCITS or other UCIs linked to the Sub-Fund as described above, total management fees charged to the Sub-Fund as well as to each UCITS or other UCIs concerned may not exceed 3% for shares "C" and shares "I" of the Net Asset Value of the Sub-Fund. In its annual report, the Company shall indicate the maximum proportion of management fees both to the Sub-Fund itself and to the UCITS and/or UCIs in which it invests.

## 8. Subscriptions

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

The subscription list will be closed at 4.00 p.m. at the latest on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five business days after the relevant Net Asset Value is calculated.

## 9. Redemptions

The Redemption Price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The Redemption Price shall be paid within five Business Days after the relevant Net Asset Value is calculated.

#### **10. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied, except as stated in Part A of the Prospectus.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

#### **11. Reference Currency**

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

#### **12. Frequency of Calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg.

#### **13. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in "*Il Sole 24 Ore*".

## **Sub-Fund YELLOW FUNDS SICAV- Centrocampo by BlackRock**

### **1. Name**

The name of the Sub-Fund is "YELLOW FUNDS SICAV- Centrocampo by Blackrock" (hereinafter referred to as the "Sub-Fund").

### **2. Investment objectives**

The Sub-Fund aims to be invested to a moderate risk profile and to deliver a total return, which is a combination of capital growth and income, commensurate with that level of risk. The risk management strategy may have a direct impact on the Sub-Fund's returns which may be limited by this strategy. The measure of risk is the annualised, equal-weighted volatility of the monthly portfolio returns over a rolling three year period.

### **3. Specific Investment Policy and Restrictions**

The Sub-Fund will seek to achieve the investment objective by having a flexible approach to asset allocation. This means that the Investment Manager of the Sub-Fund will actively manage the Sub-Fund exposures to a variety of asset classes and sectors as described further below, and adjust these tactically, as determined appropriate, to maintain a moderate level of risk. The main strategy which the Investment Manger intends to pursue in order to assist it in achieving the investment objective is a fundamental diversified growth strategy. These strategies are generally based on the assessment and analysis of the core characteristics of a country's or region's economic, monetary and risk environment, which is combine to a review of its corporate landscape (such as earnings, price valuations, business growth and operational efficiency), with the objective of increasing exposure to assets that present an investment opportunity and decreasing exposure to those with unfavourable prospects. Furthermore, in order to reduce or mitigate the impact of market risk (i.e. the risk associated with the market moving in one direction, up or down) and therefore lower its sensitivity to market movements, the Sub-Fund may invest up to 100% of its net asset value in money market funds or use Financial Derivative Instruments (FDIs), as further described below under the section entitled "Financial Derivatives Instruments".

The range of asset classes in which the Sub-Fund will invest include, but is not necessarily limited to, equity, government bond, corporate bond (investment grade and non-investment grade), commodity and real estate. It will also include alternative asset classes, often considered to include, high yield bond, emerging market sovereign bond, emerging market corporate bond and commodity assets. The Sub-Fund has no geographic, industry or market capitalization focus and has the ability to investment globally in the full spectrum of permitted investments. Within a moderate risk profile, the Sub-Fund typically expects to invest between 35% and 65% of its total assets in instruments providing exposure to equity, equity-related securities, real estate and commodities, with the remainder of the Sub-Fund's exposure in fixed income, fixed income-related securities, cash and alternatives as described earlier. Equity and equity-related securities typically include company stocks, units of undertaking for collective investments or exchange trade funds that are primarily investing in company stocks in developed and emerging markets. For the attainment of its objective, the undertaking for collective investments or exchange trade funds in which the Sub-Fund invest in may be allocated to and invested in mortgage backed securities (MBS), commercial mortgage backed securities (CMBS), asset backed securities (ABS) and securities equivalent in nature to such securities. Similarly, fixed income and fixed income related securities include bonds (issued by government or corporates in developed and emerging markets), units of undertaking for collective investments or exchange trade funds that are primarily investing in bonds. Real estate and commodity exposures will be achieved indirectly, via purchasing units of collective investment schemes or exchange traded fund authorised as UCITS, as



well as FDIs on commodities indices. Example of commodity FDIs are provided in the section entitled “Financial Derivatives Instruments”. FDI's indices will not exceed 10% of the net assets. There can be no guarantee that the Sub-Fund will attain a moderate level of risk at all times, especially during periods of unusually high or low market volatility, nor that the Sub-Fund will maintain an exposure of 35% to 65% of its total assets in instruments providing exposure to equity, equity-related securities, real estate and commodities.

The Sub-Fund will however gain investment exposures primarily via investment in units of undertaking for collective investments and exchange traded funds, which means that the Sub-Fund will not seek to have direct exposure to transferable securities such as company stocks, bonds issued by a government or corporate entity. Moreover, a predominant part, of up to 100%, might be selected from funds managed or advised by the Investment Manager and/or its affiliated.

### **Efficient Portfolio Management**

Efficient portfolio management transactions relating to the assets of the Sub-Fund may be entered into by the Investment Manager with one of the following aims: (a) a reduction of risk (including currency exposure risk); (b) a reduction of cost (with no increase or minimal increase in risk); and (c) generation of additional capital or income for the Sub-Fund with a level of risk consistent with the risk profile of the Sub-Fund. In relation to efficient portfolio management operations, the Investment Manager will look to ensure that the techniques and instruments used are economically appropriate in that they will be realized in a cost-effective way.

### **Financial Derivative Instruments**

As described in the Investment Policy, the Sub-Fund may invest in Financial Derivatives Instruments (“FDIs”) for investment and/or hedging purposes. It is anticipated that the Sub-Fund will be able to have a long or short exposure to equities through the use of FDIs. The FDIs used by the Sub-Fund will consist of exchange traded FDIs only and may include: currency forwards, equity index futures, bond futures and commodity futures

#### **Currency forwards:**

The Investment Manager may employ currency forwards as a means of gaining long or short exposure to particular currency for the purpose of hedging the foreign exchange exposure of the assets of a Sub-Fund in order to mitigate the impact of fluctuations in the relevant exchange rates. However, a Sub-Fund may have currency exposure which is reflective of the global markets into which it is investing.

#### **Equity Index Futures:**

The Investment Manager may enter into equity index futures as a means of gaining long or short exposure to equity indices as part of implementing the Sub-Fund’s investment policy. It may also enter into futures contract to hedge against changes in the values of securities held by the Sub-Fund or markets to which the Sub-Fund is exposed.

#### **Bond Futures:**

The Investment Manager may enter into developed sovereign bond futures as a means of gaining long or short exposure to developed countries national debt issuance, as part of implementing the Sub-Fund’s investment policy. The Investment Manager may enter into bond futures contracts as a means to hedge against changes in the values of securities held by the Sub-Fund or markets to which the Sub-Fund is exposed.

**Commodity Futures:** The Investment Manager may enter into commodity index futures as a means of gaining long or short exposure to commodity indices as part of implementing the Sub-Fund’s investment policy. It may also enter into futures contract to hedge against changes in the values of securities held by the Sub-Fund or markets to which the sub-und is exposed.

**Equity Indices:**

Indices which the Sub-Fund may gain exposure to, through the use of equity index futures could include, without necessarily being limited to, the S&P500, the FTSE 100, the FTSE 250, the TOPIX and the EuroStoxx indices.

The S&P500 is widely regarded as a gauge of large capitalization US equities and includes 500 companies, capturing 80% of available market capitalization. Information on this index may be found at <http://www.spindices.com/indices/equity/sp-500>. The FTSE 100 comprises the 100 most highly capitalised blue chip companies listed on London Stock Exchange. It is used extensively as a basis for investment products, such as derivatives and exchange-traded funds. The FTSE 250 comprises mid-capitalised companies not covered by the FTSE 100, and represents approximately 15% of UK market capitalisation. Information on these indices may be found at [http://www.ftse.com/Indices/UK\\_Indices/index.jsp](http://www.ftse.com/Indices/UK_Indices/index.jsp). The TOPIX is the Tokyo Stock Price Index. It is an important stock market index for the Tokyo Stock Exchange in Japan, tracking all domestic companies of the exchange's First Section. It counts over 1,500 companies. More information on this index may be found at <http://www.tse.or.jp/english/market/topix>. The EuroStoxx is Europe's blue-chip index for the Eurozone, providing a Blue-chip representation of sector leaders in the European Union. Additional information on this index may be found at <http://www.stoxx.com>.

**Commodity Indices:**

Indices which the Sub-Fund may gain exposure to, through the use of commodity index futures could include, without necessarily being limited to, the West Texas Intermediate Price (WTI), the London Gold Market and the S&P-GSCI Commodity Indices.

West Texas Intermediate (WTI), also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing. Additional information can be found on <http://www.cmegroup.com/trading/energy/crude-oil/light-sweet-crude.html>. The London Gold Market, also known as the London Bullion Market, is a worldwide recognized gauge of gold prices. This includes the majority of the gold-holding central banks, private sector investors, mining companies, producers, refiners and fabricators. More information can be found at <http://www.lbma.org.uk>. The S&P-GSCI Commodity Indices are widely tracked indices and recognized as a leading measure of general price movements and inflation in the world economy. The indices – representing market beta are designed to be investable by including the most liquid commodity futures, and provides diversification with low correlations to other asset classes. Further information is available at <https://us.spindices.com/performance-overview/commodities/sp-gsci>.

**Asset-backed Securities / Mortgage-backed Securities:**

The Sub\_funds may gain exposure in asset-backed Securities / Mortgage-backed Securities indirectly, via purchasing units of collective investment schemes or exchange traded fund authorised as UCITS.

**Asset-backed Securities (“ABS”)**

An asset-backed security is a generic term for a debt security issued by corporations or other entities (including public or local authorities) backed or collateralised by the income stream from an underlying pool of assets. The underlying assets typically include loans, leases or receivables (such as credit card debt, automobile loans and student loans). An asset-backed security is usually issued in a number of different classes with varying characteristics depending on the riskiness of the underlying assets assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate. The higher the risk contained in the class, the more the asset-backed security pays by way of income. The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other fixed income securities such as government issued bonds. ABS and MBS are often exposed to extension risk (where obligations on the underlying assets are not paid on time) and prepayment risks (where obligations on the underlying assets are paid earlier than expected), these risks may have a substantial impact on the timing and size of the cashflows paid by the securities and may negatively impact the returns of the securities. The average life of each individual security may be affected by a large number of factors such as the existence and frequency of exercise of any optional redemption and mandatory prepayment, the prevailing level of interest

rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets.

#### Mortgage-backed Securities (“MBS”)

A mortgage-backed security is a generic term for a debt security backed or collateralised by the income stream from an underlying pool of commercial and/or residential mortgages. This type of security is commonly used to redirect the interest and principal payments from the pool of mortgages to investors. A mortgage-backed security is normally issued in a number of different classes with varying characteristics depending on the riskiness of the underlying mortgages assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate of securities. The higher the risk contained in the class, the more the mortgage-backed security pays by way of income.

The global exposure of the Sub-Fund, including FDIs, is calculated by the commitment approach and shall not exceed 100% of the Sub-Fund Net Asset Value.

#### 4. Classes of Shares

For the time being the Sub-Fund only issues the Classes of Shares denominated “Classic”, referred to as, “C” and denominated “Institutional”, referred to as, “I”, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Classes of Shares will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion, Redemption”.

The Sub-Fund issues Shares on a capitalisation, referred to as, “B” and distribution basis, referred to as, “A”, as described in Part A of this Prospectus.

With reference to the Shares issued on a distribution basis, the Board of Directors will determine the periodical dividend per share and the period of distribution. The amount of the periodical distribution can not exceed the total value of the income, earnings, dividends and capital gains received by the Sub-Fund in the relevant period and arising from the investment holdings

Investors of this Sub-Fund are entitled to convert their issued Shares into Shares of another existing Class, where available. However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class in which conversion is effected.

#### 5. Minimum Initial and Subsequent Investment

The minimum initial and subsequent investment amounts are reported in the following table:

<i>Class of shares</i>	<i>Category of shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C Class	A and B	EUR 1000	EUR 1000
I Class	A and B	EUR 1000	EUR 1000

#### 6. Investment Management

The Management Company has appointed Blackrock Investment Management (UK) Limited, having its registered office at 12 Throgmorton Avenue, London EC2N 2DL, United Kingdom as Investment

Manager for the Sub-Fund, pursuant to an Investment Management Agreement dated 19<sup>th</sup> March 2015 between the Management Company and the Investment Manager. The Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three months' prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

## 7. Fees

An investment management fee is payable to the Investment Manager in compensation for its investment management services. Such a fee is, payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

The distributor(s) is authorized to retain a sales charge calculated on the Net Asset Value per share of the Sub-fund on the relevant Valuation Day.

The investment management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Class of Shares</i>	<i>Category of shares</i>	<i>Investment Management Fee</i>	<i>Sales Charge</i>
C Class	A and B	1.675 % per annum	up to a maximum of 3 %
I Class	A and B	0.70 % per annum	up to a maximum of 3 %

As for investments in a UCITS or other UCIs linked to the Sub-Fund as described above, total management fees charged to the Sub-Fund as well as to each UCITS or other UCIs concerned may not exceed 3% for shares "C" and shares "I" of the Net Asset Value of the Sub-Fund. In its annual report, the Company shall indicate the maximum proportion of management fees both to the Sub-Fund itself and to the UCITS and/or UCIs in which it invests.

## 8. Subscriptions

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

The subscription list will be closed at 4.00 p.m. at the latest on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five business days after the relevant Net Asset Value is calculated.

## 9. Redemptions

The Redemption Price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The Redemption Price shall be paid within five Business Days after the relevant Net Asset Value is calculated.

**10. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied, except as stated in Part A of the Prospectus.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

**11. Reference Currency**

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

**12. Frequency of Calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg.

**13. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in "*Il Sole 24 Ore*".

## **Sub-Fund YELLOW FUNDS SICAV- Attacco by BlackRock**

### **1. Name**

The name of the Sub-Fund is “**YELLOW FUNDS SICAV- Attacco by Blackrock**” (hereinafter referred to as the “**Sub-Fund**”).

### **2. Investment objectives**

The Sub-Fund aims to be invested to a high risk profile and to deliver a total return, which is a combination of capital growth and income, commensurate with that level of risk. The risk management strategy may have a direct impact on the sub-Fund’s returns which may be limited by this strategy. The measure of risk is the annualised, equal-weighted volatility of the monthly portfolio returns over a rolling three year period.

### **3. Specific Investment Policy and Restrictions**

The Sub-Fund will seek to achieve the investment objective by having a flexible approach to asset allocation. This means that the Investment Manager of the Sub-Fund will actively manage the Sub-Fund exposures to a variety of asset classes and sectors as described further below, and adjust these tactically, as determined appropriate, to maintain a high level of risk. The main strategy which the Investment Manger intends to pursue in order to assist it in achieving the investment objective is a fundamental diversified growth strategy. These strategies are generally based on the assessment and analysis of the core characteristics of a country’s or region’s economic, monetary and risk environment, which is combine to a review of its corporate landscape (such as earnings, price valuations, business growth and operational efficiency), with the objective of increasing exposure to assets that present an investment opportunity and decreasing exposure to those with unfavourable prospects. Furthermore, in order to reduce or mitigate the impact of market risk (i.e. the risk associated with the market moving in one direction, up or down) and therefore lower its sensitivity to market movements, the Sub-Fund may invest up to 100% of its net asset value in money market funds or use Financial Derivative Instruments (FDIs), as further described below under the section entitled “Financial Derivatives Instruments”.

The range of asset classes in which the Sub-Fund will invest include, but is not necessarily limited to, equity, government bond, corporate bond (investment grade and non-investment grade), commodity and real estate. It will also include alternative asset classes, often considered to include, high yield bond, emerging market sovereign bond, emerging market corporate bond and commodity assets. The Sub-Fund has no geographic, industry or market capitalization focus and has the ability to investment globally in the full spectrum of permitted investments. Within a high risk profile, the Sub-Fund typically expects to invest between 50% and 80% of its total assets in instruments providing exposure to equity, equity-related securities, real estate and commodities, with the remainder of the Sub-Fund’s exposure in fixed income, fixed income-related securities, cash and alternatives as described earlier. Equity and equity-related securities typically include company stocks, units of undertaking for collective investments or exchange trade funds that are primarily investing in company stocks in developed and emerging markets. For the attainment of its objective, the undertaking for collective investments or exchange trade funds in which the Sub-Fund invest in may be allocated to and invested in mortgage backed securities (MBS), commercial mortgage backed securities (CMBS), asset backed securities (ABS) and securities equivalent in nature to such securities. Similarly, fixed income and fixed income related securities include bonds (issued by government or corporates in developed and emerging markets), units of undertaking for collective investments or exchange trade funds that are primarily investing in bonds. Real estate and commodity exposures will be achieved indirectly, via purchasing units of collective investment schemes or exchange traded fund authorised as UCITS, as

well as FDIs on commodities indices. Example of commodity FDIs are provided in the section entitled “Financial Derivatives Instruments”. FDI's indices will not exceed 10% of the net assets. There can be no guarantee that the Sub-Fund will attain a high level of risk at all times, especially during periods of unusually high or low market volatility, nor that the Sub-Fund will maintain an exposure of 50% to 80% of its total assets in instruments providing exposure to equity, equity-related securities, real estate and commodities.

The Sub-Fund will however gain investment exposures primarily via investment in units of undertaking for collective investments and exchange traded funds, which means that the Sub-Fund will not seek to have direct exposure to transferable securities such as company stocks, bonds issued by a government or corporate entity. Moreover, a predominant part, of up to 100%, might be selected from funds managed or advised by the Investment Manager and/or its affiliated.

**Efficient Portfolio Management:**

Efficient portfolio management transactions relating to the assets of the Sub-Fund may be entered into by the Investment Manager with one of the following aims: (a) a reduction of risk (including currency exposure risk); (b) a reduction of cost (with no increase or minimal increase in risk); and (c) generation of additional capital or income for the Sub-Fund with a level of risk consistent with the risk profile of the Sub-Fund. In relation to efficient portfolio management operations, the Investment Manager will look to ensure that the techniques and instruments used are economically appropriate in that they will be realized in a cost-effective way.

**Financial Derivative Instruments:**

As described in the Investment Policy, the Sub-Fund may invest in Financial Derivatives Instruments (“FDIs”) for investment and/or hedging purposes. It is anticipated that the Sub-Fund will be able to have a long or short exposure to equities through the use of FDIs. The FDIs used by the Sub-Fund will consist of exchange traded FDIs only and may include: currency forwards, equity index futures, bond futures and commodity futures

**Currency forwards:**

The Investment Manager may employ currency forwards as a means of gaining long or short exposure to particular currency for the purpose of hedging the foreign exchange exposure of the assets of a Sub-Fund in order to mitigate the impact of fluctuations in the relevant exchange rates. However, a Sub-Fund may have currency exposure which is reflective of the global markets into which it is investing.

**Equity Index Futures:**

The Investment Manager may enter into equity index futures as a means of gaining long or short exposure to equity indices as part of implementing the Sub-Fund’s investment policy. It may also enter into futures contract to hedge against changes in the values of securities held by the Sub-Fund or markets to which the Sub-Fund is exposed.

**Bond Futures:**

The Investment Manager may enter into developed sovereign bond futures as a means of gaining long or short exposure to developed countries national debt issuance, as part of implementing the Sub-Fund’s investment policy. The Investment Manager may enter into bond futures contracts as a means to hedge against changes in the values of securities held by the Sub-Fund or markets to which the Sub-Fund is exposed.

**Commodity Futures:**

The Investment Manager may enter into commodity index futures as a means of gaining long or short exposure to commodity indices as part of implementing the Sub-Fund’s investment policy. It may also enter into futures contract to hedge against changes in the values of securities held by the Sub-Fund or markets to which the Sub-Fund is exposed.

**Equity Indices:**

Indices which the Sub-Fund may gain exposure to, through the use of equity index futures could include, without necessarily being limited to, the S&P500, the FTSE 100, the FTSE 250, the TOPIX and the EuroStoxx indices.

The S&P500 is widely regarded as a gauge of large capitalization US equities and includes 500 companies, capturing 80% of available market capitalization. Information on this index may be found at <http://www.spindices.com/indices/equity/sp-500>. The FTSE 100 comprises the 100 most highly capitalised blue chip companies listed on London Stock Exchange. It is used extensively as a basis for investment products, such as derivatives and exchange-traded funds. The FTSE 250 comprises mid-capitalised companies not covered by the FTSE 100, and represents approximately 15% of UK market capitalisation. Information on these indices may be found at [http://www.ftse.com/Indices/UK\\_Indices/index.jsp](http://www.ftse.com/Indices/UK_Indices/index.jsp). The TOPIX is the Tokyo Stock Price Index. It is an important stock market index for the Tokyo Stock Exchange in Japan, tracking all domestic companies of the exchange's First Section. It counts over 1,500 companies. More information on this index may be found at <http://www.tse.or.jp/english/market/topix>. The EuroStoxx is Europe's blue-chip index for the Eurozone, providing a Blue-chip representation of sector leaders in the European Union. Additional information on this index may be found at <http://www.stoxx.com>.

**Commodity Indices:**

Indices which the Sub-Fund may gain exposure to, through the use of commodity index futures could include, without necessarily being limited to, the West Texas Intermediate Price (WTI), the London Gold Market and the S&P-GSCI Commodity Indices.

West Texas Intermediate (WTI), also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing. Additional information can be found on <http://www.cmegroup.com/trading/energy/crude-oil/light-sweet-crude.html>. The London Gold Market, also known as the London Bullion Market, is a worldwide recognized gauge of gold prices. This includes the majority of the gold-holding central banks, private sector investors, mining companies, producers, refiners and fabricators. More information can be found at <http://www.lbma.org.uk>. The S&P-GSCI Commodity Indices are widely tracked indices and recognized as a leading measure of general price movements and inflation in the world economy. The indices – representing market beta are designed to be investable by including the most liquid commodity futures, and provides diversification with low correlations to other asset classes. Further information is available at <https://us.spindices.com/performance-overview/commodities/sp-gsci>.

**Asset-backed Securities / Mortgage-backed Securities:**

The Sub\_funds may gain exposure in asset-backed Securities / Mortgage-backed Securities indirectly, via purchasing units of collective investment schemes or exchange traded fund authorised as UCITS.

**Asset-backed Securities (“ABS”)**

An asset-backed security is a generic term for a debt security issued by corporations or other entities (including public or local authorities) backed or collateralised by the income stream from an underlying pool of assets. The underlying assets typically include loans, leases or receivables (such as credit card debt, automobile loans and student loans). An asset-backed security is usually issued in a number of different classes with varying characteristics depending on the riskiness of the underlying assets assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate. The higher the risk contained in the class, the more the asset-backed security pays by way of income. The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other fixed income securities such as government issued bonds. ABS and MBS are often exposed to extension risk (where obligations on the underlying assets are not paid on time) and prepayment risks (where obligations on the underlying assets are paid earlier than expected), these risks may have a substantial impact on the timing and size of the cashflows paid by the securities and may negatively impact the returns of the securities. The average life of each individual security may be affected by a large number



of factors such as the existence and frequency of exercise of any optional redemption and mandatory prepayment, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets.

#### Mortgage-backed Securities (“MBS”)

A mortgage-backed security is a generic term for a debt security backed or collateralised by the income stream from an underlying pool of commercial and/or residential mortgages. This type of security is commonly used to redirect the interest and principal payments from the pool of mortgages to investors. A mortgage-backed security is normally issued in a number of different classes with varying characteristics depending on the riskiness of the underlying mortgages assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate of securities. The higher the risk contained in the class, the more the mortgage-backed security pays by way of income.

The global exposure of the Sub-Fund, including FDIs, is calculated by the commitment approach and shall not exceed 100% of the Sub-Fund Net Asset Value.

#### 4. Classes of Shares

For the time being the Sub-Fund only issues the Classes of Shares denominated “Classic”, referred to as, “C” and denominated “Institutional”, referred to as, “I”, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Classes of Shares will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion, Redemption”.

The Sub-Fund issues Shares on a capitalisation, referred to as, “B” and distribution basis, referred to as, “A”, as described in Part A of this Prospectus.

With reference to the Shares issued on a distribution basis, the Board of Directors will determine the periodical dividend per share and the period of distribution. The amount of the periodical distribution can not exceed the total value of the income, earnings, dividends and capital gains received by the Sub-Fund in the relevant period and arising from the investment holdings

Investors of this Sub-Fund are entitled to convert their issued Shares into Shares of another existing Class, where available. However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class in which conversion is effected.

#### 5. Minimum Initial and Subsequent Investment

The minimum initial and subsequent investment amounts are reported in the following table:

<i>Class of shares</i>	<i>Category of shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C Class	A and B	EUR 1000	EUR 1000
I Class	A and B	EUR 1000	EUR 1000

## 6. Investment Management

The Management Company has appointed Blackrock Investment Management (UK) Limited, having its registered office at 12 Throgmorton Avenue, London EC2N 2DL, United Kingdom as Investment Manager for the Sub-Fund, pursuant to an Investment Management Agreement dated 19<sup>th</sup> March 2015 between the Management Company and the Investment Manager. The Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three months' prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

## 7. Fees

An investment management fee is payable to the Investment Manager in compensation for its investment management services. Such a fee is, payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

The distributor(s) is authorized to retain a sales charge calculated on the Net Asset Value per share of the Sub-Fund on the relevant Valuation Day.

The investment management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Class of Shares</i>	<i>Category of shares</i>	<i>Investment Management Fee</i>	<i>Sales Charge</i>
C Class	A and B	1.675 % per annum	up to a maximum of 3 %
I Class	A and B	0.70 % per annum	up to a maximum of 3 %

As for investments in a UCITS or other UCIs linked to the Sub-Fund as described above, total management fees charged to the Sub-Fund as well as to each UCITS or other UCIs concerned may not exceed 3% for shares "C" and shares "I" of the Net Asset Value of the Sub-Fund. In its annual report, the Company shall indicate the maximum proportion of management fees both to the Sub-Fund itself and to the UCITS and/or UCIs in which it invests.

## 8. Subscriptions

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

The subscription list will be closed at 4.00 p.m. at the latest on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five business days after the relevant Net Asset Value is calculated.

## 9. Redemptions

The Redemption Price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The Redemption Price shall be paid within five Business Days after the relevant Net Asset Value is calculated.

#### **10. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied, except as stated in Part A of the Prospectus.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

#### **11. Reference Currency**

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

#### **12. Frequency of Calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg.

#### **13. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in "*Il Sole 24 Ore*".

## **Sub-Fund YELLOW FUNDS SICAV- Cedola by Duemme**

### **1. Name**

The name of the Sub-Fund is "YELLOW FUNDS SICAV- Cedola by Duemme" (hereinafter referred to as the "Sub-Fund").

### **2. Investment objectives**

The investment objective of the Sub-Fund is to provide investors with an adequate exposure to the global bond markets.

### **3. Specific Investment Policy and Restrictions**

The Sub-Fund mainly invests in fixed and floating rate instruments according to the principle of risk diversification. Such investments are issued by supranational, government, quasi government bodies or private borrowers headquartered in both OECD and non-OECD countries (hereinafter for the purposes of this section "Approved Instruments") and primarily shall have received a minimum rating of BBB- (minus) by Standard & Poor's or equivalent.

The investments of the Sub-Fund can be denominated in any currency.

The Sub-Fund may also invest in accordance with the terms of the present Prospectus, and on an ancillary basis, in other transferable securities, money market instruments, derivatives, including but not limited to options, warrants, futures, swaps, other equity derivatives traded either on a regulated market or OTC and forward transactions, time deposits and units in collective investment schemes. The Sub-Fund may also hold ancillary liquid assets.

The global exposure of the Sub-Fund, including FDIs, is calculated by the commitment approach and shall not exceed 100% of the Sub-Fund Net Asset Value.

### **4. Classes of Shares**

The Sub-Fund will only issue one Class of Shares, referred to as "C", as described more specifically in Part A "Description of the Shares and Class of Shares" of this Prospectus.

Classes of Shares will be activated upon subscription in accordance with the subscription procedure described in Part A "Procedure of Subscription, Conversion, Redemption".

The Sub-Fund issues Shares on a distribution basis, referred to as "A" as described in Part A of this Prospectus. The Board of Directors intends to distribute an annual dividend that will reflect the increase of Consumer Price Index ex tobacco on the reference period plus 0.5%. Annual dividends may be declared separately at the annual General Meeting of Shareholders. The level of distribution may exceed the expected net income. Therefore, Investors should be aware that distributions to Shareholders may include a certain element of capital which, to the extent that this element is higher than the capital appreciation of the Company, will reduce the net asset value of the relevant Share Class.

### **5. Minimum Initial and Subsequent Investment**

The minimum initial and subsequent investment amounts are reported in the following table:

<i>Class of shares</i>	<i>Category of shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C Class	A	EUR 1000	EUR 1000

## 6. Investment Management

The Management Company has appointed Duemme SGR S.p.A, having its registered office at Via Dante, 16, I-20121 Milano, Italy as Investment Manager for the Sub-Fund, pursuant to an Investment Management Agreement dated 19<sup>th</sup> March 2015 between the Management Company and the Investment Manager. The Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three months' prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

The Investment Manager was founded on 27 June 1996, and its principal activity is to advise on, and manage, assets of high net worth individuals, institutional clients and pension funds. On 31 December 2009, its share capital, which is fully paid, amounted to EUR 10.330.000.

## 7. Fees

An investment management fee is payable to the Investment Manager in compensation for its investment management services. Such a fee is, payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

The distributor(s) is authorized to retain a sales charge calculated on the Net Asset Value per share of the Sub-Fund on the relevant Valuation Day.

The investment management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Class of Shares</i>	<i>Category of shares</i>	<i>Investment Management Fee</i>	<i>Sales Charge</i>
C Class	A	0.9 % per annum	up to a maximum of 3 %

## 8. Subscription price

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.

The subscription list will be closed at 4.00 p.m. at the latest on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five business days after the relevant Net Asset Value is calculated.

## **9. Redemptions**

The Redemption Price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The Redemption Price shall be paid within five Business Days after the relevant Net Asset Value is calculated.

## **10. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied, except as stated in Part A of the Prospectus.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

## **11. Reference Currency**

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

## **12. Frequency of Calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg.

## **13. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in "*Il Sole 24 Ore*".

## **Sub-Fund YELLOW FUNDS SICAV- Dividendo by Duemme**

### **1. Name**

The name of the Sub-Fund is “**YELLOW FUNDS SICAV- Dividendo by Duemme**” (hereinafter referred to as the “**Sub-Fund**”).

### **2. Investment Objectives**

The investment objective of the Sub-Fund is to achieve capital appreciation in the medium – long term.

### **3. Specific Investment Policy and Restrictions**

The Sub-Fund mainly invests in shares and other equity securities which are expected to distribute dividends regularly, but have a flexible approach to asset allocation with the objective to limit volatility of returns and respond with flexibility to market trends and opportunities: To achieve this objective the sub-Fund will also invest in money market instruments mainly investment grade, government bonds, corporate and convertible bonds.

To manage the asset allocation and to limit volatility of returns, the Sub-Fund may also invest, in accordance with the terms of the present Prospectus, in other transferable securities and on an accessorially basis in financial derivatives instruments, including but not limited to options, warrants, futures, other equity derivatives traded either on a regulated market or OTC, forward transactions and deposits. The Sub-Fund may invest up to 10% of its net assets in UCITS and/or non UCITS collective investments schemes which may have materially similar objectives and policies to the Sub-Fund, where the Investment Manager considers such investment to be consistent with the overall objective and risk profile of the Sub-fund.

The Sub-Fund may also hold ancillary liquid assets.

The Sub-Fund will maintain a flexible investment policy and, in accordance with the terms and conditions of the present Prospectus, is not subject to any specific limits in relation to its allocation of assets across the various asset types.

The global exposure of the Sub-Fund, including FDIs, is calculated by the commitment approach and shall not exceed 100% of the Sub-Fund Net Asset Value.

### **4. Classes of Shares**

The Sub-Fund will issue only one Class of Shares which is denominated “Classic”, and referred to as “C”, as described more specifically in Part A “Description of the Shares and Classes of Shares” of this Prospectus.

Classes of Shares will be activated upon subscription in accordance with the subscription procedure described in Part A “Procedure of Subscription, Conversion, Redemption”.

The Sub-Fund issues Shares on a distribution basis referred to as “A” as described in Part A of this Prospectus. The distribution category of Shares entitle shareholders to receive dividends.

The Board of Directors will determine in advance the annual dividend per share of the subsequent year. The dividend will be paid half at the end of June and half at the end of December.

Investors in this Sub-Fund are entitled to convert at no charge their issued Shares into Shares of another existing Class, where available. However, the right to convert Shares is subject to compliance with any conditions (including any minimum subscription amounts) applicable to the Class into which conversion is to be effected.

## 5. Minimum Initial and Subsequent Investment

The minimum initial and subsequent investment amounts are reported in the following table:

<i>Class of shares</i>	<i>Category of shares</i>	<i>Minimum Initial Investment</i>	<i>Minimum Subsequent Investment</i>
C Class	A	EUR 1000	EUR 1000

## 6. Investment Management

The Management Company has appointed Duemme SGR S.p.A, having its registered office at Via Dante, 16, I-20121 Milano, Italy as Investment Manager for the Sub-Fund, pursuant to an Investment Management Agreement dated 19<sup>th</sup> March 2015 between the Management Company and the Investment Manager. The Investment Management Agreement has been entered into for an unlimited period of time and is terminable by any party thereto by giving not less than three months' prior written notice. However, the Management Company may terminate this agreement with immediate effect when this is in the interest of the shareholders.

The Investment Manager was founded on 27 June 1996, and its principal activity is to advise on, and manage, assets of high net worth individuals, institutional clients and pension funds. On 31 December 2009, its share capital, which is fully paid, amounted to EUR 10.330.000.

## 7. Fees

An investment management fee is payable to the Investment Manager in compensation for its investment management services. Such a fee is, payable quarterly and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

The distributor(s) is authorized to retain a sales charge calculated on the Net Asset Value per share of the Sub-Fund on the relevant Valuation Day.

The investment management fee and sales charge applied to each Class of Shares are reported in the following table:

<i>Class of Shares</i>	<i>Category of shares</i>	<i>Investment Management Fee</i>	<i>Sales Charge</i>
C Class	A	1.7 % per annum	up to a maximum of 3 %

## 8. Subscription price

The Subscription Price shall be equal to the Net Asset Value per each Class of Shares of the Sub-Fund on the relevant Valuation Day increased by the sales charge.



The subscription list will be closed at 4.00 p.m. at the latest on the Business Day preceding the relevant Valuation Day.

Payment for subscriptions must be made within five business days after the relevant Net Asset Value is calculated.

## **9. Redemptions**

The Redemption Price equals the Net Asset Value per each Class of Shares on the relevant Valuation Day decreased by the exit fee, when applicable, as described in Part A of the Prospectus. The redemption list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

The Redemption Price shall be paid within five Business Days after the relevant Net Asset Value is calculated.

## **10. Conversions**

The Shares of the Sub-Fund may be converted into Shares of another Sub-Fund according to the procedure described in Part A of the Prospectus. No conversion fee shall be levied, except as stated in Part A of the Prospectus.

The conversion list will be closed at 4.00 p.m. on the Business Day preceding the relevant Valuation Day.

## **11. Reference Currency**

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

## **12. Frequency of Calculation and Valuation Day**

The Net Asset Value of the Sub-Fund will be determined, per each Class of Shares, under the full responsibility of the Board of Directors on each Business Day in Luxembourg.

## **13. Publication of the Net Asset Value**

The Net Asset Value per each Class of Shares will be available at the registered office of the Company and will be published in "*Il Sole 24 Ore*".