

VISA 2020/159700-11936-0-PC

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

Luxembourg, le 2020-05-15

Commission de Surveillance du Secteur Financier

A handwritten signature in blue ink, appearing to be 'h3h', is written over a faint rectangular stamp.

## OFFERING MEMORANDUM

# GRANTIA SICAV-SIF

*Société d'investissement à capital variable - Fonds d'investissement spécialisé*

May 2020

**APPLICATIONS FOR SUBSCRIPTION ARE RESERVED TO WELL-INFORMED INVESTORS WHO, ON THE BASIS OF THIS CONFIDENTIAL OFFERING MEMORANDUM, THE ARTICLES AND THE SUBSCRIPTION DOCUMENTS, HAVE MADE THEIR OWN ASSESSMENT OF THE CONDITIONS OF THEIR PARTICIPATION IN THE COMPANY. ACCORDINGLY, IT IS THE RESPONSIBILITY OF PARTICIPATING INVESTORS TO DETERMINE WHETHER THEIR RIGHTS AND OBLIGATIONS AS INVESTORS ARE SUITABLE FOR THEM.**

**By accepting this confidential Offering Memorandum (the *Memorandum*) the recipient agrees to be bound by the following:**

This Memorandum is submitted on a confidential private placement basis to a number of Well-Informed Investors who have expressed an interest in subscribing for Shares in GRANTIA SICAV-SIF, an investment company with variable share capital (*société d'investissement à capital variable - SICAV*) organised as an umbrella specialised investment fund (*fonds d'investissement spécialisé - FIS*) in the form of a public limited liability company (*société anonyme – S.A.*) in accordance with the 2007 Law (the **Company**). Unless otherwise defined, capitalised terms used throughout this Memorandum have the meanings ascribed to such terms in the Section "Definitions".

This Memorandum has been prepared solely for the consideration of prospective Well-Informed Investors in the Company and is circulated to a limited number of Well-Informed Investors on a confidential basis solely for the purpose of evaluating an investment in the Company. This Memorandum supersedes and replaces any other information provided by the Initiator and its respective representatives and agents in respect of the Company. However, the Memorandum is provided for information only, and is not intended to be and must not alone be taken as the basis for an investment decision. By accepting this Memorandum and any other information supplied to Investors by the Initiator, the recipient agrees that such information is confidential. Neither it nor any of its employees or advisors will use the information for any purpose other than for evaluating an investment in the Company or divulge such information to any other party and acknowledges that this Memorandum may not be photocopied, reproduced or distributed to others without the prior written consent of the Initiator. Each recipient hereof by accepting delivery of this Memorandum agrees to keep confidential the information contained herein and to return it and all related materials to the Company if such recipient does not undertake to purchase any of the Shares. The information contained in the Memorandum and any other documents relating to the Company may not be provided to persons (other than professional advisors) who are not directly concerned with any Investor's decision regarding the investment offered hereby.

By accepting this Memorandum, Investors in the Company are not to construe the contents of this Memorandum or any prior or subsequent communications from the Company, the Service Providers, the Initiator or any of their respective officers, members, employees, representatives or agents as investment, legal, accounting, regulatory or tax advice. Prior to investing in the Shares, Investors should conduct their own investigation and analysis of an investment in the Company and consult with their legal advisors and their investment, accounting, regulatory and tax advisors to determine the consequences of an investment in the Shares and arrive at an independent evaluation of such investment, including the applicability of any legal sales or investment restrictions without reliance on the Company, the Service Providers, the Initiator or any of their respective officers, members, employees, representatives or agents. Neither the Company, the Service Providers, the Initiator nor any of their respective officers, members, employees, representatives or agents accepts any responsibility or liability whatsoever for the appropriateness of any Investors investing in the Company.

**The text of the Articles is integral to the understanding of this Memorandum. Potential Investors should review the Articles carefully. In the event of any inconsistency between this Memorandum and the Articles, the Articles will prevail.**

The Articles, the Service Providers agreements and related documentation are described in summary form herein; these descriptions do not purport to be complete and each such summary description is subject to, and qualified in its entirety by reference to, the actual text of the Articles, the Service Providers agreements and related documentation, including any amendment thereto.

No action has been taken which would permit a public offering of the Shares in any jurisdiction where action for that purpose would be required. The Memorandum and any other documents relating to the Company do not constitute an offer or solicitation in any jurisdiction in which an offer or solicitation is not authorised, or in which the person making the offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such an offer or solicitation. Any representation to the contrary is unlawful. No action has

been taken by the Initiator or the Company that would permit a public offering of Shares or possession or distribution of information in any jurisdiction where action for that purpose is required.

Investors should have the financial ability and willingness to accept the risks of investing in the Company (including, without limitation, the risk of loss of their entire investment) and accept that they will have recourse only to the assets of the Sub-fund in which they invest as these will exist at any time. Additionally, there will be no public market for the Shares.

Certain statements contained in this Memorandum are forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections about the markets in which the Company will operate, and the beliefs and assumptions of the Company. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "forecasts", "projects", variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements.

An investment in the Shares involves significant risks and there can be no assurance or guarantee as to positive return on any of the Company's Investments or that there will be any return on invested capital. Investors should in particular refer in this Memorandum to Section 24 of the General Part. The investment objectives are based on a number of assumptions which the Company believes reasonable, but there is no assurance that the investment objectives will be realised.

The Directors have taken all reasonable care to ensure that the information contained in this Memorandum is accurate as of the date of this Memorandum (or such other date as stated herein). Other than as described below, neither any of the Directors, nor the Company, nor the Initiator has any obligation to update this Memorandum.

Under no circumstances should the delivery of this Memorandum, irrespective of when it is made, create an implication that there has been no change in the affairs of the Company since such date. The Directors reserves the right to modify any of the terms of the offering and the Shares described herein. This Memorandum may be updated and amended by a supplement and where such supplement is prepared this Memorandum will be read and construed with such supplement.

This Memorandum will be updated in accordance with Luxembourg Law.

No person has been authorised to give any information or to make any representation concerning the Company or the offer of the Shares other than the information contained in this Memorandum and any other documents relating to the Company, and, if given or made, such information or representation must not be relied upon as having been authorised by the Company, any Service Provider or the Initiator.

**Any translation of this Memorandum or of any other transaction document into any other language will only be for convenience of the relevant investors having requested such translation. In case of any discrepancy due to translation, the English version of the Memorandum and of any other transaction document will prevail.**

#### **AIFM Directive**

The Company qualifies as an alternative investment fund within the meaning of article 1(39) of the 2013 Law.

Consequently and in accordance with article 4 of the 2013 Law, the Company has appointed the AIFM as its external alternative investment manager.

The AIFM has been authorised as alternative investment fund manager by the CSSF in accordance with the 2013 Law on 1<sup>st</sup> July 2014.

## **Data protection**

Certain personal data of Investors (including, but not limited to, the name, address and invested amount of each Investor) may be collected, recorded, stored, adapted, transferred or otherwise processed and used by the Company, the Services Providers, the Initiator and the financial intermediaries of such Investors. In particular, such data may be processed for the purposes of account and distribution fee administration, anti-money laundering and terrorism financing identification, maintaining the register of Shareholders, processing subscription, redemption and conversion orders (if any) and payments of dividends to Investors and to provide client-related services. Such information will not be passed on to any unauthorised third persons.

Each Investor has a right of access to his/her/its personal data and may ask for a rectification thereof in case where such data is inaccurate or incomplete.

By subscribing to the Shares, each Investor consents to such processing of its personal data, as provided by the European data protection legislation (including the EU General Data Protection Regulation (Regulation (EU) 2016/679) (the “**GDPR**”) and any other EU or national legislation which implements or supplements the foregoing). The use of the personal data Investors provide to the Company in the subscription request is governed by the GDPR and the terms of a privacy notice, which will be provided to the investors. The data controller of the personal data provided by the Investors is the Company.

The Company is compliant with the GDPR rules.

## **FATCA**

**Registration for FATCA purposes:** the Company is a “Financial Institution” classified as “Participating Foreign Financial Institution or Reporting FATCA Partner FI” registered with the IRS under GIIN 58L0LV.00000.SP.442.

**FATCA Risk:** The Company may suffer a 30% withholding tax on direct U.S. source income (and, effective January 1 2017, on payments on collateral and on gross proceeds from the disposition of property that gives rise to U.S. source interest or dividends) as defined for FATCA purposes derived from U.S. securities in the case it would invest in U.S. securities through non-compliant FATCA intermediaries. This will occur, even if the Company has satisfied all its FATCA obligations under Luxembourg law.

## **SECURITIES FINANCING TRANSACTIONS**

The Company is not authorized to enter into transactions covered under the EU Regulation 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (the **SFTR**).

Should any Sub-fund enter into transactions covered under the SFTR, the Memorandum will be amended and all the relevant information will be disclosed in the General Part and in the Sub-fund Specifications of the relevant Sub-fund in accordance with article 14.2 of the SFTR.

## **PRIIPS REGULATION**

As long as the Shares are marketed to professional investors only within the meaning of Annex II of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended or supplemented from time to time (**MIFID II**), no key information document (**KID**) is required to be produced and published under the EU Regulation 1286/2014 of the European Parliament and of the Council of 26 November 2014 on KID for packaged retail and insurance based investment products (the **PRIIPs Regulation**). Shares are solely advised on, offered or sold to professional investors; as a consequence no PRIIPs KID should be issued.

Should any Shares be marketed to Well-Informed Investors that do not meet the definition of professional investors within the meaning of Annex II of MIFID II, then a KID will be produced and published to those retail investors under the PRIIPS Regulation.

## GENERAL INFORMATION

### Registered Office of the Company

28-32, Place de la Gare  
L-1616 Luxembourg  
Grand Duchy of Luxembourg

### Members of the Board

Directors

- Mr Daniel ARRIBAS GARCIA
- Mr Santiago MORO OLIVERA
- Mr Luc REGENT

### Initiator and Investment Manager

Grantia Capital SGIIC, S.A.  
Vía de las dos Castillas, 33. 2º planta.  
28224. Pozuelo de Alarcón, Madrid  
Spain

### Depository and Principal Paying Agent

Société Générale Luxembourg

Registered office:

11, avenue Emile Reuter  
L-2420 Luxembourg  
Grand Duchy of Luxembourg

Operational center:

28-32, Place de la Gare  
L-1616 Luxembourg  
Grand Duchy of Luxembourg

### AIFM

FundRock Management Company S.A.  
33, rue de Gasperich,  
L-5826 Hesperange  
Grand Duchy of Luxembourg

### Administrative Agent

Société Générale Luxembourg  
(operational center)  
28-32, Place de la Gare  
L-1616 Luxembourg  
Grand Duchy of Luxembourg

**Registrar Agent**

Société Générale Luxembourg  
(operational center)  
28-32, Place de la Gare  
L-1616 Luxembourg  
Grand Duchy of Luxembourg

**Auditor**

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

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## DEFINITIONS

In this Memorandum, the following terms have the following meanings:

**1915 Law** means the Luxembourg act of 10 August 1915 on commercial companies, as may be amended from time to time;

**2007 Law** means the Luxembourg act of 13 February 2007 relating to specialised investment funds, as may be amended from time to time;

**2010 Law** means the Luxembourg act of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time;

**2013 Law** means the Luxembourg act of 12 July 2013 on alternative investment fund managers as may be amended from time to time;

**Accumulation Class** means a Class for which it is not intended to make distributions;

**Administrative Agent** means Société Générale Luxembourg, in its capacity as administrative agent;

**Administrative Agent Agreement** means the administrative agent, corporate and domiciliary agent agreement entered into between the Company and the Administrative Agent;

**Administrative Agent Fee** means the administrative agent fee payable to the Administrative Agent out of the assets of a Sub-fund as further described in the relevant Sub-fund Specifications;

**Affiliate** means

- (a) in the case of a company:
  - (i) any company which is its direct or indirect holding company or subsidiary or a direct or indirect subsidiary of that holding company; or
  - (ii) a company (or a direct or indirect subsidiary of a company) or other legal entity which controls or is controlled by the person concerned;
- (b) in the case of an individual, the spouse or direct descendant and ascendants of any kind, and any company directly or indirectly controlled by such person and his associates within the meaning of paragraph (a) of this definition; or
- (c) in the case of an entity other than a company, the members and any company directly or indirectly controlled by such person and his associates within the meaning of paragraph (a) of this definition,

except in, all cases, any company or entity in which the Company holds an Investment;

**AIF** means an alternative investment fund within the meaning of the AIFM Directive;

**AIF Management Agreement** means the agreement entered into between the AIFM and the Company;

**AIFM** means FundRock Management Company S.A. acting as alternative investment fund manager of the Company within the meaning of the AIFM Directive;

**AIFM Directive or AIFMD** means Directive 2011/61/EU of the European Parliament and the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and regulations (EC) No 1060/2009 and (EU) No 1095/2010;

**AIFM Fee** means the fee payable to the AIFM out of the assets of each Sub-fund as further described in the Memorandum and in the Agreement;

**AIFMR** means the Commission Delegated Regulation (EU) N° 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;

**Articles** means the articles of association of the Company, as amended from time to time;

**Auditor** means Deloitte Audit;

**Board** means the board of directors of the Company;

**Business Day** means a day on which banks are generally fully open for business in Luxembourg (i.e. other than Saturdays, Sundays, public holidays and (half day) banking holidays);

**Class** means a class of Shares of the Company (*catégorie d'actions*) as such term is understood under the Companies Law;

**Companies Law** means the Luxembourg law of 10 August 1915 concerning commercial companies, as amended;

**Company** means GRANTIA SICAV-SIF;

**Conflicts of Interest Policy** means the conflicts of interest policy drawn up by the Board for the Company in accordance with the CSSF Regulation 12-01, as such document may be amended from time to time;

**Control** means, in relation to an entity: (a) the holding, directly or indirectly, of the majority votes which may be cast at that entity's ordinary shareholders', members' or partners' meeting or the votes necessary to direct or cause the direction of a that entity's ordinary shareholders', members' or partners' meeting; and (b) any contractual relationship by virtue of which a person can direct the business activities of a company or other legal entity and "to **control**" or "**controlled**" will be construed accordingly;

**Conversion Fee** means the conversion charge payable upon conversion of Shares as stipulated in the relevant Sub-fund Specifications;

**CSSF** means the *Commission de Surveillance du Secteur Financier*, the Luxembourg financial supervisory authority;

**CSSF Circular 02/77** means the CSSF circular 02/77 of 27 November 2002 concerning the protection of investors in case of NAV calculation error and correction of the consequences resulting from non-compliance with the investment rules applicable to UCIs;

**CSSF Circular 04/146** means the CSSF circular 04/146 of 17 June 2004 on the protection of UCIs and their investors against late trading and market timing practices, as may amended or replaced from time to time;

**CSSF Circular 07/309** means the CSSF circular 07/309 of 3 August 2007 on risk-spreading in the context of specialised investment funds, as may be amended or replaced from time to time;

**CSSF Regulation 12-01** means the CSSF regulation N°12-01 concerning the requirements regarding risk management and conflicts of interest, as such regulation may be amended or replaced from time to time;

**Depositary** means Société Générale Luxembourg, in its capacity as depositary and principal paying agent of the Company;

**Depository Agreement** means the custody and paying agent agreement entered into between the Company and Société Générale Luxembourg;

**Depository Fee** means the depository fee payable to the Depository out of the assets of a Sub-fund as further described in the relevant Sub-fund Specifications;

**Director** means any member of the Board;

**Distribution Class** means a Class for which it is intended to make distributions;

**ESMA** means European Securities and Markets Authority;

**EU** means the European Union;

**Euro, € or EUR** means the single currency of the participating member states of the Economic and Monetary Union;

**Fiscal Year** means a twelve months period ending on 31 December, or ending on such other date as may be provided in the Articles;

**General Meeting** means the general meeting of the Shareholders of the Company;

**General Part** means the general section of the Memorandum that sets out the general terms and conditions applicable to all Sub-funds of the Company, unless otherwise provided in any of the Sub-fund Specifications;

**Initial Offering Period** or **Initial Offering Date** means, in relation to each Sub-fund, the first offering of Shares in a Sub-fund made pursuant to the terms of the Memorandum and the relevant Sub-fund Specifications;

**Initial Issue Price** means, in relation to each Class in each Sub-fund, the amount stipulated in the relevant Sub-fund Specifications as the subscription price per Share for the relevant Class in connection with the Initial Offering Period or Initial Offering Date;

**Intermediary Vehicle** means any Subsidiary or other company, entity or arrangement (such as a limited partnership, unit trust or trust) in which one or more Sub-fund(s) holds any direct or indirect interest (whether characterised as equity, debt or otherwise, including a co-investment or fractional interest), specifically established for the purpose of structuring the holding of one or more Investment(s), or other analogous entity controlled, directly or indirectly, by the Company;

**Investment** means any investment acquired by the Company within the limits set forth in the Memorandum (whether directly or through a company owned by the Company and specifically established for the purpose of acquiring Investments), including but not limited to Target Funds, any form of collective investment schemes or partnership, shares, bonds, options, warrants, derivatives or other securities issued by any person;

**Investment Manager** means the entity/entities to whom the duties of investment manager in respect of one or several specific Sub-Funds may be delegated by the AIFM, as further specified in the relevant Sub-fund Specifications;

**Investment Restrictions** means, for each Sub-fund, the investment restrictions applicable to the Company as set out in Section 3 of the General Part, as may be amended or supplemented for that specific Sub-fund in the relevant Sub-fund Specifications;

**Investor** means any person who contemplates to subscribe for Shares of the Company and, where the context requires, will include that person as a Shareholder of the Company;

**Late Trading** means 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;

**Luxembourg** means the Grand Duchy of Luxembourg;

**Luxembourg Law** means the applicable laws and regulations of Luxembourg;

**Management Fee** means the management fee payable to the Investment Manager out of the assets of the Sub-funds as further described in the Sub-fund Specifications;

**Market Timing** means any market timing practice within the meaning of CSSF Circular 04/146 or as that term may be amended or revised by the CSSF in any subsequent circular, i.e., an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same Luxembourg UCI within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the methods of determination of the net asset value of the UCI;

**Memorandum** means this confidential offering memorandum, as amended or supplemented from time to time;

**Minimum Initial Subscription Amount** means, in relation to each Class in each Sub-fund, the amount which is stipulated in the relevant Sub-fund Specifications as the minimum aggregate subscription monies which a Shareholder or subscriber must pay when subscribing for a particular Class in a Sub-fund in which the Shareholder or subscriber does not hold that particular Class prior to such subscription;

**Minimum Subsequent Subscription Amount** means, in relation to each Class in each Sub-fund, the amount which is stipulated in the relevant Sub-fund Specifications as the minimum subscription monies which a Shareholder must pay when subscribing for additional Shares of a particular Class in a Sub-fund;

**Net Asset Value** or **NAV** means the net asset value of the Company, each Class and each Share as determined in accordance with Section 13 of the General Part;

**OTC** means over-the-counter;

**OTC Derivative** means any financial derivative instrument dealt in over-the-counter;

**Passive Breach** means the breach of an investment restrictions applicable to a Sub-fund by reason other than an acquisition or purchase of an Investment ;

**Performance Fee** means the performance fee (if any) payable to the Investment Manager out of the assets of a Sub-fund as further described in the relevant Sub-fund Specifications;

**Record Date** means the date at which the number of Shares issued and outstanding by a Shareholder is determined in order to fix the quorum and majority requirements to hold a General Meeting ;

**Redemption Fee** means the redemption fee which may be levied by the Company in relation to the redemption of Shares of any Class in any Sub-fund, details of which are set out in the relevant Sub-fund Specifications;

**Redemption Request** means a request of a Shareholder to redeem all or part of his holding of Shares;

**Reference Currency** means, (i) in relation to the Company, the currency in which the Net Asset Value of the Company is calculated (i.e. the EUR) and (ii) in relation to each Sub-fund and Class, the currency in which the Net Asset Value of such Sub-fund or Class is calculated, as stipulated in the relevant Sub-fund Specifications;

**Registrar Agent** means Société Générale Luxembourg, in its capacity as registrar agent;

**Registrar Agent Agreement** means the registrar agent agreement entered into between the Company and Société Générale Luxembourg;

**Registrar Agent Fee** means the registrar agent fee payable to the Registrar Agent out of the assets of a Sub-fund as further described in the relevant Sub-fund Specifications;

**Regulated Market** refers to a regulated market which operates regularly and is recognised and open to the public;

**RESA** means the *Recueil électronique des sociétés et associations*;

**Restricted Person** means any individual or legal entity to which the Company may restrict or prevent the ownership of Shares in the Company;

**Risk Management Process** means the risk management process drawn up for the Company in accordance with the CSSF Regulation 12-01, as such document may be amended from time to time;

**Service Providers** means the Depositary, the Administrative Agent, the Registrar Agent, the Investment Manager and any other person who provides services to the Company from time to time;

**Shareholder** means a registered owner of Shares;

**Shares** means the shares issued by the Company from time to time;

**Sub-fund Specifications** means each and every supplement to this Memorandum describing the specific features of a Sub-fund. Each such supplement is to be regarded as an integral part of the Memorandum;

**Sub-fund** means a separate portfolio of assets and liabilities within the meaning of articles 71 ff. of the 2007 Law, having its own NAV and represented by specific Shares, distinguished mainly by its specific investment policy and objective and/or by the currency in which it is denominated, and that the Board may, at any time, decide to create. The specifications of each Sub-fund will be described in their relevant Sub-fund Specifications;

**Subscription Fee** means the subscription fee which may be levied upon subscription of Shares in a Sub-fund, details of which are set out in the relevant Sub-fund Specifications;

**Subsidiary** means any local or foreign corporation or partnership or other entity in which (a) the Company holds, through one or more Sub-funds, in aggregate more than 50% of the voting rights or (b) which is otherwise controlled by the Company;

**Target Fund** means any UCI in which a Sub-fund is invested;

**UCI** means an undertaking for collective investment;

**UCITS** means an undertaking for collective investment in transferable securities, authorised in accordance with Directive 2009/65/EC, as amended;

**USD** means United States Dollar, the official currency of the United States of America;

**Valuation Day** means the day in respect of which the Net Asset Value of any Sub-fund and Class is calculated, as set out in respect of each Sub-fund in the relevant Sub-fund Specifications;

**Well-Informed Investors** means any well-informed investor (*investisseur averti*) which qualifies as such as per article 2 of the 2007 Law. A Well-Informed Investor is an institutional investor, a professional investor or any other investor who:

- (a) has confirmed in writing that it adheres to the status of well-informed investor; and
- (b) either invests a minimum of €125,000 (or its equivalent in another currency) in the Company;

or

has obtained an assessment certifying its expertise, experience and knowledge in adequately appraising an investment in the Company made by (i) a credit institution within the meaning of Directive 2006/48/EC, (ii) an investment firm within the meaning of Directive 2004/39/EC, or (iii) a management company within the meaning of Directive 2009/65/EC.

For the avoidance of doubt, the directors and the other persons involved in the management of the Company are regarded as Well-Informed Investors for the purpose of article 2 of the 2007 Law.

## GENERAL SECTION

The General Part applies to all Sub-funds of the Company. The specific features of each Sub-fund and Class are set forth in the Sub-fund Specifications.

### 1. THE COMPANY

#### 1.1 Corporate form - Legal regime

- (a) The Company is a an investment company with variable share capital (*société d'investissement à capital variable - SICAV*) organised as an umbrella specialised investment fund (*fonds d'investissement spécialisé - FIS*) in the form of a public limited liability company (*société anonyme –S.A.*) in accordance with the provisions of the 2007 Law and the 1915 Law. The subscription, sale and holding of Shares of the Company are restricted to Well-Informed Investors subscribing on their own behalf or to Well-Informed Investors subscribing on behalf of other Well-Informed Investors.
- (b) The Company has been incorporated for an unlimited duration with an initial share capital of EUR 30,000.- (thirty thousand euros) represented by 300 (three hundred) ordinary shares on 6 December 2018 (the **Formation Date**) and is registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés*) under number B230284. The Articles have been filed with the Luxembourg trade and companies register where they are available for inspection and where copies can be made. Copies may also be obtained at the registered office of the Company.
- (c) The capital of the Company is at all times equal to the value of its net assets. The Company was incorporated with an initial capital of EUR 30,000. The share capital of the Company must reach at least EUR 1,250,000 within a period of twelve (12) months following its authorisation by the CSSF.
- (d) The registration of the Company pursuant to the 2007 Law should not be interpreted as a positive assessment of the quality of the proposed investment by any Luxembourg authority.

#### 1.2 Umbrella structure - Sub-funds and Classes

- (a) The Company has an umbrella structure consisting of one or several Sub-funds. A separate portfolio of assets is maintained for each Sub-fund and is invested in accordance with the investment objective, investment strategy and Investment Restrictions applicable to that Sub-fund. The investment objective, investment strategy and Investment Restrictions, as well as the other specific features of each Sub-fund are set forth in the relevant Sub-fund Specifications.
- (b) The Company is one single legal entity. However, in accordance with article 71(5) of the 2007 Law, the rights of the Shareholders and creditors relating to a Sub-fund or arising from the setting-up, operation and liquidation of a Sub-fund are limited to the assets of that Sub-fund. The assets of a Sub-fund are exclusively dedicated to the satisfaction of the rights of the Shareholders relating to that Sub-fund and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that Sub-fund.
- (c) Each Sub-fund is treated as a separate entity and operates independently, each portfolio of assets being invested for the exclusive benefit of the Sub-fund concerned. A purchase of Shares relating to one particular Sub-fund does not give the holder of such Shares any rights with respect to any other Sub-fund.

- (d) Within a Sub-fund, the Board may decide to issue one or more Classes the assets of which will be commonly invested but subject to different fee structures, distribution, marketing targets, currency or other specific features. A separate Net Asset Value per Share, which may differ as a consequence of these variable factors, will be calculated for each Class.
- (e) The Board may issue an unlimited number of Shares in each Sub-fund and, at any time, create additional Classes whose features may differ from the existing Classes and additional Sub-funds whose investment objectives may differ from those of the Sub-funds then existing. Upon creation of new Sub-funds or Classes, the Memorandum will be updated, if necessary, or supplemented by a new Sub-fund Specifications.
- (f) For the time being, the following Sub-funds are available to Investors:
  - *Grantia – FX Albatros; and*
  - *Grantia – FX Equanto.*
- (g) The Board may decide to create further Sub-funds and/or Classes with different characteristics, and in such cases, this Memorandum will be updated accordingly.
- (h) Shares of different Classes within each Sub-fund may, unless otherwise provided for in the relevant Sub-fund Specifications, be issued, redeemed and converted at prices computed on the basis of the Net Asset Value per Share, within the relevant Sub-fund, as defined in the Articles and in accordance with the provisions of the relevant Sub-fund Specifications.
- (i) Shares are exclusively reserved for subscription by Well-Informed Investors. In addition, Investors should note that some Sub-funds or Classes may not be available to all Well-Informed Investors.

### 1.3 **Term of the Company - Term of the Sub-funds**

- (a) The Company has been incorporated with an unlimited duration provided that the Company will however be automatically put into liquidation upon the termination of a Sub-fund if no further Sub-fund is active at that time.
- (b) The Sub-funds may be created with a defined period in which case they will be automatically liquidated at the relevant termination date, as further described in the relevant Sub-fund Specifications.

### 1.4 **Listing**

- (a) None of the Shares are currently neither listed on the Luxembourg Stock Exchange nor on any other stock exchange nor admitted to trading on a Regulated Market or multilateral trading facility, but the Board may in future decide to quote one or more Classes on the Luxembourg or any stock exchange or to request admission to trading of the Shares on any Regulated Market or multilateral trading facility.

## 2. **MANAGEMENT AND ADMINISTRATION**

### 2.1 **Board**

- (a) The Company will be managed by a Board of at least 3 (three) members. The Board is vested with the broadest powers to perform all acts of administration and disposition in the

Company's interests. All powers not expressly reserved by law to the General Meeting fall within the competence of the Board.

- (b) The Board is responsible for the performance of the overall investment policy and objectives, management and administration of the Company.
- (c) The Board will manage the assets of the Company and the Sub-funds in compliance with the Articles and the provisions of this Memorandum for the sole benefit, and in the best interest, of the Shareholders.
- (d) The Directors are elected by the General Meeting which will also determine the number of Directors, their remuneration and the term of their office. A Director may be removed with or without cause and/or replaced, at any time, by resolution adopted by the General Meeting.
- (e) The Board will appoint a chairman among its members. The chairman will have a casting vote in case of a tied vote.
- (f) The Board consists of the following members:
  - Mr Daniel ARRIBAS GARCIA;
  - Mr Santiago MORO OLIVERA; and
  - Mr Luc REGENT.

## 2.2 AIFM

- (a) The Company has designated FundRock Management Company S.A. as AIFM of the Company within the meaning of the 2013 Law (the **AIFM**) and this latter shall be responsible to ensure the compliance of the Company with the 2013 Law, to the extent applicable. In this respect, the AIFM shall be responsible of the Company's portfolio management and risk management in accordance with the 2013 Law and in accordance with the terms and conditions of an AIF Management Agreement, effective as from 20 December 2018.
- (b) The AIFM is a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg for an unlimited period of time and having its registered office at 33, rue de Gasperich, L-5826 Hesperange. It is registered on the official list of Luxembourg alternative investment fund managers governed by the 2013 Law and with the Luxembourg RCS under number B104196. The AIFM has a subscribed and paid-up capital in excess of EUR 10,000,000.
- (c) The AIFM has been permitted by the Board to delegate certain functions to specialised service providers within the limit set forth in the 2013 Law (and more particularly article 18). The AIFM will monitor on a continued basis the activities of the third parties to which it has delegated functions in accordance with the 2013 Law. The agreements entered into between the AIFM and the relevant third parties provide that the AIFM can give at any time further instructions to such third parties, and that it can withdraw their mandate with immediate effect if this is in the interest of the Company. The AIFM's liability towards the Company is not affected by the fact that it has delegated certain functions to third parties.
- (d) In consideration for its services under the AIF Management Agreement, the AIFM will be entitled to an AIFM Fee payable out of the assets of each Sub-fund and calculated in accordance with Section 22.3 of this General Section and each Sub-fund Specifications.

- (e) In order to cover its professional liability risk resulting from the activities it may carry out, the AIFM holds a professional indemnity insurance against liability arising from professional negligence which is appropriate to the risk covered.
- (f) The AIFM has a remuneration policy in place which seeks to ensure that the interests of the AIFM and the shareholders of the Company are aligned. Such remuneration policy imposes remuneration rules on staff and senior management within the AIFM whose activities have an impact on the risk profile of the Company. The AIFM shall seek to ensure that such remuneration policies and practices will be consistent with sound and effective risk management and with the AIFMD and ESMA's remuneration guidelines. The AIFM shall also seek to ensure that such remuneration policies and practices shall not encourage risk taking which is inconsistent with the risk profile and constitutional documents of the Company. The AIFM shall seek to ensure that the remuneration policy will, at all times, be consistent with the business strategy, objectives, values and interests of the Company and the shareholders and that the remuneration policy will include measures that seek to ensure that all relevant conflicts of interest can be managed appropriately at all times.
- (g) Subject to applicable regulatory approval or notification, as required, for the purpose of a more efficient conduct of its business, the AIFM may delegate to third parties the power to carry out some of its functions on its behalf, subject to limitations and requirements, including the existence of objective reasons, in accordance with applicable laws and regulations. The delegated functions shall remain under the supervision and responsibility of the AIFM and the delegation shall not prevent the AIFM from acting, or the Company from being managed, in the best interests of the investors. The delegation to third parties is subject to the prior approval of the CSSF.
- (h) In conducting its activities, the AIFM shall act honestly and fairly, with due skill, care and diligence, in the best interests of the Company, its investors, and the integrity of the market.
- (i) The AIF Management Agreement has no fixed duration and each party may, in principle, terminate the agreement on not less than three (3) months' prior written notice. The AIF Management Agreement may also be terminated on shorter notice in certain circumstances described in the AIF Management Agreement and for instance where one party commits a material breach of its obligations. The AIF Management Agreement contains provisions exempting the AIFM from liability and indemnifying the AIFM in certain circumstances. However, the liability of the AIFM towards the Company will not be affected by any delegation of functions by the AIFM.

### 2.3 Investment Manager

- (a) Unless otherwise provided in the Sub-fund Specifications, the AIFM has designated Grantia Capital SGIIC, S.A. as investment manager of the Sub-funds' assets (the **Investment Manager**) to perform portfolio management activities. The Investment Manager will make, subject to the overall control and ultimate responsibility of the AIFM, discretionary investments with respect to the investment and reinvestment of the assets of the Sub-funds pursuant to an investment management agreement (the **Investment Management Agreement**).
- (b) Grantia Capital SGIIC, S.A. is a Spanish public limited company registered with the Spanish trade and companies register under the number ESA87911418 and whose registered office is situated at Vía de las dos Castillas, 33. 2º planta, 28224, Pozuelo de Alarcón, Madrid, Spain. It is registered and authorised as a Fund Management Company in the meaning of the Spanish law, as amended, and is authorised to perform, among others, portfolio management services, advisory services, UCITS Funds & AIF management services.

- (c) The Investment Manager is responsible for, among other matters, identifying and acquiring the Investments of the Sub-funds. The Investment Manager is granted full power and authority and all rights necessary to enable it to manage the investments of the Sub-funds and provide other investment management services to assist the Company to achieve the investment objectives and policy set out in this Memorandum and any specific investment objective and policy set out in the relevant Sub-fund Specifications. Consequently, the responsibility for making decisions to buy, sell or hold a particular security or asset rests with the Investment Manager, is always subject to the overall policies, direction, control and responsibility of the AIFM.
- (d) The Investment Manager is responsible for portfolio management activities and makes the investment decisions for the Sub-funds and places purchase and sale orders for the Sub-funds' transactions. As permitted by applicable laws, these orders may be directed to brokers, including the Investment Manager's affiliates. The Investment Manager may draw upon the research and expertise of its asset management affiliates for portfolio decisions and management with respect to certain securities of the Sub-funds.
- (e) The Investment Management Agreement was entered into for an unlimited period of time. The Investment Management Agreement may be terminated by either party upon 3 (three) months prior written notice.
- (f) In consideration for its services under the Investment Management Agreement, the Investment Manager will be entitled to a Management Fee payable out of the assets of each Sub-fund calculated in accordance with Section 22.3 of this General Section and each Sub-fund Specifications. The Investment Manager may also be entitled to a Performance Fee out of the assets of a Sub-fund as set out in the relevant Sub-fund Specifications.

#### 2.4 Risk Management and Conflicts of Interest

- (a) Risk management

The AIFM set risk management policies and procedures pertaining to the Company and each Sub-fund in accordance with article 14 of the 2013 Law.

The AIFM has implemented effective risk management policies and procedures in order to identify, measure, manage and monitor on an ongoing basis all risks relevant to the Company and to each of the Sub-funds' investment strategy to which the Company and each Sub-fund is exposed.

Through the risk management policies and procedures it implements, the AIFM shall ensure, inter alia, that (i) the risk profile of the AIF disclosed to investors is consistent with the risk limits that have been set; (ii) to monitor the compliance with the risk limits set and (iii) the risk management policy is appropriate to the nature, scale and complexity of the business of the AIFM, the Company and the Sub-funds.

In accordance with article 14 (4) of the 2013 Law, the Company leverage's exposure shall be limited and expressed in accordance with the commitment method and the gross method. The maximum level of leverage of each Sub-fund will be set out for each Sub-fund in the relevant Sub-fund Specifications.

The global exposure and the tolerance thresholds and limits of all risks relevant to the Sub-funds, as determined by the Board and the AIFM from time to time, will be managed in proportion to the specific circumstances, investment policy and management methodology of the Company and each of its Sub-funds.

(b) Conflicts of interest

No contract or other transaction between the Company and any other company or firm shall be affected or invalidated by the sole fact that any one or more of the managers or officers of the Company is interested in, or is a director, associate, officer or employee of such other company or firm. However, in such a case any manager or officer of the Company who serves as a director, officer or employee of any company or firm, with which the Company shall contract or otherwise engage in business shall, by reason of such affiliation with such other company or firm, be prevented from considering and voting or acting upon any matters with respect to such contract or other business.

In the event that any manager or officer of the Company has, in any transaction, an opposite interest to the interests of the Company, such manager or officer shall make it known to the Board and the AIFM and shall not consider or vote on any such transaction and such transaction, and such manager's or officer's interest therein shall be reported to the next meeting of Shareholders.

Notwithstanding the above and in accordance with the 2013 Law, the AIFM applies its own conflict of interest policy intended to structure and organize the Company in order to identify the risk of conflict of interest between:

- 1) a Shareholder of the Company or a Sub-fund and another Shareholder of the Company or a Sub-fund;
- 2) a Shareholder of the Company or a Sub-fund and an investor of another AIF managed by the AIFM;
- 3) two clients of the AIFM;
- 4) a Shareholder of the Company or a Sub-fund and the AIFM or any person directly or indirectly linked to the AIFM by control; or
- 5) the Company or a Sub-fund and the AIFM or any person directly or indirectly linked to the AIFM by control.

The AIFM shall maintain and operate effective organisational and administrative arrangements to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affect the interests of the Company and/or its Shareholders.

If the arrangements put in place by the AIFM to manage Conflicts of Interest are not sufficient to ensure with reasonable confidence that the risk of damage to the interests of the Company or its shareholders will be prevented, the AIFM will disclose the general nature and sources of Conflicts of Interest to the Company or its Shareholders.

## 2.5 **Depositary and Principal Paying Agent**

- (a) Société Générale Luxembourg is the Company's depositary and paying agent (the **Depositary**).
- (b) The Depositary will assume its functions and responsibilities in accordance with article 19 of the 2013 Law and articles 83 to 102 of the AIFMR. The relationship between the Company and the Depositary is subject to the terms of a depositary and paying agency agreement entered

into for an unlimited period of time (the **Depositary Agreement**). Each of the Company and the Depositary may terminate this agreement upon a three (3) months' prior written notice.

- (c) In accordance with the 2013 Law, and pursuant to the Depositary Agreement, the Depositary carries out, *inter alia*, the safekeeping of the assets of the Company, the monitoring of the cash flows and the monitoring and oversight of certain tasks of the Company. In the fulfilment of its duties, the Depositary is liable as provided for by the 2013 Law and any other applicable Luxembourg laws and regulations.
- (d) The Company's assets may be deposited with delegates of the Depositary under the conditions stipulated in the Depositary Agreement. The Depositary's liability shall not be affected by the fact it has entrusted some of the assets in its custody to a third party and such delegation shall comply with the requirements of the 2013 Law. The Depositary may be discharged from its liability as described in the Depositary Agreement.
- (e) In case of termination of the Depositary Agreement, a new depositary shall be appointed. Until it is replaced, the resigning or, as the case may be, removed depositary shall take all necessary steps for the safeguard of the interests of the Shareholders.
- (f) The Depositary is a wholly-owned subsidiary of Société Générale, a Paris-based credit institution. The Depositary is a Luxembourg public limited company registered with the Luxembourg trade and companies register under the number B 6061 and whose registered office is situated at 11, avenue Emile Reuter, L-2420 Luxembourg. Its operational center is located 28-32, place de la Gare, L-1616 Luxembourg. It is a credit institution in the meaning of the law of 5 April 1993 relating to the financial sector, as amended. In order to avoid conflicts of interest within Société Générale Luxembourg, in its capacities as Depositary and as Administrative Agent, Société Générale Luxembourg has functionally and hierarchically separated the performance of its depositary function from its tasks as Administrative Agent and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the Shareholders of the Company.
- (g) The Depositary is not responsible for any investment decisions of the Company or of one of its agents or the effect of such decisions on the performance of a relevant Sub-fund.
- (h) In addition, Société Générale Luxembourg will act as the Company's principal paying agent. In that capacity, Société Générale Luxembourg will have as its principal function the operation of procedures in connection with the payment of distributions and, as the case may be, redemption proceeds on the Shares of the Company.

## 2.6 Administrative Agent

- (a) Société Générale Luxembourg has also been appointed as the administrative agent (the **Administrative Agent**) and will be responsible for the performance of the central administrative functions required by Luxembourg Law, the calculation of the NAV and the maintenance of the Company's accounting records.
- (b) The Administrative Agent's operational center is situated in Luxembourg at 28-32, place de la Gare, L-1616 Luxembourg.
- (c) The relationship between the Company and the Administrative Agent is subject to the terms of the Administrative Agent Agreement entered into for an unlimited period of time. Each of the Company, the AIFM and the Administrative Agent may terminate the Administrative Agent Agreement upon 3 (three) months' prior written notice.

- (d) In connection with the calculation of the Net Asset Value, the Administrative Agent may rely on information supplied by third parties (such as administrative and valuation agents or managers of underlying Investments and Target Funds) or by the AIFM. In the absence of manifest error, the Administrative Agent will not be liable for the accuracy of the relevant information received or for any errors in the Net Asset Value calculation resulting from the inaccuracy of the relevant information received by the Administrative Agent. In relation to assets which are non-listed, the Administrative Agent may in good faith rely on the valuations provided for by the AIFM or by any third party authorised to that effect by the AIFM. The Administrative Agent will also not be responsible for any trading decisions of the Company or the impact and effect of such investment decisions on the performance of the Company.

## 2.7 Registrar Agent

- (a) Société Générale Luxembourg has also been appointed as registrar and transfer agent of the Company (the **Registrar Agent**) pursuant to an agreement (the **Registrar Agent Agreement**) entered into for an unlimited period of time. The Registrar Agent Agreement may be terminated at any time by either of the Company or the Registrar Agent upon giving 3 (three) months' prior written notice.
- (b) The Registrar Agent's operational center is situated in Luxembourg at 28-32, place de la Gare, L-1616 Luxembourg.
- (c) The Registrar Agent is, under the supervision and ultimate responsibility of the AIFM, in charge for handling the processing of subscriptions for Shares as well as the requests for redemptions and conversions of Shares whilst accepting the transfer of funds. The Registrar Agent also ensures the safekeeping of the shareholders' register of the Company and ensures that all reports, notices and any other documents are properly sent to the Shareholders. In addition, the Registrar Agent will verify that Investors are Well-Informed Investors. The Registrar Agent will be responsible for applying Anti-Money Laundering ("AML") and Know Your Customers ("KYC") procedures in compliance with laws and regulations applicable in Luxembourg and as further described under paragraph 12 below.

## 2.8 Distributor

- (a) The Company may appoint distributors for the purpose of distributing and marketing the Company's Shares (any such distributor, a **Distributor**). Distributors may, with the approval of the Company, appoint sub-distributors to distribute Shares of different Sub-funds from time to time.
- (b) The Distributors and the sub-distributors may be involved in the collection of subscription, redemption and conversion orders on behalf of the Company and may, subject to local law in countries where Shares are offered and with the agreement of the Company, and the respective investors, provide a nominee service to investors purchasing Shares through them. In this capacity, the Distributors and the sub-distributors will, in their name but as nominee for the investor, purchase or sell Shares for the investor and request registration of such operations in the Company's register. Whilst and to the extent that such nominee arrangements subsist, such underlying investor will not appear in the register of the Company and will have no direct right of recourse against the Company.
- (c) The terms and conditions of the (sub-)distribution agreement(s) with arrangements to provide nominee services will have to allow that an underlying Investor who (i) has invested in the Company through a nominee and (ii) is not a Restricted Person, may at any time, require the transfer in his name of the Shares subscribed through the nominee. After this transfer, the

investor will receive evidence of his shareholding at the confirmation of the transfer from the nominee.

- (d) Investors may subscribe directly to the Company without having to go through a nominee.
- (e) The Company may enter into retrocession fee arrangements with the Distributors or any sub-distributor in relation to their distribution services, provided that (i) such retrocession fees shall not exceed 3% and (ii) any such arrangement will be designed to enhance the quality of the service to the investors and must not impair compliance with the Company's, the Distributors' or any sub-distributors' duty to act in the best interests of the Investors.

## 2.9 Auditor

Deloitte Audit, whose registered office is at 20, Boulevard de Kockelscheuer, L-1821 Luxembourg, has been appointed by the Company as its auditor and will fulfil all duties prescribed by the 2007 Law.

## 3. INVESTMENT OBJECTIVE, STRATEGY AND RESTRICTIONS

### 3.1 Investment objective and strategy

The investment objective and strategy of each Sub-fund are set out in respect of that Sub-fund in the relevant Sub-fund Specifications. Unless otherwise provided for in the relevant Sub-fund Specifications, the investment objective and strategy of each Sub-fund does not focus on a specific investment region or country.

There can be no guarantee that the investment objectives of the Company or of any Sub-fund will be met.

The Company may invest (directly or indirectly) in any kind of assets (including derivatives), which are eligible under the 2007 Law.

### 3.2 Investment Restrictions

Unless otherwise provided for in the relevant Sub-fund Specifications in relation to a particular Sub-fund:

#### *General*

The general principles relating to risk diversifications obligations applicable to the Company are set forth in CSSF Circular 07/309. Accordingly:

- (a) any Sub-fund will not invest more than 30% of its gross assets or commitments to subscribe in securities of the same kind issued by the same issuer;
- (b) the restriction set out under item (a) above is not applicable to the acquisition of:
  - (i) units or shares of UCIs that are subject to risk diversification requirements comparable to those set out in CSSF Circular 07/309; and
  - (ii) securities issued or guaranteed by a Member State of the OECD or by its local authority or by supranational institutions and organisations with European, regional or worldwide scope.

- (c) each compartment of a Target Fund with multiple compartments is considered as a distinct Target Fund for the purpose of the Investment Restrictions and limits set out under items (a) and above provided that the principle of segregation of the assets and liabilities of the different compartments is ensured;

***Borrowing***

- (d) each Sub-fund may borrow permanently (either directly or at the level of any Intermediary Vehicle) and for investment purposes to meet funding commitments in underlying Investments or for working capital purposes, and secure those borrowings with liens or other security interests in, or mortgages on, its assets (or the assets of any of its Intermediary Vehicles) provided that a Sub-fund may not, at any point in time, incur a level of borrowing in excess of 100% of its gross assets;

***Derivatives and securities lending, borrowing and repurchase transactions***

- (e) the Sub-funds may utilise a variety of financial instruments including derivatives, options, interest rate swaps, caps and floors, futures and forward contracts, to seek to hedge against declines in the values of the underlying investments as a result of changes in currency exchange rates, certain changes in the equity markets and market interest rates and other events. Each Sub-fund may also use financial derivative instruments for investment purposes provided it maintains a diversification at the level of the derivatives' underlying assets equivalent to that applicable in case of direct investment (i.e., the exposure of a Sub-fund to a single Investment that is not subject to risk diversification requirements comparable to those applicable to the relevant Sub-fund through the use of derivative instruments may not exceed 30% of its gross assets);
- (f) the risk exposure of a Sub-fund to a counterparty in OTC Derivative transactions may not exceed 30% of its gross asset value;
- (g) short sales may, in principle, not result in:
  - (i) a Sub-fund holding an uncovered position on assets which are not listed on a stock exchange or dealt on another Regulated Market. However, each Sub-fund may hold uncovered positions on assets which are not listed nor dealt on a Regulated Market if such assets are sufficiently liquid;
  - (ii) a Sub-fund incurring an exposure on any single issuer representing more than 30% of its gross assets;
- (h) the maximum level of leverage of a Sub-fund resulting from the use of financial derivative instruments will be set out for each Sub-fund in the relevant Sub-fund Specifications;
- (i) each Sub-fund may also enter into securities lending, borrowing and repurchase transactions and enter into sale with right of repurchase transactions (*opérations à réméré*) provided that:
  - (i) the counterparties in such transactions are first class professionals specialised in this type of transactions; and
  - (ii) the counterparty risk resulting from the difference between (i) the value of the assets transferred by a Sub-fund to a lender as security in the context of borrowing or security lending transactions and (ii) the debt of the Sub-fund owed to such lender may not exceed 30% of the Sub-fund's gross assets. Any Sub-fund may, in addition, grant

guarantees in the context of systems of guarantee which do not result in a transfer of ownership or which limit the counterparty risk by other means; and

- (iii) unless otherwise provided for in respect of a particular Sub-fund in the relevant Sub-fund Specifications, as part of lending transactions, the Sub-fund receives in principle security (in the form of liquid assets) of a value which, at the time of conclusion of the lending agreement, must be at least equivalent to 100% of the global valuation of the securities lent. This security is however not required if the securities lending is carried out through recognised clearing institutions or other organisation assuring to the lender a reimbursement of the value of the securities lent, by way of guarantee or otherwise;

### ***Leverage***

- (j) the maximum level of leverage for each Sub-fund is provided for in the relevant Sub-fund Specifications in accordance with article 14(4) of the AIFM Law;
- (k) the AIFM shall calculate the exposure of each Sub-fund in accordance with section 2 of the AIFMR and more specifically in accordance with the gross method as set out in Article 7 of the AIFMR and the commitment method as set out in Article 8 of the AIFMR;

### ***Kick off period***

- (l) the Investment Restrictions set out in this Section 3 may not be complied with during a transitional period of six (6) months from the date of each Sub-fund's first Investment, provided that the Board will endeavour to ensure, at all times, an appropriate level of diversification of risk within the portfolio of the Sub-funds;

### ***Security interests – guarantees***

- (m) in furtherance of each of the Sub-funds' investment objective and policy, the Company may, for the account of the relevant Sub-fund, give guarantees and grant security in favour of third parties to secure the Sub-fund's obligations and the obligations of Intermediary Vehicles and it may grant any assistance to Intermediary Vehicles, including, but not limited to, assistance in the management and the development of such companies and their portfolio, financial assistance, loans, advances or guarantees. It may pledge, transfer, encumber or otherwise create security over some or all of its or its Sub-funds' assets.

## **3.3 Passive Breaches – CSSF Circular 02/77**

If the investment restrictions applicable to a Sub-fund are breached by reason other than an acquisition or purchase of an Investment (including, for the avoidance of doubt, if the investment restrictions are breached (a) due to an increase or decrease of the value of the relevant Investment) (a **Passive Breach**), the Board will seek to remedy the Passive Breach, but will only do so if they reasonably considers it to be in the best interests of the Shareholders. In addition, neither the Board nor the Investment Manager will commit to any new Investments that may aggravate the Passive Breach in the relevant Sub-fund. Likewise, the investment restrictions will not be considered as being actively breached as a result of Investments being disposed of during the liquidation phase of the relevant Sub-fund.

The Board and the Investment Manager will monitor the investment restrictions applicable to each Sub-fund but will not be required to take immediate remedial action to comply with any such investment restriction, if (i) the failure to comply with the investment restriction results in an event which is beyond the Board and the Investment Manager's control or (ii) the Board and the Investment

Manager deem it advisable or in the best interest of the Sub-fund not to dispose of or otherwise take action with respect to the relevant Investment.

With respect to the protection of Investors in case of Net Asset Value calculation error and the correction of the consequences resulting from non-compliance with the investment restrictions applicable to the Company, the Company intends to comply with the principles and rules set out in CSSF Circular 02/77, subject to what is specified here below:

- the tolerance threshold applicable will be 1% (one per cent), unless other specified in respect of a Sub-fund in the relevant Sub-fund Specifications;
- no report thereon will be transmitted to the CSSF;
- the correction will be made under the control of the Auditor.

#### **4. MARKET TIMING AND LATE TRADING**

- 4.1 Prospective Investors and Shareholders should note that the Company may reject or cancel any subscription or conversion orders for any reason and in particular in order to comply with the CSSF Circular 04/146.
- 4.2 For example, excessive trading of shares in response to short-term fluctuations in the market, a trading technique sometimes referred to as Market Timing, has a disruptive effect on portfolio management and increases the Sub-Funds' expenses. Accordingly, the Company may, in the sole discretion of the Board, compulsorily redeem Shares or reject any subscription orders and conversions orders from any investor that the Company reasonably believes has engaged in Market Timing activity. For these purposes, the Board may consider an Investor's trading history in the Sub-funds and accounts under common control or ownership.
- 4.3 In addition to the redemption or conversion fees which may be of application to such orders as set forth in the Sub-fund Specifications of the relevant Sub-fund, the Company may impose a penalty of maximum 2% of the Net Asset Value of the Shares subscribed or converted where the Company reasonably believes that an Investor has engaged in market timing activity. The penalty will be credited to the relevant Sub-fund. The Company and the Board will not be held liable for any loss resulting from rejected orders or mandatory redemption.
- 4.4 Furthermore, the Company will ensure that the relevant cut-off time for requests for subscriptions, redemptions or conversions are strictly complied with and will therefore take all adequate measures to prevent practices known as Late Trading.

#### **5. CO-MANAGEMENT**

- 5.1 Subject to the general provisions of the Articles, the AIFM may authorise the co-management of the assets of certain Sub-funds on a pooled basis for the purposes of efficient portfolio management. In these cases, assets of the Sub-funds participating in the co-management process will be managed according to a common investment objective and will be referred to as a "pool". These pools, however, are used solely for internal management efficiency purposes or to reduce management costs.
- 5.2 The pools do not constitute separate legal entities and are not directly accessible to Shareholders. Cash, or other assets, may be allocated from one or more Sub-funds into one or more of the pools established by the Company. Further allocations may be made, from time to time, thereafter. Transfers from the pool(s) back to the Sub-funds may only be made up to the amount of that Sub-fund's participation in the pool(s).

- 5.3 The proportion of any Sub-fund's participation in a particular pool will be measured by reference to its initial allocation of cash and/or other assets to such a pool and, on an ongoing basis, according to adjustments made for further allocations or withdrawals.
- 5.4 The entitlement of each Sub-fund participating in the pool, to the co-managed assets applies proportionally to each and every single asset of such pool.
- 5.5 Where the Company incurs a liability relating to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool. Assets or liabilities of the Company, which cannot be attributed to a particular pool, are allocated to the Sub-fund they belong or relate to. Assets or expenses which are not directly attributable to a particular Sub-fund are allocated among the various Sub-funds pro rata, in proportion to the Net Asset Value of each Sub-fund.
- 5.6 Upon dissolution of the pool, the pool's assets will be allocated to the relevant Sub-fund(s) if directly attributable to such Sub-fund or in proportion to each Sub-funds' participation in the pool.
- 5.7 Dividends, interest, and other distributions of an income nature earned in respect of the assets of a particular pool will be immediately credited to the Sub-funds either directly if attributable to such Sub-funds or in proportion to its respective participation in the pool at the time such income is recorded.
- 5.8 Expenses directly attributable to a particular pool will be recorded as a charge to that pool and, where applicable, will be allocated either directly to the relevant Sub-funds or in proportion to their respective participation in the pool at the time such expense is incurred. Expenses, that are not attributable to a particular pool, will be charged to the relevant Sub-fund(s).
- 5.9 In the books and accounts of the Company the assets and liabilities of a Sub-fund, whether participating or not in a pool, will, at all times, be identified or identifiable as an asset or liability of the Sub-fund concerned including, as the case may be, between two accounting periods a proportionate entitlement of a Sub-fund to a given asset. Accordingly such assets can, at any time, be segregated. On the Depositary's records for the Sub-fund such assets and liabilities will also be identified as a given Sub-fund's assets and liabilities and, accordingly, segregated on the Depositary's books.

## **6. SHARE CAPITAL AND SHARES**

### **6.1 Investment by Well-Informed Investors**

- (a) Shares are exclusively reserved for Well-Informed Investors. The Company will not issue, or give effect to any transfer of Shares to any person who is not a Well-Informed Investor.
- (b) The Company (and the Registrar Agent acting on behalf of the Company) reserves the right to request such information as is necessary to verify the identity of an Investor and its status in regard to the qualification as a Well-Informed Investor. In the event of delay or failure by the Investor to produce any information required for verification purposes or if there is not sufficient evidence that the person to whom the Shares are sold or transferred to is a Well-Informed Investor, the Company (and the Registrar Agent acting on behalf of the Company) may refuse to accept the subscription application or transfer notice.

### **6.2 Description of the Shares**

- (a) The Shares are issued and will remain in registered form (*actions nominatives*) only. Shares are issued without par value and must be fully paid upon issue. The Shares are not represented by certificates.

- (b) The register of the Shares will be kept by the Registrar Agent on behalf of the Company, and the register (and the Shareholders' personal data contained therein) will be available for inspection by any Shareholder. The register will contain the name of each owner of registered Shares, its residence or elected domicile as indicated to the Company, the number and Class of Shares held by it, the transfer of Shares and the dates of such transfers. The ownership of the Shares will be established by the entry in this register.
- (c) Each Shareholder will provide the Company with an address, fax number and email address to which all notices and announcements may be sent. Such address will also be entered into the register of Shares. Shareholders may, at any time, change their address as entered into the register of Shareholders by way of a written notification sent to the Company.
- (d) The Company will recognise only one holder per Share. In case a Share is held by more than one person, the Company has the right to suspend the exercise of all rights attached to that Share until one person has been appointed as sole owner in relation to the Company. The same rule will apply in the case of conflict between an usufruct holder (*usufruitier*) and a bare owner (*nu-propriétaire*) or between a pledgor and a pledgee.
- (e) Subject to the provisions of Section 11 of this General Part, title to Shares in registered form is transferred upon registration of the name of the transferee in the share register of the Company. The Company will not issue, or give effect to any Transfer of Shares to any Investor who is not a Well-Informed Investor.
- (f) All Shares issued by the Company are redeemable Shares. The Company may therefore redeem Shares at the Board's discretion and, in particular in accordance with the Articles and the provisions of this Memorandum.
- (g) Shares will have the same voting rights and will have no pre-emptive subscription rights. All Shareholders have the right to vote at General Meeting. Subject to Section 11.2(b) of this General Part, each Share entitles its holder to one vote.
- (h) The Board may decide to issue, within each Sub-fund, Classes or sub-classes having e.g. a specific subscription and redemption charge structure; a specific fees and expenses structure; different distribution rights, and the Board may, in particular, decide that Shares pertaining to one or more Class(es) be entitled to receive incentive remuneration scheme in the form of carried interest or to receive preferred returns; different Shareholders servicing or other fees; different types of targeted investors; different transfer restrictions; different currencies; and/or such other features as may be determined by the Board from time to time and described for each Sub-fund in the relevant Sub-fund Specifications.
- (i) Fractional Shares will be issued to the nearest 1,000th of a Share (i.e. with three decimal places), and such fractional Shares will not be entitled to vote (except where their number is so that they represent a whole Share, in which case they confer a voting right) but will be entitled to a participation in the net results and in the proceeds of liquidation attributable to the relevant Class in the relevant Sub-fund on a pro rata basis.
- (j) Unless otherwise provided for in the relevant Sub-fund Specifications, the Company may discretionarily agree to issue Shares as consideration for a contribution in kind of securities or other assets, provided that such securities or other assets comply with the investment objective and strategy of the relevant Sub-fund and are in compliance with Luxembourg Law. Any such contribution in kind will be valued in a report established by an auditor qualifying as a *réviseur d'entreprises agréé* drawn up in accordance with the requirements of Luxembourg law, the costs of which report will be borne by the relevant Shareholder.

(k) The Reference Currency of the Company is the EUR.

## **7. SUBSCRIPTION FOR SHARES**

7.1 The Company may issue fully paid Shares at any time without reserving a preferential right to subscribe to existing Shareholders as stated in this Section.

### *Subscriptions*

7.2 Shareholders or prospective investors may subscribe for a Class in a Sub-fund in accordance with the terms and provisions set out below. If an Investor wants to subscribe Shares, a Subscription Fee of up to such percentage of the Initial Issue Price or Net Asset Value as set out in respect of each Sub-fund in the Sub-fund Specifications may be added to the subscription price to be paid by the Investor. This fee will be payable to the relevant Distributor or sub-distributor.

7.3 The Minimum Initial Subscription Amount and Minimum Subsequent Subscription Amount, for each Class in a Sub-fund, if any, is set out in the relevant Sub-fund Specifications.

7.4 Subscriptions are only accepted in amounts (and not for a particular number of Shares).

### *Subscription procedure*

7.5 Subscriptions may be made only by Investors who are not Restricted Persons by:

- (for subscriptions during the Initial Offering Period or on the Initial Offering Date of a Sub-fund) communicating a complete subscription request to the Distributor(s) or the Registrar Agent to be received by the Registrar Agent before 12:00 noon (Luxembourg time) on the last day of the Initial Offering Period or on the Initial Offering Date. Any subscription requests received after the cut-off time in respect of subscription requests made during the Initial Offering Period or on the Initial Offering Date will be carried forward to the first Valuation Day after the close of the Initial Offering Period or after the Initial Offering Date; or
- (for ongoing subscriptions) submitting a subscription request to the Distributor(s) or the Registrar Agent to be received by the Registrar Agent before 12:00 noon (Luxembourg time) one (1) Business Days prior to the relevant Valuation Day. Subscription requests received after this deadline will be deemed to be received and will be processed on the next following Valuation Day; and
- delivering to the account of the Depositary cleared funds for the full amount of the subscription pursuant to the subscription request, at the latest on the relevant Valuation Day.

7.6 If the Depositary does not receive the funds in time, the purchase order may be cancelled and the funds returned to the Investor without interest. The Investor will be liable for the costs of late or non-payment in which case the Directors will have the power to redeem all or part of the Investor's holding of Shares in the Company in order to meet such costs. In circumstances where it is not practical or feasible to recoup a loss from an applicant for Shares, any losses incurred by the Company due to late or non-payment of the subscription proceeds in respect of subscription applications received may be borne by the Company.

7.7 Subscribers for Shares are to indicate the allocation of the subscription monies among one or more of the Sub-funds and Classes offered by the Company.

- 7.8 In the event that the subscription order is incomplete (i.e., all requested information are not received by the Registrar Agent or a Distributor by the relevant deadline set out above) the subscription order will be rejected and a new subscription order will have to be submitted.
- 7.9 The Company reserves the right to accept or reject a subscription request, in whole or in part, at its discretion. The applicable Minimum Initial Subscription Amount and Minimum Subsequent Subscription Amount, if any, must be complied with by any applicant for Shares, subject to the right of the Board to waive these requirements in its discretion. In the event that the Company decides to reject any application to subscribe for, or the purchase of Shares, the monies transferred by a relevant applicant will be returned to the prospective investor without undue delay (unless otherwise provided for by law or regulations).
- 7.10 The number of Shares issued to a subscriber or Shareholder in connection with the foregoing procedures will be equal to the subscription monies provided by the subscriber or Shareholder, after deduction of the Subscription Fee (if any), divided by:
- the Initial Issue Price, in relation to subscriptions made in connection with an Initial Offering Period or Initial Offering Date; or
  - the Net Asset Value per Share of the relevant Class and in the relevant Sub-fund as of the relevant Valuation Day; or
  - the Initial Issue Price, as set out in the relevant Sub-fund Specifications, in the event that a Class, closed for subscriptions because all the Shares issued in that Class have been redeemed, is reopened for subscriptions or in the event that no Shares of a Class or Sub-Class are subscribed to during the Initial Offering Period or on the Initial Offering Date.
- 7.11 The Company will recognise rights to fractions of Shares up to three decimal places, rounded up or down to the nearest decimal point. Any subscription or purchase of Shares will be subject to the ownership restrictions set forth below.

## **8. CONVERSION OF SHARES**

- 8.1 Unless otherwise specified in the relevant Sub-fund Specifications, Shareholders are entitled to convert all or part of their Shares of a particular Class (divested Class) into Shares of other Class(es) (as far as available) within the same Sub-fund (invested Class(es)) or Shares of the same or different Classes (as far as available) of another Sub-funds (invested Class(es)). Shareholders are not allowed to convert all, or part, of their Shares into Shares of a Sub-fund which is closed for further subscriptions after the Initial Offering Period or Initial Offering Date (as will be set forth in the relevant Sub-fund Specifications).
- 8.2 If the criteria to become a Shareholder of such other Class and/or such other Sub-fund are fulfilled, the Shareholders who wish to convert all or part of their Shares must submit a request to the Distributor or the Registrar Agent. The conversion request must be communicated to the Registrar Agent before 12:00 noon (Luxembourg time) one (1) Business Days prior to the relevant Valuation Day. Conversion requests received after this deadline will be deemed to be received and treated on the next following Valuation Day on the basis of the Net Asset Value per Share of the relevant Class in the relevant Sub-funds as of that next following Valuation Day. The conversion request must indicate the number of Shares of the relevant Classes in the relevant Sub-fund, which the Shareholder wishes to convert.
- 8.3 A conversion of Shares of a particular Class of one Sub-fund for Shares of another Class in the same Sub-fund and/or for Shares of the same or different Class in another Sub-fund will be treated as a redemption of Shares and a simultaneous purchase of Shares of the acquired Class and/or Sub-fund.

A converting Shareholder may, therefore, realise a taxable gain or loss in connection with the conversion under the laws of the country of the Shareholder's citizenship, residence or domicile.

- 8.4 All terms and conditions regarding the redemption of Shares will equally apply to the conversion of Shares.
- 8.5 The price at which Shares will be converted will be determined by reference to the respective Net Asset Value per Share of the relevant Class in the relevant Sub-fund as of the relevant Valuation Day.
- 8.6 A conversion charge may be payable upon conversion of Shares as will be stipulated in the relevant Sub-fund Specifications (the **Conversion Fee**).
- 8.7 Conversion of Shares will be effected on the Valuation Day, by the simultaneous:
- redemption of the number of Shares of the relevant divested Class in the relevant Sub-fund specified in the conversion request at the Net Asset Value per Share of the relevant Class in the relevant Sub-fund; and
  - issue of Shares on that Valuation Day in the relevant invested Class in the relevant Sub-fund, into which the original Shares are to be converted, at the Net Asset Value per Share of the relevant Class in the relevant Sub-fund.
- 8.8 Subject to any currency conversion (if applicable) the proceeds resulting from the redemption of the original Shares will be applied immediately as the subscription monies for the Shares in the new Class into which the original Shares are converted.
- 8.9 Where Shares denominated in one currency are converted into Shares denominated in another currency, the number of such Shares to be issued will be calculated by converting the proceeds resulting from the redemption of the Shares into the currency in which the Shares to be issued are denominated. The exchange rate for such currency conversion will be calculated by the Depositary in accordance with the rules laid down in Section 13 of this General Part.
- 8.10 Assuming that there are no Shares issued in the invested Class (and consequently no Net Asset Value per Share) on the Valuation Day applicable to the conversion, the initial subscription price per Share of the Shares in the invested Class will correspond to the Initial Issue Price, as set out in the relevant Sub-fund Specifications of the Sub-fund of the invested Class.
- 8.11 The attention of Investors is drawn to the particular problems involved in a conversion operation when the terms and methods of redeeming Shares in the divested Class do not coincide with the terms and methods of subscribing to Shares in the invested Class.
- 8.12 If the Valuation Days of the divested Class and the invested Class taken into account for the conversion do not coincide, the shareholders' attention is drawn to the fact that the amount converted will not generate interest during the time interval between the two Valuation Days.

## **9. REDEMPTION OF SHARES**

### **9.1 Redemption rights of Shareholders**

- (a) Unless otherwise provided for in the relevant Sub-fund Specifications, Shares in a Sub-fund may be redeemed at the request of the Shareholders on any Valuation Day. Redemption Requests must be communicated to the Distributor(s) or the Registrar Agent or such other place as the Company may advise. Redemption Requests must be received by the Registrar Agent before 12:00 noon (Luxembourg time) one (1) Business Days prior to the relevant

Valuation Day. Redemption Requests received after this deadline will be deemed to be received on the next following Valuation Day and the redemption price will be calculated on the basis of the Net Asset Value per Share for the relevant Class in the relevant Sub-fund as of that next following Valuation Day.

- (b) A Shareholder who redeems his Shares will receive an amount per Share redeemed equal to the Net Asset Value per Share as of the relevant Valuation Day for the relevant Class in the relevant Sub-fund (less, as the case may be, the applicable Redemption Fee and any tax or duty imposed on the redemption of the Shares).
- (c) Payment of the redemption proceeds will be made generally within three (3) Business Days following the relevant Valuation Day.
- (d) Redemption of Shares may be suspended for certain periods of time as described under Section 14 of this General Part.
- (e) The Company reserves the right to reduce proportionally all requests for redemptions in a Sub-fund to be executed on one Valuation Day whenever the total proceeds to be paid for the Shares so tendered for redemption exceed 10% (ten per cent) of the total net assets of that specific Sub-fund. The portion of the non-proceeded redemptions will then be proceeded by priority to later requests on subsequent Valuation Days (but subject always to the foregoing ten per cent limit) and in compliance with the principle of equal treatment of Shareholders.
- (f) Redemption Requests are irrevocable (except during any period where the determination of the Net Asset Value, the issue, redemption and conversion of Shares is suspended) and proceeds of the redemption will be remitted to an account opened in the name of the Shareholder mentioned in its Redemption Request. The Company reserves the right not to redeem any Shares if it has not been provided with evidence satisfactory to the Company that the Redemption Request was made by a Shareholder of the Company. Failure to provide appropriate documentation to the Registrar Agent may result in the withholding of redemption proceeds.
- (g) The Board may, at the request of a Shareholder, agree to make, in whole or in part, a distribution in-kind of securities or other assets of the Sub-fund to that Shareholder in lieu of paying to that Shareholder redemption proceeds in cash. The Board will agree to do so if they determine that such a transaction would not be detrimental to the best interests of the remaining Shareholders of the relevant Sub-fund. Such redemption will be effected at the Net Asset Value per Share of the relevant Class of the Sub-fund which the Shareholder is redeeming, and thus will constitute a pro rata portion of the Sub-fund's assets attributable in that Class in terms of value. The assets to be transferred to such Shareholder will be determined by the Board, the Investment Manager and the Depositary, with regard to the practicality of transferring the assets and to the interests of the Sub-fund and continuing participants therein and to the Shareholder. Such a Shareholder may incur brokerage and/or local tax charges on any transfer or sale of securities so received in satisfaction of redemption. The net proceeds from this sale by the redeeming Shareholder of such securities may be more or less than the corresponding redemption price of Shares in the relevant Sub-fund due to market conditions and/or differences in the prices used for the purposes of such sale or transfer and the calculation of the Net Asset Value per Share of Shares of the Sub-fund. The selection, valuation and transfer of assets will be subject to the review and approval of the Auditor.

## 9.2 **Redemptions at the initiative of the Company**

Shares may be redeemed at the initiative of the Company in accordance with, and in the circumstances set out under, the Articles and this Memorandum. The Company may in particular decide to:

- (a) redeem Shares of any Class and Sub-fund, on a pro rata basis among Shareholders in order to distribute proceeds generated by an Investment through returns or its disposal on a pro rata basis among Shareholders, subject to compliance with the relevant distribution scheme (and, as the case may be, reinvestment rights) as provided for each Sub-fund in the relevant Sub-fund Specifications, if any;
- (b) compulsory redeem Shares:
  - held by a Restricted Person as defined in, and in accordance with the provisions of Section 11 of this General Part;
  - in case of liquidation or merger of Sub-funds or Classes, in accordance with the provisions of Section 19 of this General Part;
  - held by a Shareholder who fails to make, within a specified period of time determined by the Company, any required contributions or certain other payments to the relevant Sub-fund (including the payment of any interest amount or charge due in case of default), in accordance with the terms of its subscription documents to the relevant Sub-fund in accordance with the provisions of the relevant Sub-fund's Sub-fund Specifications; and
  - in all other circumstances, in accordance with the terms and conditions set out in the subscription documents, Articles and this Memorandum.

## **10. TRANSFER RESTRICTIONS**

- 10.1 The sale, assignment, transfer, exchange, pledge, encumbrance or other disposition (Transfer) of all or any part of any Investor's Shares in any Sub-fund is subject to the provisions of this Section 10.
- 10.2 Shareholders shall not transfer any of their Shares without the prior consent of the Board, which will not be unreasonably withheld.
- 10.3 Any transfer of Shares shall be entered into the register of Shares.
- 10.4 In addition:
  - (a) no Transfer will be valid or effective if:
    - the Transfer would result in a violation of any law or regulation of Luxembourg, the US, the UK or any other jurisdiction (including, without limitation, the US Securities Law, any securities laws of the individual states of the United States, or ERISA) or subject the Company or any Sub-fund to any other adverse tax, legal or regulatory consequences as determined by the Company;
    - the Transfer would result in a violation of any term or condition of the Articles or of the Memorandum;
    - the Transfer would result in the Company being required to register as an investment company under the US Investment Company Law;

and

- (b) it will be a condition of any Transfer (whether permitted or required) that:

- the transferee represents in a form acceptable to the Company that such transferee is not a Restricted Person, and that the proposed Transfer itself does not violate any laws or regulations (including, without limitation, any securities laws) applicable to it; and
- the transferee is not a Restricted Person.

## 11. OWNERSHIP RESTRICTIONS

### 11.1 Restricted Persons

- (a) The Company may restrict or prevent the ownership of Shares by any individual or legal entity:
- (i) if in the opinion of the Company such holding may be detrimental to the Company; or
- (ii) it may result (either individually or in conjunction with other investors in the same circumstances) in:
- the Company, a Sub-fund or its Intermediary Vehicles incurring any liability for any taxation whenever created or imposed and whether in Luxembourg, or elsewhere or suffering pecuniary disadvantages which the same might not otherwise incur or suffer; or
  - the Company or a Sub-fund being subject to the U.S. Employee Retirement Income Security Law of 1974, as amended; or
  - the Company or a Sub-fund being required to register its shares under the laws of any jurisdiction other than Luxembourg (including, without limitation, the US Securities Law or the US Investment Company Law); or
- (iii) if it may result in a breach of any law or regulation applicable to the relevant individual or legal entity itself, the Company or any Sub-fund, whether Luxembourg Law or other law (including anti-money laundering and terrorism financing laws and regulations); or
- (iv) if as a result thereof the Company may become exposed to tax disadvantages or other financial disadvantages that it would not have otherwise incurred;

(such individual or legal entities are to be determined by the Board and are defined herein as **Restricted Persons**). A person or entity that does not qualify as Well-Informed Investor will be regarded as a Restricted Person.

### 11.2 Specific mechanisms to restrict or prevent the ownership of Shares by Restricted Persons

- (a) For such purposes, the Company may:
- (i) decline to issue any Shares and decline to register any Transfer of Shares, where such registration or Transfer would result in legal or beneficial ownership of such Shares by a Restricted Person; and
- (ii) at any time require any person whose name is entered in the register of Shareholders or who seeks to register a transfer in the register of Shareholders to deliver to the Company any information, supported by affidavit, which it may consider necessary for the purpose of determining whether or not beneficial ownership of such

Shareholder's Shares rests with a Restricted Person, or whether such registration will result in beneficial ownership of such Shares by a Restricted Person.

- (b) If it appears that a Shareholder of the Company is a Restricted Person, the Company will be entitled, in its absolute discretion, to:
  - (i) decline to accept the vote of the Restricted Person at the General Meeting; and/or
  - (ii) retain all dividends paid or other sums distributed with regard to the Shares held by the Restricted Person; and/or
  - (iii) instruct the Restricted Person to sell his/her/its Shares and to demonstrate to the Company that this sale was made within thirty (30) days of the sending of the relevant notice, subject each time to the applicable restrictions on Transfer as set out in Section 10 of this General Part; and/or
  - (iv) compulsorily redeem all Shares held by the Restricted Person at a price based on the latest calculated net asset value, less a penalty fee equal to, in the absolute discretion of the Board, either (i) 20% of the Net Asset Value of the relevant Shares or (ii) the costs incurred by the Company as a result of the holding of Shares by the Restricted Person (including all costs linked to the compulsory redemption).

## **12. ANTI-MONEY LAUNDERING AND TERRORIST FINANCING REQUIREMENTS**

12.1 The Company is subject to the anti-money laundering laws of Luxembourg. These laws are derived from:

- (a) the 5<sup>th</sup> Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU;
- (b) the 4<sup>th</sup> EU Money Laundering Directive (2015/849) on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing. The following EU documents also provide guidance in the area of AML regulation;
- (c) Regulation 1781/2006 relating to the information on the payer accompanying transfer of Funds;
- (d) Regulation 1889/2005 relating to controls of cash entering or leaving the European Community;
- (e) Directive 2006/70/CE relating to PEPs.

12.2 At a national level, Luxembourg's legal framework for prevention anti-money laundering obligations is set out by:

- (a) the law of 12th November 2004 as amended by the law of 17th July 2008 and 27<sup>th</sup> October 2010;
- (b) all Grand Ducal Regulations, CSSF regulations and CSSF Circulars relating with the anti-money laundering and terrorist financing fight.

- 12.3 Measures aimed towards the prevention of money laundering as provided by Luxembourg Law and the circulars as issued by the CSSF are implemented by the Registrar Agent (acting in capacity as registrar and transfer agent) under the supervision and ultimate responsibility of the AIFM.
- 12.4 These measures may require the Registrar Agent to request verification of the identity of any prospective Investor. By way of example, an individual may be required to produce a copy of his passport or identification card duly certified by a competent authority (e.g. embassy, consulate, notary, police officer, solicitor, financial institution domiciled in a country imposing equivalent identification requirements or any other competent authority). In the case of corporate applicants, this may require, amongst others, production of a certified copy of the certificate of incorporation (and any change of name) and Investor's memorandum and articles of association (or equivalent), a recent list of its shareholders showing a recent stake in its capital, printed on the letterhead of the Investor duly dated and signed, an authorised signature list and an excerpt of the trade register. It should be noted that the above list is not exhaustive and that the Investors may be required to provide further information to the Registrar Agent in order to ensure the identification of the final beneficial owner of the Shares.
- 12.5 Until satisfactory proof of identity is provided by potential Investors or transferees as determined by the Registrar Agent, it reserves the right to withhold issue or approval of registration of transfers of Shares. Similarly, redemption proceeds will not be paid unless compliance with these requirements has been made in full. In any such event, the Registrar Agent will not be liable for any interest, costs or compensation.
- 12.6 In case of a delay or failure to provide satisfactory proof of identity, the Registrar Agent may take such action as it thinks fit.
- 12.7 Depending on the circumstances of each application for subscription or registration of a Transfer, a detailed verification of the applicant's identity might not be required where the application is made through a financial institution or intermediary located in a country that is considered by the Registrar Agent as imposing identification requirements equivalent to those in place in Luxembourg. The list of these countries can be provided by the Registrar Agent upon request.

### **13. CALCULATION OF THE NET ASSET VALUE**

#### **13.1 General**

The Company, each Sub-fund and each Class in a Sub-fund have a Net Asset Value determined in accordance with Luxembourg Law and the Articles as of each Valuation Day. The Reference Currency of the Company is the EUR.

The AIFM shall be responsible for the valuation of the asset of each Sub-fund and will perform such valuation internally. For this purpose, the AIFM has adopted a policy of valuing the investments at fair value (*juste valeur*) and will periodically review such policy in accordance with the 2013 Law.

All valuation regulations and determinations shall be interpreted and made in accordance with Lux GAAP.

In the absence of bad faith, negligence or manifest error, every decision in calculating the NAV taken by the AIFM, shall be final and binding on the Company and present, past or future Shareholders.

#### **13.2 Calculation of the NAV**

- (a) The Administrative Agent will under the supervision of the Company compute the NAV per Class in the relevant Sub-fund as follows: each Class participates in the Sub-fund according to the portfolio and distribution entitlements attributable to each such Class. The value of the

total portfolio and distribution entitlements attributed to a particular Class of a particular Sub-fund on a given Valuation Day adjusted with the liabilities relating to that Class on that Valuation Day represents the total Net Asset Value attributable to that Class of that Sub-fund on that Valuation Day. The assets of each Class will be commonly invested within a Sub-fund but subject to different fee structures, distribution, marketing targets, currency or other specific features as it is stipulated in the relevant Sub-fund Specifications. A separate Net Asset Value per Share, which may differ as consequence of these variable factors, will be calculated for each Class as follows: the Net Asset Value of that Class of that Sub-fund on that Valuation Day divided by the total number of Shares of that Class of that Sub-fund then outstanding on that Valuation Day.

- (b) For the purpose of calculating the NAV per Class of a particular Sub-fund, the Net Asset Value of each Sub-fund will be determined by calculating the aggregate of:
  - (i) the value of all assets of the Company which are allocated to the relevant Sub-fund in accordance with the provisions of the Articles; less
  - (ii) all the liabilities of the Company which are allocated to the relevant Sub-fund in accordance with the provisions of the Articles, and all fees attributable to the relevant Sub-fund, which fees have accrued but are unpaid on the relevant Valuation Day.
  
- (c) The value of the assets will be determined as follows:
  - (i) securities which are listed on a stock exchange or dealt in on another regulated market will be valued on the basis of the last available publicised stock exchange or market value;
  - (ii) securities which are not listed on a stock exchange nor dealt in on another regulated market will be valued on the basis of the probable net realisation value (excluding any deferred taxation) estimated with prudence and in good faith by the AIFM. If a net asset value is determined for the units or shares issued by a Target Fund which calculates a net asset value per share or unit, those units or shares will be valued on the basis of the latest net asset value determined according to the provisions of the particular issuing documents of this Target Fund or, at their latest unofficial net asset values (i.e. estimates of net asset values which are not generally used for the purposes of subscription and redemption or which may be provided by a pricing source – including the AIFM of the Target Fund as the case may be – other than the administrative agent of the Target Fund) if more recent than their official net asset values. The Net Asset Value calculated on the basis of unofficial net asset values of Target Funds may differ from the Net Asset Value which would have been calculated, on the relevant Valuation Day, on the basis of the official net asset values determined by the administrative agents of the Target Funds. However, such Net Asset Value is final and binding notwithstanding any different later determination. In case of the occurrence of an evaluation event that is not reflected in the latest available net asset value of such shares or units issued by such Target Funds, the valuation of the shares or units issued by such Target Funds may be estimated with prudence and in good faith in accordance with procedures established by the AIFM to take into account this evaluation event. The following events qualify as evaluation events: capital calls, distributions or redemptions effected by the Target Fund or one or more of its underlying investments as well as any material events or developments affecting either the underlying investments or the Target Funds themselves;
  - (iii) 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 will be deemed to be the full amount thereof, unless it is unlikely to be received in which case the value thereof will be arrived at after making such discount as the Company may consider appropriate in such case to reflect the true value thereof;

- (iv) the liquidating value of futures, forward or options contracts not dealt in on a stock exchange or another regulated market will mean their net liquidating value determined, pursuant to the policies established by the AIFM, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward or options contracts dealt in on a stock exchange or another regulated market will be based upon the last available settlement prices of these contracts on such regulated market on which the particular futures, forward or options contracts are dealt in by the relevant Sub-fund; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract will be such value as the AIFM may deem fair and reasonable;
  - (v) interest rate swaps will be valued at their market value established by reference to the applicable interest rates curve. Index and financial instruments related swaps will be valued at their market value established by reference to the applicable index or financial instrument. The valuation of the index or financial instrument related swap agreement will be based upon the market value of such swap transaction established in good faith pursuant to procedures established by the AIFM;
  - (vi) money market instruments held by the Company with a remaining maturity of ninety days or less will be valued by the amortised cost method, which approximates market value;
  - (vii) the AIFM may permit some other method of valuation to be used if it considers such valuation method more appropriate for the valuation of any asset or liability of the Company in compliance with Luxembourg Law and Luxembourg GAAP. This method will then be applied in a consistent way. The Administrative Agent can rely on such deviations as approved by the Company for the purpose of the Net Asset Value calculation.
- (d) For the purpose of determining the value of the Company's assets, the Administrative Agent, having due regards to the standard of care and due diligence in this respect, may, when calculating the Net Asset Value, rely, unless there is manifest error, upon the valuations provided (i) by various pricing sources available on the market such as pricing agencies (e.g., Bloomberg or Reuters) or fund administrators, (ii) by prime brokers and brokers, or (iii) by (a) specialist(s) duly authorised to that effect by the AIFM. Finally, in the case no prices are found or when the valuation may not correctly be assessed, the Administrative Agent may rely upon the valuation provided by the AIFM.
- (e) In circumstances where (i) one or more pricing sources fails to provide valuations to the Administrative Agent, which could have a significant impact on the Net Asset Value, or where (ii) the value of any asset(s) may not be determined as rapidly and accurately as required, the Administrative Agent is authorised not to calculate the Net Asset Value calculation and as a result may be unable to determine subscription, conversion and redemption prices. The Board and the AIFM will be informed immediately by the Administrative Agent should this situation arise. The Board in consultation with the AIFM may then decide to suspend the calculation of the Net Asset Value in accordance with the procedures described under Section 14 of the General Part.

- (f) The NAV as of any Valuation Day will generally be made available to investors at the registered office of the Company within 5 Business Days following the relevant Valuation Day.
- (g) All assets denominated in a currency other than the Reference Currency of the respective Sub-fund/ Class will be converted at the conversion rate between the reference currency and the currency of denomination prevailing in a recognised market on the day when the last available closing prices are taken. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the AIFM. The Net Asset Value per Share may be rounded up or down to the nearest whole cents of the currency in which the Net Asset Value of the relevant shares are calculated.

### 13.3 For the purpose of this Section 13

- (a) Shares to be issued by the Company will be treated as being in issue as from the time specified by the Board on the Valuation Day with respect to which such valuation is made and from such time and until received by the Company the price therefore will be deemed to be an asset of the Company;
- (b) Shares of the Company to be redeemed (if any) will be treated as existing and taken into account until the date fixed for redemption, and from such time and until paid by the Company the price therefore will be deemed to be a liability of the Company;
- (c) all investments, cash balances and other assets expressed in currencies other than the Reference Currency of the respective Sub-fund/Class will be valued after taking into account the market rate or rates of exchange in force as of the Valuation Day; and
- (d) where on any Valuation Day the Company has contracted to:
  - (i) purchase any asset, the value of the consideration to be paid for such asset will be shown as a liability of the Company and the value of the asset to be acquired will be shown as an asset of the Company;
  - (ii) sell any asset, the value of the consideration to be received for such asset will be shown as an asset of the Company and the asset to be delivered by the Company will not be included in the assets of the Company;

provided, however, that if the exact value or nature of such consideration or such asset is not known on such Valuation Day, then its value will be estimated by the AIFM.

### 13.4 Allocation of assets and liabilities

The assets and liabilities of the Company will be allocated as follows:

- (a) the proceeds to be received from the issue of Shares of any Class will be applied in the books of the Company to the Sub-fund corresponding to that Class, provided that if several Classes are outstanding in such Sub-fund, the relevant amount will increase the proportion of the net assets of such Sub-fund attributable to that Class;
- (b) the assets and liabilities and income and expenditure applied to a Sub-fund will be attributable to the Class or Classes corresponding to such Sub-fund;
- (c) where any asset is derived from another asset, such asset will be attributable in the books of the Company to the same Class or Classes as the assets from which it is derived and on each

revaluation of such asset, the increase or decrease in value will be applied to the relevant Class or Classes;

- (d) where the Company incurs a liability in relation to any asset of a particular Class or particular Classes within a Sub-fund or in relation to any action taken in connection with an asset of a particular Class or particular Classes within a Sub-fund, such liability will be allocated to the relevant Class or Classes within such Sub-fund;
- (e) in the case where any asset or liability of the Company cannot be considered as being attributable to a particular Class, such asset or liability will be allocated to all the Classes pro rata to their respective Net Asset Values or in such other manner as determined by the AIFM acting in good faith, provided that (i) where assets of several Classes are held in one account and/or are co-managed as a segregated pool of assets by an agent of the Company, the respective right of each Class will correspond to the prorated portion resulting from the contribution of the relevant Class to the relevant account or pool, and (ii) such right will vary in accordance with the contributions and withdrawals made for the account of the Class, as described in the Memorandum, and finally (iii) all liabilities, whatever Class they are attributable to, will, unless otherwise agreed upon with the creditors, be binding upon the Company as a whole;
- (f) upon the payment of distributions to the Shareholders of any Class, the Net Asset Value of such Class will be reduced by the amount of such distributions.

### **13.5 General rules**

- (a) all valuation regulations and determinations will be interpreted and made in accordance with Luxembourg Law;
- (b) for the avoidance of doubt, the provisions of this Section 13 are rules for determining the Net Asset Value per Share and are not intended to affect the treatment for accounting or legal purposes of the assets and liabilities of the Company or any Shares issued by the Company;
- (c) the Net Asset Value per Share of each Class in each Sub-fund is made public at the registered office of the Company and available at the offices of the Administrative Agent. The Company may arrange for the publication of this information in the Reference Currency of each Sub-fund/Class and any other currency at the discretion of the Board and or the AIFM in leading financial newspapers. The Company cannot accept any responsibility for any error or delay in publication or for non-publication of prices.

## **14. SUSPENSION OF THE CALCULATION OF THE NAV**

14.1 The Company may temporarily suspend the determination of the Net Asset Value per Share of the Class(es) of any Sub-fund and the issue, redemption and/or conversion of its(their) Shares from its Shareholders:

- (a) during any period when any of the principal stock exchanges or other markets on which any 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 of the investments of the Company attributable to such Sub-fund quoted thereon; or

- (b) during the existence of any state of affairs which constitutes an emergency in the opinion of the Board and/or the AIFM as a result of which disposals or valuation of assets owned by the Company attributable to such Sub-fund would be impracticable; or
- (c) during any breakdown in the means of communication normally employed in determining the price or value of any of the investments of such Sub-fund or the current price or values on any stock exchange or other market in respect of the assets attributable to such Sub-fund; or
- (d) during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of the Shares of such Sub-fund or during which any transfer of funds involved in the realisation or acquisition, of investments or payments due on redemption of Shares cannot in the opinion of the Board and/or the AIFM be effected at normal rates of exchange;
- (e) when the net asset value calculation of, and/or the redemption right of investors in, one or more Target Funds representing a substantial portion of the assets of the relevant Sub-fund is suspended;
- (f) when for any reason the prices of any investment owned by the Sub-fund cannot be reasonably, promptly and accurately ascertained;
- (g) upon the publication of a notice convening a General Meeting for the purpose of winding-up the Company or any Sub-fund(s);
- (h) During any other circumstance or circumstances where a failure to do so might result in the Company or its Shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or any other detriment which the Company or its Shareholders might so otherwise have suffered.

14.2 Any such suspension may be notified by the Company in such manner as it may deem appropriate to the persons likely to be affected thereby. The Company will notify Shareholders requesting redemption or conversion of their shares of such suspension.

14.3 Such suspension as to any Sub-fund will have no effect on the calculation of the Net Asset Value per Share, the issue, redemption and conversion of Shares of any other Sub-fund.

14.4 Any request for subscription, conversion or redemption will be irrevocable except in the event of a suspension of the calculation of the Net Asset Value, 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 as of the first Valuation Day, as determined for each relevant Sub-fund, following the end of the period of suspension.

14.5 Under exceptional circumstances that may adversely affect the interests of Shareholders, or in case of massive redemption applications within a Sub-fund, the Board and the AIFM reserve the right only to determine the issue/redemption or conversion price after having executed, as soon as possible, the necessary sales of securities or other assets on behalf of the relevant Sub-fund. In this case, subscription, redemption and conversion applications in process will be dealt with on the basis of the Net Asset Value thus calculated.

## **15. GENERAL MEETING**

15.1 The annual General Meeting will be held each year in the Grand Duchy of Luxembourg at the latest within six months following the end of each Fiscal Year. If such day is not a Business Day, the meeting will be held on the preceding Business Day. Notwithstanding the above, each annual General Meeting

will be held at such place and time as may be specified in the convening notice of the relevant annual General Meeting.

- 15.2 Other meetings of the Shareholders may be held at such place and time as may be specified in the respective convening notices of the meeting.
- 15.3 Notices for each General Meeting will be sent to the Shareholders by post at least eight calendar days prior to the relevant General Meeting at their addresses set out in the Share register of the Company. Such notices will include the agenda and specify the time and place of the meeting and the conditions of admission and will refer to the requirements of Luxembourg Law with regard to the necessary quorum and majorities required for the meeting. If all Shareholders meet and declare having had notice of the General Meeting or waiving the notice, the General Meeting may be validly held despite the accomplishment of the afore set formalities. The requirements as to attendance, quorum and majorities at all General Meetings are those set in the Companies Law and the Articles.
- 15.4 Except as otherwise required by the Companies Law or as otherwise provided in the Articles, resolutions at a duly convened General Meeting will be passed by a simple majority of those present or represented and voting.
- 15.5 The convening notice to a General Meeting may provide that the quorum and majority requirements will be assessed against the number of Shares issued and outstanding at midnight (Luxembourg time) on the fifth day prior to the relevant meeting (the **Record Date**) in which case, the right of any Shareholder to participate in the meeting will be determined by reference to his/her/its holding as at the Record Date.

## **16. FISCAL YEAR, REPORTING AND INFORMATION AVAILABLE**

- 16.1 The Fiscal Year will begin on 1<sup>st</sup> January and end on 31 December of each year, except for the first Fiscal Year which will begin at the date of incorporation of the Fund and will end on 31 December 2019.

The Company will publish annually a report on its activities, on its investments and on the management of its investments. The report will include, inter alia, a balance sheet or a statement of assets and liabilities, an income and expenditure account for the financial year, a report on the activities of the past financial year, any significant information enabling Shareholders to make an informed judgment on the development of the activities and of the results of the Company, any material changes in the information listed in article 21 of the 2013 Law as well as the aggregate remuneration of the AIFM's employees whose actions impact the risk of the Company or the Sub-funds in accordance with the 2013 Law.

- 16.2 The annual report will be sent to all Shareholders and will be submitted to the annual General Meeting for approval at the latest within six months after the end of each Fiscal Year. The first annual report will be established as at 31 December 2019 and submitted to the Shareholders' approval at the first annual General Meeting of the Company.
- 16.3 Shareholders may obtain the following information or copies of the following documents for inspection during usual business hours on any Business Day in Luxembourg at the registered office of the Company or upon request to the AIFM free of charge:
  - (a) this Memorandum;
  - (b) the Articles;
  - (c) the last annual report (if available);

- (d) the AIF Management Agreement;
- (e) the Depositary Agreement;
- (f) the last NAV per Share;
- (g) the past performance of the Sub-funds;
- (h) the description of the procedure put in place by the AIFM to ensure a fair/equal treatment of the Shareholders;
- (i) the description of any preferential treatment of Shareholders including information on the type of Shareholders entitled to benefit from preferential treatments or the right to benefit from preferential treatments, and where relevant, their legal or economic links with the Company or the AIFM;
- (j) the description of the modalities and frequencies of the communications to Shareholders of information required by applicable laws and/or regulations;
- (k) the description of the liquidity management; or
- (l) any other document or information required by the 2013 Law.

16.4 The AIFM shall communicate periodically the following information to the Shareholders, by e-mail and/or by post, in relation with the Sub-fund in which they are invested:

- (a) the percentage of assets of the Company which are subject to special arrangements arising from their illiquid nature;
- (b) any new arrangement for managing the liquidity of the Company; and
- (c) the current risk profile of the Sub-funds and the risk management systems employed by the AIFM to manage these risks.

16.5 In addition, the AIFM shall also disclose on a regular basis and, as the case may be, any change to the maximum level of leverage which the AIFM may employ on behalf of the Company as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangements and the total amount of leverage employed by the Company.

## **17. DIVIDENDS**

17.1 Each year the general meeting of Shareholders will decide, based on a proposal from the Board, for each Sub-fund, on the use of the balance of the year's net income of the investments. A dividend may be distributed either in cash or Shares. Further, dividends may include a capital distribution, provided that after distribution the net assets of the Company total more than EUR 1,250,000.

17.2 Over and above the distributions mentioned in the preceding paragraph, the Board may determine the payment of interim dividends in the form and under the conditions as provided by law.

17.3 The Board may issue Accumulation Class and Distribution Class within the Classes of each Sub-fund, as indicated in the Sub-fund Specifications. Accumulation Classes capitalise their entire earnings whereas Distribution Classes pay dividends.

- 17.4 For Distribution Classes, dividends, if any, will be declared and distributed on an annual basis. Moreover, interim dividends may be declared and distributed from time to time at a frequency determined by the Board.
- 17.5 Payments will be made in the Reference Currency of the relevant Sub-fund and/or Class. Dividends remaining unclaimed for five years after their declaration will be forfeited and revert to the relevant Sub-fund.
- 17.6 Dividends may be declared separately in respect of each Sub-fund by a resolution of the Shareholders of the Sub-fund concerned at the annual General Meeting.

## **18. PAYMENTS**

Unless otherwise expressly stated, all payments to be made pursuant to terms set out in this Memorandum will be made in the Reference Currency of the Class(es) concerned to the party in immediately available funds to the accounts which will be communicated in writing by each of the Investors or Shareholders to the Company or by the Company to the Investors or Shareholders.

## **19. DISSOLUTION/LIQUIDATION**

### **19.1 Dissolution and liquidation of the Company**

- (a) The Company may at any time be dissolved by a resolution taken by the General Meeting subject to the quorum and majority requirements set out in the Articles.
- (b) In the event of a voluntary liquidation, the Company will, upon its dissolution, be deemed to continue to exist for the purposes of the liquidation. The operations of the Company will be conducted by one or several liquidators, who, after having been approved by the CSSF, will be appointed by a General Meeting, which will determine their powers and compensation.
- (c) Should the Company be voluntarily liquidated, then its liquidation will be carried out in accordance with the provisions of the 2007 Law and the Companies Law. The liquidation report of the liquidators will be audited by the Auditor (or by an ad hoc external auditor appointed by the General Meeting as the case may be).
- (d) If the Company were to be compulsorily liquidated, the provision of the 2007 Law will be exclusively applicable.
- (e) If the total net assets of the Company falls below two-thirds of the minimum capital prescribed by law (i.e. EUR 1,250,000), the Board must submit the question of the Company's dissolution to a General Meeting for which no quorum is prescribed and which will pass resolutions by simple majority of the Shares represented at the meeting.
- (f) If the total net assets of the Company fall below one-fourth of the minimum capital prescribed by law, the Board must submit the question of the Company's dissolution to a General Meeting for which no quorum is prescribed. A resolution dissolving the Company may be passed by Shareholders holding one-fourth of the Shares represented at the meeting.
- (g) The meeting must be convened so that it is held within a period of forty days from the date of ascertainment that the net assets have fallen below two-thirds or one-fourth of the legal minimum, as the case may be.
- (h) The issue of new Shares by the Company will cease on the date of publication of the notice of the General Meeting, to which the dissolution and liquidation of the Company will be

proposed. The proceeds of the liquidation of each Sub-fund, net of all liquidation expenses, will be distributed by the liquidators among the holders of Shares in each Class in accordance with their respective rights. The amounts not claimed by Shareholders at the end of the liquidation process will be deposited, in accordance with Luxembourg law, with the *Caisse de Consignation* in Luxembourg until the statutory limitation period has lapsed.

## 19.2 Termination of a Sub-fund or Class

- (a) In the event that for any reason the value of the total net assets in any Sub-fund or the value of the net assets of any Class within a Sub-fund has decreased to, or has not reached, an amount determined by the Board to be the minimum level for such Sub-fund, or such Class of Shares, to be operated in an economically efficient manner or in case of a substantial modification in the political, economic or monetary situation or as a matter of economic rationalisation, the Board may decide to offer to the Investors of such Sub-fund the conversion of their Shares into Shares of another Sub-fund under terms fixed by the Board or to redeem all the Shares of the relevant Class or Classes at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses) calculated on the Valuation Day at which such decision will take effect. The Company will serve a notice to the Investors of the relevant Class or Classes of Shares prior to the effective date for the compulsory redemption, which will indicate the reasons for, and the procedure of, the redemption operations. Registered Investors will be notified in writing.
- (b) Any request for subscription will be suspended as from the moment of the announcement of the termination of the relevant Sub-fund or Class.
- (c) Notwithstanding the powers conferred to the Board by the preceding paragraph, the General Meeting of any Class or of any Sub-fund will, in any other circumstances, have the power, upon proposal from the Board, to redeem all the Shares of the relevant Sub-fund or Class and refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) calculated on the Valuation Day, at which such decision will take effect. There will be no quorum requirements for such General Meeting, which will decide by resolution taken by simple majority of those present or represented and voting at such meeting.
- (d) Any request for subscription will be suspended as from the moment of the announcement of the termination, the merger or the transfer of the relevant Sub-fund or Class.
- (e) Assets which may not be distributed to their owners upon the implementation of the redemption will be deposited with the Depositary for a maximum period of nine (9) months following the decision to liquidate. After such period, the assets will be deposited with the Caisse de Consignation on behalf of the persons entitled thereto.
- (f) All redeemed Shares may be cancelled.

## 19.3 Amalgamation, division or transfer of Sub-funds

- (a) Under the same circumstances as provided under paragraph 19.2(a) above, the Board may decide to allocate the assets of any Sub-fund to those of another existing Sub-fund within the Company or to another undertaking for collective investment organised under the provisions of the 2007 Law or of Part II of the 2010 Law or to another sub-fund within such other undertaking for collective investment (the new Sub-fund) and to redesignate the Shares of the Sub-fund concerned as Shares of the new Sub-fund (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to the relevant Shareholders). Such decision will be notified in the same manner as described under

paragraph 19.2(a) above one month before its effectiveness (and, in addition, the publication will contain information in relation to the new Sub-fund), in order to enable Shareholders to request redemption of their Shares, free of charge, during such period.

- (b) Any request for subscription will be suspended as from the moment of the announcement of the merger or the transfer of the relevant Sub-fund.
- (c) Notwithstanding the powers conferred to the Board by paragraph 19.3(a) above, a contribution of the assets and liabilities attributable to any Sub-fund to another Sub-fund within the Company may, in any other circumstances, be decided upon by a General Meeting of the Sub-fund concerned for which there will be no quorum requirements and which will decide upon such an amalgamation by resolution taken by simple majority of those present or represented and voting at such meeting.
- (d) Furthermore, in other circumstances than those described in paragraph 19.2(a) above, a contribution of the assets and of the liabilities attributable to any Sub-fund to another undertaking for collective investment referred to in paragraph 19.3(a) above or to another sub-fund within such other undertaking for collective investment will require a resolution of the Shareholders of the Sub-fund concerned taken with 50% quorum requirement of the Shares in issue and adopted at a 2/3 majority of the Shares present or represented and voting, except when such an amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type (*fonds commun de placement*) or a foreign based undertaking for collective investment, in which case resolutions will be binding only on such Shareholders who have voted in favour of such amalgamation.

## **20. TAXATION**

### **20.1 Luxembourg**

- (a) The Company's assets are subject to tax (*taxe d'abonnement*) in Luxembourg of 0.01% p.a. on net assets, payable quarterly. In case some Sub-funds are invested in other Luxembourg undertakings for collective investment, which in turn are subject to the subscription tax provided for by the 2007 Law or the 2010 Law no subscription tax is due from the Company on the portion of assets invested therein.
- (b) The Company's income is not taxable in Luxembourg. Income received from the Company may be subject to withholding taxes in the country of origin of the issuer of the security, in respect of which such income is paid. No duty or tax is payable in Luxembourg in connection with the issue of Shares of the Company, except for one lump sum capital levy of EUR 1,250 which is payable at incorporation.
- (c) Investors should consult their professional advisors on the possible tax or other consequences of buying, holding, redeeming, converting, transferring or selling any Shares under the laws of their countries of citizenship, residence or domicile.
- (d) Under current legislation, Shareholders are not subject to any capital gains, income, withholding, estate, inheritance or other taxes in Luxembourg, except for (i) those Shareholders domiciled, resident or having a permanent establishment in Luxembourg, or (ii) non-residents of Luxembourg who hold 10% or more of the issued share capital 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 Luxembourg, who hold 10% or more of the issued share capital of the Company.

## 20.2 Automatic Exchange of Information

- (a) The Organisation for Economic Co-operation and Development (the **OECD**) has developed a common reporting standard (the **CRS**) to achieve a comprehensive and multilateral automatic exchange of information (**AEOI**) on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the **Administration Cooperation Directive**) was adopted in order to implement the CRS among the Member States.
- (b) The Administration Cooperation Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account in the field of taxation (the **CRS Law**). The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in an EU Member State other than Luxembourg or in a country with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.
- (c) In addition, Luxembourg signed the OECD's multilateral competent authority agreement (the **Multilateral Agreement**) to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the RCS among non-Member States; it requires agreements on a country-by-country basis.
- (d) The Company reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.
- (e) The foregoing, which is a summary of the implications of the Administration Cooperation Directive and the CRS Law, is based on the current interpretation thereof and this section does not purport to be complete in all respects. It does not constitute investment or tax advice and Investors should therefore seek advice from their financial or tax adviser on the possible tax and other consequences with respect to the implementation of CRS.

## 20.3 Other jurisdictions

- (a) Interest, dividend and other income realised by the Company on the sale of securities of non-Luxembourg issuers, may be subject to withholding and other taxes levied by the jurisdictions in which the income is sourced. It is impossible to predict the rate of foreign tax the Company will pay since the amount of the assets to be invested in various countries and the ability of the Company to reduce such taxes is not known.
- (b) The information set out above is a summary of those tax issues which could arise in Luxembourg and does not purport to be a comprehensive analysis of the tax issues which could affect a prospective Investor. It is expected that Investors may be resident for tax purposes in many different countries. Consequently, no attempt is made in this Memorandum to summarise the tax consequences for each prospective Investor of subscribing, converting, holding, 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 an Investor's country of citizenship, residence, domicile or incorporation and with his/her/its personal circumstances.

#### 20.4 **Future changes in applicable law**

- (a) The foregoing description of Luxembourg tax consequences of an investment in, and the operations of, the Company is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Company to income taxes or subject Investors to increased income taxes.
- (b) THE TAX AND OTHER MATTERS DESCRIBED IN THIS MEMORANDUM DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE INVESTORS. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN COUNSEL REGARDING TAX LAWS AND REGULATIONS OF ANY OTHER JURISDICTION WHICH MAY BE APPLICABLE TO THEM.

### 21. **ANNOUNCEMENTS AND CONFIDENTIALITY**

21.1 All public disclosure or announcement of the existence or the subject matter of this Memorandum will be subject to the approval of the Board or its delegate. This will not affect any announcement or disclosure by an Investor under Section 21.2 of the General Part but the Investor required to make an announcement or disclosure will consult with the Board or its delegate insofar as is reasonably practicable before complying with such an obligation.

21.2 Each Investor will procure that its directors, managers, employees, officers, partners, investors, agents, consultants and advisers and any affiliate (and their directors, employees, officers, partners, investors, agents, consultants and advisers) keep confidential and will not disclose any information provided to him/her/it by or on behalf of the Company or otherwise obtained by or in connection with this Memorandum or which may come to his/her/its knowledge concerning the affairs of the Company or any investment made or proposed by the Company, save to the extent that:

- (a) disclosure is required by any applicable law or any court of law or any relevant regulator or tax authority;
- (b) disclosure is necessary in order for an Investor to enforce his/her/its rights under the terms of this Memorandum;
- (c) disclosure is made by the Initiator to its own shareholders and to the regulatory, supervisory or other authority to which it is subject;
- (d) the information concerned is already in the public domain prior to disclosure (other than as a result of a breach of any obligation by any Investor);
- (e) disclosure is made to an Investor's bona fide legal, tax or accountancy advisers or auditors, provided that such disclosure is made on a confidential basis and such advisers or auditors undertake an equivalent duty of confidentiality to that set out in this Section; or
- (f) disclosure is required in good faith and only where reasonably necessary to any affiliate of that Investor, provided that such disclosure is made on a confidential basis and such affiliate undertakes an equivalent duty of confidentiality to that set out in this Section.

### 22. **FEES AND EXPENSES**

#### 22.1 **General**

- (a) The Company will pay out of the assets of the relevant Sub-fund all expenses incurred by it, which include without limitation:

- (i) fees payable to the Investments Manager (including the Management Fee and the Performance Fee, if any), the Depositary, the Administrative Agent, the Registrar Agent and any other Service Provider;
  - (ii) fees to the relevant regulatory authorities;
  - (iii) 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;
  - (iv) remuneration of the Directors and officers and their reasonable out-of-pocket expenses, insurance coverage, and reasonable travelling costs in connection with Board meetings;
  - (v) any costs and expenses relating to investor relation activity, including the drafting, printing and mailing of reports and information to Shareholders;
  - (vi) any expenses incurred in connection with legal proceedings involving the Company;
  - (vii) third party costs and expenses disbursed in connection with the day-to-day management of the Company and the operations of the Company and its Sub-funds' Investments, including fees and expenses in connection with investments and disinvestments, unless otherwise stated in the relevant Sub-fund Specifications for a particular Sub-fund;
  - (viii) any expenses incurred in connection with obtaining legal, tax and accounting advice and the advice of other experts and consultants;
  - (ix) consultation with professional advisers, including the legal fees and expenses for the negotiation, structuring, financing and documentation in relation to the acquisition, ownership and realisation of any Investment;
  - (x) insurance premia incurred on behalf of the Company (third party liability, political risks, transfer risks, commercial risks) transfer taxes, title premiums, brokerage commissions and other closing costs and expenses payable or incurred in connection with the acquisition, ownership and realisation of any Investment;
  - (xi) audit expenses;
  - (xii) bank charges and interest;
  - (xiii) taxes and other governmental charges;
  - (xiv) expenses related to currency and interest hedging; and
  - (xv) winding-up costs.
- (b) Expenses specific to a Sub-fund or Class will be borne by that Sub-fund or Class. Charges that are not specifically attributable to a particular Sub-fund or Class may be allocated among the relevant Sub-funds or Classes based on their respective net assets or any other reasonable basis given the nature of the charges.

## 22.2 **Formation costs**

- (a) The Company will bear the third party out-of-pocket formation costs of the Company (including the preparation of this Memorandum, the Articles and agreements with the Service Providers, any translation thereof and of any other documentation in relation to the Company, as well as related taxes, duties and any other publication expenses). The Company estimates that the costs to be borne by the Company will amount to EUR 50,000.- (fifty thousand euros).
- (b) These expenses will be borne by the initial Sub-funds (i.e. *Grantia – FX Albatros* and *Grantia – FX Equanto*) in equal part between them and will be capitalised to the extent possible and amortised over a period which may not exceed five years.
- (c) Expenses incurred in connection with the creation of any additional Sub-fund will be borne by the relevant Sub-fund and will be written off over a period of two years. Hence, the additional Sub-funds will not bear a pro rata share 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.

## 22.3 **Fees of the AIFM**

The AIFM is entitled to receive out of the assets of each Sub-fund a fee, as disclosed for each Sub-fund in the relevant Sub-fund Specifications.

## 22.4 **Fees of the Investment Manager**

The Investment Manager is entitled to receive out of the assets of each Sub-fund a Management Fee and as the case may be a Performance Fee, as disclosed for each Sub-fund in the relevant Sub-fund Specifications.

## 22.5 **Fees of the Depositary, the Administrative Agent and the Registrar Agent**

- (a) The Depositary, the Administrative Agent and the Registrar Agent are entitled to receive out of the assets of each Sub-fund respectively the Depositary Fee, the Administrative Agent Fee and the Registrar Agent Fee. These fees are conform to common practice in Luxembourg and are payable quarterly in arrears and as further described respectively in the Depositary Agreement, Administrative Agent Agreement and Registrar Agent Agreement.
- (b) In addition, the Depositary, the Administrative Agent and the Registrar Agent are entitled to be reimbursed by the relevant Sub-fund(s) for their reasonable out-of-pocket expenses and disbursements and for charges of any correspondents (as the case may be).

## 23. **CONTINGENT LIABILITIES**

The Company may accrue in its accounts an appropriate provision for current taxes payable in the future based on the capital and income to the Valuation Day, as determined from time to time by the Board or its delegate, as well as such amount (if any) as the Board or its delegate may consider to be an appropriate allowance in respect of any risks or liabilities of the Company or one or more Sub-fund(s) (i.e., liabilities for past events which are definite as to their nature and are certain or probable to occur and can be measured with reasonable accuracy, which might arise during the life of the Company and may include potential liabilities arising from any disputes (such as with a buyer or a tax authority) or as a result of any warranty or other similar arrangement arising as a result of a disposal of an Investment), provided that for the avoidance of doubt, on the basis that the assets are held for investment, it is not expected that such provision will include any deferred taxation.

## **24. RISK FACTORS**

### **24.1 General**

- (a) An investment in a Sub-fund involves certain risks relating to the particular Sub-fund's structure and investment objectives which Investors should evaluate before making a decision to invest in such Sub-fund. Investment in the Company is only suitable for those persons who are able to bear the economic risk of the investment, understand the high degree of risk involved, believe that the investment is suitable based upon their investment objectives and financial needs, and have no need for liquidity of investment. There can be no assurance that the Company's objectives will be achieved or that there will be any return of capital.
- (b) Before making an investment decision with respect to Shares of any Class in any Sub-fund, prospective Investors should carefully consider all of the information set out in this Memorandum and the relevant Sub-fund Specifications, as well as their own personal circumstances. Prospective Investors should have particular regard to, among other matters, the considerations set out in this Section and under the heading "Specific risk factors" in the relevant Sub-fund Specifications (if any). The risk factors referred to therein, and in this document, alone or collectively, may reduce the return on the Shares of any Sub-fund and could result in the loss of all or a proportion of a Shareholder's investment in the Shares of any Sub-fund. The price of the Shares of any Sub-fund can go down as well as up and their value is not guaranteed. Investors may not receive, at redemption or liquidation, the amount that they originally invested in any Class or any amount at all.
- (c) The risks may include or relate to equity markets, foreign exchange rates, interest rates, credit risk, counterparty risk, market volatility, liquidity and political risks. The risk factors set out in the General Part and the relevant Sub-fund Specifications are not exhaustive. There may be other risks that a prospective Investor should consider that are relevant to his/her/its own particular circumstances or generally.
- (d) An investment in the Shares of any Sub-fund is only suitable for Investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.
- (e) Before making any investment decision with respect to the Shares, prospective Investors should consult their own stockbroker, bank manager, lawyer, solicitor, accountant and/or financial adviser and carefully review and consider such an investment decision in the light of the foregoing and the prospective investor's personal circumstances.
- (f) In addition, prospective investors should note that an investment in Target Funds may result in a duplication of some costs and expenses chargeable to the Sub-fund, including, without limitation, management fees, service provider fees, establishment costs and auditing costs. Consequently, it is likely that Shareholders in any of the Sub-funds will be exposed to higher costs and expenses than if they had invested in the relevant Target Funds directly.

### **24.2 Unspecified investments**

As of the date of this Memorandum, no Investments have been made or committed. No assurance can be given that the Company (or any Sub-fund thereof) will be successful in obtaining suitable Investments or, if such Investments are made, that the objectives of the Company (or the Sub-fund) will be achieved. Prospective Investors will be unable to evaluate the economic merit of any future Investment which may be acquired. Investors must rely entirely on the judgement of the Board and the Investment Manager with respect to the selection and acquisition of investments.

### 24.3 **Conflicts of interest**

- (a) The Directors and the Investment Manager may be engaged in other business activities in addition to managing and providing advice to the Company. It is possible that companies with whom they are associated invest by way of co-investment or otherwise in the same issues, placements and investments as the Company, and under the same or similar conditions. It is also possible that such associated companies may have already invested in these assets or may invest into such assets at a later stage. However, the Directors and the Investment Manager will be obliged to act and to give advice in the best interest of the Company and its Shareholders.
- (b) Certain Shareholders may, directly or indirectly through an affiliate, hold shares in the Investment Manager.

### 24.4 **Distributions**

The Company does not intend to pay dividends or other distributions on Shares, but intends instead to reinvest all of the income and gain. Accordingly, an investment in Shares may not be suitable for Investors seeking current returns for financial or tax planning purposes. The Directors do however reserve the right to declare and pay dividends.

### 24.5 **Annual fee**

Prospective Investors should note that the annual fee payable to the Investment Manager is based in part upon unrealised gains (as well as unrealised losses), and that such unrealised gains and losses may never be realised by the Company.

### 24.6 **Operating deficits**

The expenses of operating the Company (including the fees payable to the Investment Manager, the Administrative Agent, the Depositary, the Registrar Agent and other Service Providers) may exceed the Company's income, thereby requiring that the difference be paid out of the Company's capital, reducing the value of the Company's Investments and potential for profitability.

### 24.7 **Lack of operating history**

The Company is a newly formed entity, with no significant operating history upon which to evaluate the Company's (or its Sub-funds') likely performance.

### 24.8 **Nominee arrangements**

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

### 24.9 **General economic and market conditions**

- (a) The success of the Company's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates and economic uncertainty. These factors may affect the level and volatility of security prices and liquidity of the securities held by the Company or its Sub-funds.

- (b) Unexpected volatility or liquidity could impair the Company's profitability or result in its suffering losses.

#### **24.10 Foreign currencies and exchange rates**

To the extent that the Company directly or indirectly holds assets in local currencies, the Company will be exposed to a degree of currency risk which may adversely affect performance. Changes in foreign currency exchange rates may affect the value of securities in the Company. In addition, the Company will incur costs in connection with conversions between various currencies.

#### **24.11 Classes not denominated in the Reference Currency**

- (a) Where Shares of a Sub-fund are available in a Class which is denominated in a different currency from the Reference Currency in which the Sub-fund is denominated, Investors should note that the Net Asset Value of the Class will be calculated in the Sub-fund's Reference Currency and will be stated in the other currency by reference to the current exchange rate between the Reference Currency of the Sub-fund and such other currency. Fluctuations in that currency exchange rate may affect the performance of the Shares of such a Class independent of the performance of the Sub-fund's Investments. In normal circumstances the costs and expenses of currency exchange transactions in connection with the purchase, redemption and exchange of Shares of such a Class will be borne by the relevant Class and will be reflected in the Net Asset Value of that Class. The costs and expenses incurred in any hedging of a specific Class (as set out in the relevant Sub-fund Specifications) will be borne by that Class alone.
- (b) Investors should note that inflows and outflows from Classes not denominated in the Reference Currency may have a greater potential to impact the price of the Shares of such Classes due to the fluctuations in the relevant currency exchange rate.

#### **24.12 Early termination**

In the event of the early termination of the Company, the Company would have to distribute to the Shareholders their pro-rata interest in the assets of the Company. The Company's Investments would have to be sold by the Company or distributed to the Shareholders. It is possible that at the time of such sale or redemption certain Investments held by the Company may be worth less than the initial cost of the Investment, resulting in a loss to the Company and to its Shareholders. Moreover, in the event the Company terminates prior to the complete amortisation of organisational expenses, any unamortized portion of such expenses will be accelerated and will be debited from (and thereby reduce) the amounts otherwise available for distribution to Shareholders.

#### **24.13 Compulsory redemptions**

The Directors have the right to compel any Shareholder to a full redemption if in the sole and conclusive opinion of the Directors (i) such Shareholder is a Restricted Investor; or (ii) in such other circumstances as set out in Section 9 of the General Part.

#### **24.14 Leverage**

Certain Sub-funds may take advantage of third-party borrowing in connection with their Investments to the extent permitted by its investment strategy. Although the use of third-party borrowing may enhance returns and increase the number of investments that can be made, it involves a high degree of risk and creates greater potential for loss. Use of such borrowing will subject a Sub-fund to risks normally associated with debt financing, including the risk that the Sub-fund's cash flow will be insufficient to meet required payments of principal and interest, the risk that indebtedness on the

Investments will not be able to be refinanced or the risk that the terms of such refinancing will not be as favourable as the terms of the existing indebtedness. In addition, a Sub-fund may incur indebtedness that may bear interest at variable rates. Variable rate debt creates higher debt service requirements if market interest rates increase, which would adversely affect the relevant Sub-fund.

#### **24.15 Use of financial derivative instruments**

While the prudent use of financial derivative instruments can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The following needs to be considered and understood by the Investor as important risk factors and issues concerning the use of derivatives before investing in a Sub-fund.

#### **24.16 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 Sub-fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

#### **24.17 Counterparty risk**

A Sub-fund may have credit exposure to one or more counterparties by virtue of its investment positions. To the extent that a counterparty defaults on its obligation and the Sub-fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Such risks will increase where the Sub-fund uses only a limited number of counterparties.

A Sub-fund may enter into transactions in OTC markets, which will expose the Sub-fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, a Sub-fund may enter into swap arrangements or other derivative techniques, each of which exposes the Sub-fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, a Sub-fund 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 or the Investment Manager for the account of the Sub-fund 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.

#### **24.18 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 often are acting 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 Sub-fund.

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 Sub-fund's use of derivative techniques may not always be an effective means of, and sometimes could be counterproductive to, following a Sub-fund's investment objective.

Particular risks in relation to interest rate swaps, currency swaps, total return swaps, credit default swaps and interest rate swaptions.

The Company or the Investment Manager may, as a part of the investment policy of a Sub-fund, enter into interest rate swaps, currency swaps, total return swaps, credit default swaps and interest rate swaptions agreements. Interest rate swaps involve the exchange by a Sub-fund with another party of their respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. Currency swaps may involve the exchange of rights to make or receive payments in specified currencies. Total return swaps involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments.

Where a Sub-fund enters into interest rate swaps or total return swaps on a net basis, the two payment streams are netted out, with each Sub-fund receiving or paying, as the case may be, only the net amount of the two payments. Interest rate swaps or total return swaps entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to interest rate swaps is limited to the net amount of interest payments that the Sub-fund is contractually obligated to make (or in the case of total return swaps, the net amount of the difference between the total rate of return of a reference investment, index or basket of investments and the fixed or floating payments). If the other party to an interest rate swap or total return swap defaults, in normal circumstances the Sub-fund's risk of loss consists of the net amount of interest or total return payments that the Sub-fund is contractually entitled to receive. In contrast, currency swaps usually involve the delivery of the entire principal value of one designated currency in exchange for the other designated currency. Therefore, the entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations.

A Sub-fund may use credit default swaps. A credit default swap is a bilateral financial contract in which one counterparty (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer. The protection buyer must either sell particular obligations issued by the reference issuer for its par value (or some other designated reference or strike price) when a credit event (such as bankruptcy or insolvency) occurs or receive a cash settlement based on the difference between the market price and such reference price.

A Sub-fund may use credit default swaps in order to hedge the specific credit risk of some of the issuers in its portfolio by buying protection. In addition, a Sub-fund may buy protection under credit default swaps without holding the underlying assets.

A Sub-fund may also sell protection under credit default swaps in order to acquire a specific credit exposure.

A Sub-fund may also purchase a receiver or payer interest rate swaption contract. Swaptions are options on interest rate swaps. These give the purchaser the right, but not the obligation to enter into an interest rate swap at a preset interest rate within a specified period of time. The interest rate swaption buyer pays a premium to the seller for this right. A receiver interest rate swaption gives the purchaser the right to receive fixed payments in return for paying a floating rate of interest. A payer interest rate swaption would give the purchaser the right to pay a fixed rate of interest in return for receiving a floating rate payment stream.

The use of interest rate swaps, currency swaps, total return swaps, credit default swaps and interest rate swaptions is a highly specialised activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Company or the Investment Manager is incorrect in its forecasts of market values, interest rates and currency exchange rates, the investment performance of the Sub-fund would be less favourable than it would have been if these investment techniques were not used.

#### **24.19 Risks of options trading**

In seeking to enhance performance or hedge assets, the Sub-fund may use options. Both the purchasing and selling of call and put options entail risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying security may fall below the exercise price.

#### **24.20 Investing in futures is volatile and involves a high degree of leverage**

Futures markets are highly volatile markets. The profitability of the Sub-fund will partially depend on the ability of the Company or the Investment Manager to make a correct analysis of the market trends, influenced by governmental policies and plans, international political and economical events, changing supply and demand relationships, acts of governments and changes in interest rates. In addition, governments may from time to time intervene on certain markets, particularly currency markets. Such interventions may directly or indirectly influence the market. Given that only a small amount of margin is required to trade on futures markets, the operations of the managed futures portion of the Sub-fund will be characterised by a high degree of leverage. As a consequence, a relatively small variation of the price of a futures contract may result in substantial losses for the Sub-fund and a correlated reduction of the value of the portfolio of the Sub-fund.

#### **24.21 Futures markets may be illiquid**

Most futures markets limit fluctuation in futures contracts prices during a single day. When the price of a futures contract has increased or decreased by an amount equal to the daily limit, positions can be neither taken nor liquidated unless the Company or the Investment Manager are willing to trade at or within the limit. In the past futures contracts prices have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Sub-fund from promptly liquidating unfavourable positions and thus subject the Sub-fund to substantial losses. In addition, even if the prices do not get close to such limits, the Sub-fund may be in a position not to obtain satisfying prices if the volumes traded on the market are insufficient to meet liquidation requests. It is also possible that a stock exchange, the Commodity Futures Trading Commission in the United States or another similar institution in another country suspends the listing of a particular contract, instructs the immediate liquidation of the contract or limits transactions on a contract to the sole transactions against delivery.

#### **24.22 Options on futures**

The Company or the Investment Manager may engage in the management of options, in particular options on futures contracts. Such management carries risks similar to the risks inherent to the uncovered management of futures contracts on commodities as far as such options are volatile and imply a high degree of leverage. The specific movements of the commodities and futures contracts markets, which represent the underlying assets of the options may not be predicted with precision. The buyer of an option may lose the entire purchase price of the option. The seller of an option may lose the difference between the premium received for the option and the price of the commodity or of the

futures contract underlying the option that the seller must buy or deliver, upon the exercise of the option.

#### **24.23 Risks of borrowing**

The Sub-funds may borrow funds for the purpose of a leveraged trading technique. Borrowing money to purchase securities may provide a Sub-fund with the opportunity for greater capital appreciation, but, at the same time, will increase the Sub-fund's exposure to the loss of capital and higher current expenses.

#### **24.24 Long/short strategies**

A Sub-fund, within the limits laid out in Section 3.2(g) of the General Part may sell securities short. Since the borrowed securities sold short must later be replaced by market purchases, any appreciation in the market price of these securities (which is potentially unlimited) results in a loss. Purchasing securities to close out the short position can itself cause their market price to rise, further increasing losses. Furthermore, the Sub-fund may be prematurely forced to close out a short position if a counterparty from which the Sub-fund has borrowed such security demands its return. In addition, due to regulatory or legislative action taken by regulators around the world as a result of volatility in the global financial markets, taking short positions on certain securities has been restricted at certain times in certain jurisdictions. The levels of restriction vary across different jurisdictions and are subject to change in the short to medium term. These restrictions have at times made it difficult and in some cases impossible for numerous market participants either to continue to implement their investment strategies or to control the risk of their open positions. Accordingly, the Investment Manager may not always be in a position to fully express its negative views in relation to certain securities, companies or sectors and the ability of the Investment Manager to fulfil the investment objective of the relevant Sub-fund may be constrained.

#### **24.25 Market participant risk**

The institutions, including brokerage firms and banks, with which the Sub-fund executes trades, may encounter financial difficulties that impair the operational capabilities or the capital position of such counterparty. The Sub-fund will have no control whatsoever over the counterparties or brokers used by the target funds.

#### **24.26 Market crisis and governmental and regulatory intervention**

The global financial markets have undergone pervasive and fundamental disruptions which have led to extensive and unprecedented governmental and regulatory intervention. Such intervention has in certain cases been implemented on an "emergency" basis without much or any notice with the consequence that some market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions has been suddenly and/or substantially eliminated. Given the complexities of the global financial markets and the limited time frame within which governments and regulators have been able to take action, these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of such markets as well as previously successful investment strategies.

It is impossible to predict with certainty what additional interim or permanent governmental or regulatory restrictions may be imposed on the markets and/or the effect of such restrictions on the Investment Manager's ability to fulfil the Sub-funds' investment objectives. However, there is a high likelihood of significantly increased regulation of the global financial markets, and such increased regulation could be materially detrimental to the performance of the Sub-funds' portfolios.

#### 24.27 **Market disruptions**

The Sub-funds may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Company from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to the Company. In 1994, in 1998 and again in the so-called "credit crunch" of 2007-2009 a sudden restriction of credit by the dealer community resulted in forced liquidations and major losses for a number of investment vehicles. The "credit crunch" of 2007-2009 has particularly affected investment vehicles focused on credit-related investments. However, because market disruptions and losses in one sector can cause ripple effects in other sectors, during the "credit crunch" of 2007-2009 many investment vehicles suffered heavy losses even though they were not necessarily heavily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Company and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the Company to liquidate affected positions and thereby expose it to losses. There is also no assurance that off-exchange markets will remain liquid enough for the Company to close out positions.

#### 24.28 **Availability of investment strategies**

The success of certain Sub-funds' investment activities will depend on the Investment Manager's ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the import of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the relevant Sub-fund involves a high degree of uncertainty. No assurance can be given that the Investment Manager will be able to locate suitable investment opportunities in which to deploy all of the relevant Sub-fund's assets or to exploit discrepancies in the securities and derivatives markets. A reduction in money market liquidity or the pricing inefficiency of the markets in which the relevant Sub-fund will seek to invest, as well as other market factors, will reduce the scope for the relevant Sub-fund's investment strategies.

A Sub-fund may be adversely affected by unforeseen events involving such matters as changes in interest rates or the credit status of an issuer, forced redemptions of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

#### 24.29 **Counterparty insolvency**

The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that the Company (or agents thereof) will monitor on an ongoing basis the creditworthiness of firms (including custodian agents) with which the Sub-funds will enter into repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by the counterparty to such transaction, the relevant Sub-fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual remedies may involve delays or costs which could result in the Net Asset Value of the relevant Sub-fund being less than if the relevant Sub-fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent. For example, in September 2008, Lehmann Brothers Holdings Inc., a major investment bank based in the United States, filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy

Code, and Lehmann Brothers Inc., its principal US broker-dealer subsidiary, became subject to a liquidation proceeding under the United States Securities Investor Protection Law. In addition, certain Lehman Brothers subsidiaries, including Lehmann Brothers International (Europe) (**LBIE**) have been placed under administration for the purpose of winding down their respective businesses. If one or more of a Sub-fund's counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the United States Securities Investor Protection Law or the United States Bankruptcy Code), there is a risk that the recovery of the relevant Sub-fund's securities and other assets from such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to such counterparty.

In addition, the Sub-funds may use counterparties located in various jurisdictions around the world like LBIE. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the relevant Sub-fund's assets will be subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalise about the effect of their insolvency on the relevant Sub-funds and their assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Sub-funds which could be material.

#### 24.30 **Debt securities**

The Sub-funds may invest in both investment grade and sub-investment grade debt securities in the expectation that positive returns can be made. For investment grade securities this will normally be with an assumption that the issuer will be able to make payment of interest and/or principal which will be part of the returns together with any appreciation of the debt security. For sub-investment grade securities or debt securities that are distressed, payments of interest or of principal may or may not be assumed but there could be other opportunities to generate a positive return from an investment. Sub-investment grade debt securities are subject to a greater risk of loss of principal and interest than higher-rated debt securities. Sub-funds may invest in distressed debt securities which are subject to a significant risk of the issuer's inability to meet principal and interest payments on the obligations and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity risk. The Sub-funds may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Sub-funds may also invest in debt securities that are not protected by financial covenants or limitations on additional indebtedness and may invest in debt securities or obtain exposure to those debt securities by selling the securities short.

The issuers of debt securities may default on their obligations, whether due to insolvency, bankruptcy, fraud or other causes and their failure to make the scheduled payments could cause the relevant Sub-fund to suffer significant losses. Sub-funds will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluation credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for debt securities may be inefficient and illiquid, making it difficult to accurately value financial instruments.

#### 24.31 **Regulations**

With the exception of registration under the Luxembourg law, the Company is not registered pursuant to any other applicable law, rule or regulation. Consequently, Shareholders will not benefit from certain of the protections afforded by such other laws or regulations.

#### 24.32 **Change of law**

The Company must comply with regulatory constraints, such as a change in the laws affecting the investment restrictions and limits applicable to SIFs, which might require a change in the investment policy and objectives followed by a Sub-fund.

#### 24.33 **Tax risks in general**

- (a) An investment in the Company involves complex tax considerations in Luxembourg, in the countries in which Investment assets are located, in countries in which particular Investors are located, and possibly in other countries (including the countries in which the Investment Manager or its affiliates are located). Some of these tax considerations will differ for particular Investors. Among other things, Investors may be subject to tax on Company income even if the Company does not make distributions.
- (b) Depending on individual circumstances, the taxation treatment for direct or indirect Investors may differ from the guidance of Section 20 of the General Part and Investors should obtain advice from their own tax advisers regarding the tax implications for them of holding and disposing of Shares and receiving distributions in respect of the Shares.

BEFORE DETERMINING TO INVEST IN THE COMPANY, PROSPECTIVE INVESTORS SHOULD EVALUATE WHETHER THEY ACCEPT THE AFORESAID RISKS WHICH THEY WILL ASSUME BY BUYING SHARES OF THE COMPANY. THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING.

PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE MEMORANDUM AND FULLY EVALUATE ALL OTHER INFORMATION THAT THEY DEEM TO BE NECESSARY BEFORE DETERMINING TO INVEST IN THE COMPANY.

### **25. AMENDMENTS TO THE MEMORANDUM**

25.1 Subject to regulatory approval and the consent of the Initiator, the Board may amend the provisions of this General Part as follows:

- (a) where the change is determined by the Board not to be material, upon decision of the Board;  
or
- (b) where the change is determined by the Board to be material, after having informed the Shareholders of the Company of such change by means of notices to Shareholders.

25.2 Subject to regulatory approval and the consent of the Initiator, the Board may amend the provisions of any Sub-fund Specifications as follows:

- (a) where the change is determined by the Board not to be material, upon decision of the Board;  
or
- (b) where the change is determined by the Board to be material, after having informed the Shareholders of the relevant Sub-funds of the Company of such change by means of notices to Shareholders.

## **26. COMPLAINTS HANDLING**

In accordance with the regulation applicable in Luxembourg, the Company has implemented and maintains effective and transparent procedures for the reasonable and prompt handling of complaints received from Shareholders. The information regarding those procedures shall be made available to Shareholders free of charge upon request. Shareholders have the right to complain free of charge and have the possibility to lodge their complaints at the registered office of the Company (28-32, Place de la Gare, L-1616 Luxembourg) or at the registered office of the Investment Manager (Vía de las dos Castillas, 33. 2º planta, 28224, Pozuelo de Alarcón, Madrid, Spain).

## **SUB-FUND SPECIFICATIONS 1: GRANTIA - FX ALBATROS**

This Sub-fund Specifications are valid only if accompanied by the General Part of the Memorandum. These Sub-fund Specifications refer only to Grantia – FX Albatros (the **Sub-fund**).

### **1. INVESTMENT OBJECTIVE AND POLICY**

- 1.1 The objective of the Sub-fund is to provide Investors absolute return through primarily investing in the major world FX pair of currencies.
- 1.2 The Sub-fund operates mainly by implementing a directional long short strategy on the Sub-fund's asset classes or indices thereof. Exposure in major world FX pair of currencies will be achieved through the use of Spot FX or derivative instruments.
- 1.3 The Sub-fund shall not invest in shares of other sub-funds, including for the avoidance of doubts open-ended exchange traded funds (ETF), above 20% of the net assets of the Sub-fund.
- 1.4 Subject to the applicable conditions and limits set out in section "Investment restrictions" the Sub-fund may invest on an ancillary basis in cash, cash equivalent and/or deposits. Under exceptional circumstances, the Sub-fund may be invested up to 100% in cash or cash equivalent (including money market instruments).
- 1.5 The Sub-fund may hold both non-EUR denominated securities and non-EUR denominated currency positions. Therefore, movements in both non-EUR denominated and non-EUR denominated currencies can influence the Sub-fund's return. Currency hedging and trading may be implemented using spot and forward foreign exchange contracts.
- 1.6 The Sub-fund will be actively managed.

### **2. USE OF DERIVATIVES OR OTHER INVESTMENT TECHNIQUES AND INSTRUMENTS**

- 2.1 The Sub-fund may enter in financial derivatives instruments, either listed or OTC, such as, but not limited to, futures and contract for differences, for both, investment or hedging purposes.
- 2.2 To achieve its objective, the Sub-Fund may enter into efficient portfolio transactions such as repurchase agreements and reverse repurchase agreements.

### **3. SPECIFIC RISK FACTORS RELATED TO FX**

- 3.1 The FX risk is the risk that changes in exchange rates may impact on the Sub-fund's profitability and/or the value of its assets and liabilities.
- 3.2 The Investment Manager needs to determine the nature and extent of the FX risk exposures. As such, the first stage of FX risk management involves the identification of items and amounts that are exposed to FX risk. Assets, liabilities, profits or expected cash flow streams can all be exposed to FX risk if changes in the exchange rate would alter their home currency value.
- 3.3 There are essentially three main types of foreign currency exposure: transaction exposure, translation exposure and economic exposure. Each of these exposure types can be managed in different ways. Much of the complexity of foreign exchange risk management derives from the interaction between

these different types of FX exposure and the combination of FX risk management strategies and tools required to manage them.

(a) Transaction exposure

This type of exposure arises when a company undertakes transactions in a currency other than its domestic currency. It is usually the result of international or domestic trade in foreign currency and is the simplest form of FX exposure. A company is exposed to transaction exposure when it makes or receives payments in a foreign currency.

If the same company is selling in foreign currency it is exposed to the opposite risk – that its home currency value will appreciate. The company would then receive the quoted price on its goods in foreign currency but the equivalent value in its home currency would be less than anticipated.

Transaction exposure may also affect any other transactions, for example funding that has been arranged in a foreign currency. This includes the risk of increased debt obligations as interest and in principal have to be repaid in foreign currency.

Other examples of transaction exposure can include any quotes (eg tenders) in foreign currency or any contractual obligations based on inputs linked to foreign currency, such as the oil price which is quoted in US dollars.

(b) Translation exposure

Translation or accounting exposure arises when a company has assets and liabilities denominated in a currency other than its reporting currency.

Accounting regulations may require that the foreign currency value of items such as shareholdings of subsidiaries or property holdings abroad must be converted into the company's reporting currency in the preparation of consolidated accounts. Liabilities such as foreign currency loans also have to be converted at the exchange rate current at the reporting date. Any change in the exchange rate between the denominated and the reporting currency of these foreign currency assets and liabilities will therefore impact on the balance sheet of the company.

Under the International Accounting Standard IAS 21, translation gains and losses should be included in the group's consolidated profit and loss account, which can lead to considerable fluctuations in reported corporate profits.

Translation exposure is therefore the possibility that the parent companies net worth and reported income will increase or decrease as a result of any translation gains or losses of foreign-currency denominated items in the consolidated financial statements.

(c) Economic exposure

Economic exposure, also called operating exposure, is the risk that the firm's present value of future operating cash flows is affected by changes in exchange rates. The concept of economic exposure is generally applied to a company's expected future operating cash flows from sales in foreign currency and from foreign operations. In addition, some future cash flows that are denominated in the domestic currency may be exposed to competition from suppliers operating in other currencies.

The analysis of economic exposure would therefore assess the impact of changing exchange rates on a company's operations and its competitive position.

Economic exposure affects revenues (domestic sales and exports) and operating expenses (cost of domestic inputs and imports). It has a long-term impact on the business and is reflected

in the forecasting of cost and revenue streams whether these are in the context of finance, marketing, procurement or production planning.

#### **4. RISK MANAGEMENT PROCESS**

- 4.1 The exposure of the Sub-fund calculated in accordance with the gross method as defined in article 7 of the AIFMR does not exceed the maximum 1,500% and the average should range between 400% and 500% of its net assets, while the exposure of the Sub-fund calculated in accordance with the commitment method as defined in article 8 of the AIFMR does not exceed the maximum 1,650% and the average should range between 500% and 700% of its net assets.
- 4.2 The Sub-fund's level of leverage will be predominantly obtained through the use of financial derivatives instruments for long and short positions. This does not automatically mean an increase in the global risk parameters of the Sub-fund.
- 4.3 The liquidity management policy of the Sub-fund is compliant with article 15 of the 2013 Law.

#### **5. REFERENCE CURRENCY**

The Reference Currency of the Sub-fund is the EUR.

#### **6. VALUATION DAY - INITIAL OFFERING PERIOD**

- 6.1 The Initial Offering Period was from 21<sup>st</sup> January 2019 to 5<sup>th</sup> February 2019.
- 6.2 The Valuation Day is each Business Day.

Section 7 of the General Part "Subscription for Shares", section 8 of the General Part "Conversion of Shares" and section 9 of the General Part "Redemption of Shares" are applicable to subscription, conversion and redemption of Shares in the Sub-fund.

After the Initial Offering Period, applications for subscription for Shares must be received by the Depository on any Valuation Day before the Sub-fund subscription cut-off time.

After the Initial Offering Period, applications for redemption for Shares must be received by the Depository on any Valuation Day before the Sub-fund redemption cut-off time.

After the Initial Offering Period, applications for conversion for Shares must be received by the Depository on any Valuation Day before the Sub-fund conversion cut-off time.

#### **7. CLASSES AVAILABLE**

- 7.1 There are for the time being two Classes of Shares available for subscription in the Sub-fund by Investors with the following characteristics:

	Class A	Class B
<b>Reference Currency</b>	EUR	EUR
<b>Accumulation / Distribution Class</b>	Accumulation	Accumulation

<b>Eligible Investors</b>	Well-Informed Investors (i.e. institutional investors, professional investors, any other investor who qualifies as Well-Informed Investor and, in particular, employees of the Investment Manager who qualify as Well-Informed Investor)	Well-Informed Investors (i.e. institutional investors, professional investors and any other investor who qualifies as Well-Informed Investor)
<b>Minimum Initial Subscription Amount*</b>	EUR 125,000.-	EUR 1,000,000.-
<b>Minimum Subsequent Subscription Amount*</b>	1 Share	1 Share
<b>Initial Issue Price</b>	EUR 100 per Share	EUR 100 per Share
<b>Subscription Fee</b>	N/A	N/A
<b>Redemption Fee</b>	N/A	N/A
<b>Conversion Fee</b>	N/A	NA
<b>AIFM Fee</b>	up to 0.20% of the NAV (Excluding minimal flat fees)	up to 0.20% of the NAV (Excluding minimal flat fees)
<b>Management Fee**</b>	up to 3.5% of the NAV	up to 3% of the NAV
<b>Performance Fee</b>	30%	30%
<b>Administrative Agent and Registrar Agent fees****</b>	up to 0.05% of the NAV	up to 0.05% of the NAV
<b>Depository fees****</b>	up to 0,11% of the NAV	up to 0,11% of the NAV

\* The Board may, at its discretion, accept subscriptions and subsequent subscriptions of lesser amounts than the Minimum Initial Subscription Amount provided however that the relevant investor qualifies as a Well-Informed Investor.

\*\* The Management Fee is calculated daily and payable monthly in arrears.

\*\*\*excluding minimal flat fees that may be applicable as well as any transaction or dealing costs and other optional costs/fees to be charged depending on the level of trading.

## 8. PERFORMANCE FEE

8.1 The Investment Manager will receive a Performance Fee out of the assets of the Sub-fund which will be calculated and paid with the following principles.

8.2 The Performance Fee calculation adheres to the High Water Mark (as defined below) principle which foresees that the Performance Fee will only be accrued on each Valuation Day and paid if the Net Asset Value per Share of the relevant Class of Shares at the end of a Performance Period (as defined below) exceeds a percentage (as indicated in the above table) of the highest Net Asset Value per Share of the relevant Class of Share in relation to which a performance has ever been paid (the **High Water Mark**).

8.3 For the purpose of this Sub-Fund, a **Performance Period** means a calendar year, beginning on 1<sup>st</sup> January and ending on 31 December of each year. By exception, the first Performance Period begins on the launch of the Sub-fund and ends on 31 December 2019.

- 8.4 The Performance Fee will be payable within ten (10) Business Days following the Net Asset Value per Share of the relevant Class of Share finalization at the end of the Performance Period. If Shares are redeemed during the Performance Period, the Performance Fee accrued in respect of these Shares will be crystallised and the aggregate of all such crystallised amounts will be paid within ten (10) Business Days following the Net Asset Value per Share of the relevant Class of Share finalization at the end of the Performance Period. In case of termination of the investment management agreement other than at a year end, the Performance Fee shall be due through the effective termination and shall be pro-rated over the effective period of management.

## **SUB-FUND SPECIFICATIONS 2: GRANTIA – FX EQUANTO**

This Sub-fund Specifications are valid only if accompanied by the General Part of the Memorandum. These Sub-fund Specifications refer only to Grantia – FX Equanto (the **Sub-fund**).

### **1. INVESTMENT OBJECTIVE AND POLICY**

- 1.1 The objective of the Sub-fund is to provide Investors absolute return through primarily investing in the major world FX pair of currencies.
- 1.2 The Sub-fund operates mainly by implementing a directional long short strategy on the Sub-Fund's asset classes or indices thereof. Exposure in major world FX pair of currencies will be achieved through the use of Spot FX or derivative instruments.
- 1.3 The Sub-fund shall not invest in shares of other sub-funds, including for the avoidance of doubts open-ended exchange traded funds (ETF), above 20% of the net assets of the Sub-fund.
- 1.4 Subject to the applicable conditions and limits set out in section "Investment restrictions" the Sub-fund may invest on an ancillary basis in cash, cash equivalent and/or deposits. Under exceptional circumstances, the Sub-fund may be invested up to 100% in cash or cash equivalent (including money market instruments).
- 1.5 The Sub-fund may hold both non-EUR denominated securities and non-EUR denominated currency positions. Therefore, movements in both non-EUR denominated and non-EUR denominated currencies can influence the Sub-fund's return. Currency hedging and trading may be implemented using spot and forward foreign exchange contracts.
- 1.6 The Sub-fund will be actively managed.

### **2. USE OF DERIVATIVES OR OTHER INVESTMENT TECHNIQUES AND INSTRUMENTS**

- 2.1 The Sub-fund may enter in financial derivatives instruments, either listed or OTC, such as, but not limited to, futures and contract for differences, for both, investment or hedging purposes.
- 2.2 To achieve its objective, the Sub-Fund may enter into efficient portfolio transactions such as repurchase agreements and reverse repurchase agreements.

### **3. SPECIFIC RISK FACTORS RELATED TO FX**

- 3.1 The FX risk is the risk that changes in exchange rates may impact on the Sub-fund's profitability and/or the value of its assets and liabilities.
- 3.2 The Investment Manager needs to determine the nature and extent of the FX risk exposures. As such, the first stage of FX risk management involves the identification of items and amounts that are exposed to FX risk. Assets, liabilities, profits or expected cash flow streams can all be exposed to FX risk if changes in the exchange rate would alter their home currency value.
- 3.3 There are essentially three main types of foreign currency exposure: transaction exposure, translation exposure and economic exposure. Each of these exposure types can be managed in different ways. Much of the complexity of foreign exchange risk management derives from the interaction between these different types of FX exposure and the combination of FX risk management strategies and tools required to manage them.

(a) Transaction exposure

This type of exposure arises when a company undertakes transactions in a currency other than its domestic currency. It is usually the result of international or domestic trade in foreign currency and is the simplest form of FX exposure. A company is exposed to transaction exposure when it makes or receives payments in a foreign currency.

If the same company is selling in foreign currency it is exposed to the opposite risk – that its home currency value will appreciate. The company would then receive the quoted price on its goods in foreign currency but the equivalent value in its home currency would be less than anticipated.

Transaction exposure may also affect any other transactions, for example funding that has been arranged in a foreign currency. This includes the risk of increased debt obligations as interest and in principal have to be repaid in foreign currency.

Other examples of transaction exposure can include any quotes (eg tenders) in foreign currency or any contractual obligations based on inputs linked to foreign currency, such as the oil price which is quoted in US dollars.

(b) Translation exposure

Translation or accounting exposure arises when a company has assets and liabilities denominated in a currency other than its reporting currency.

Accounting regulations may require that the foreign currency value of items such as shareholdings of subsidiaries or property holdings abroad must be converted into the company's reporting currency in the preparation of consolidated accounts. Liabilities such as foreign currency loans also have to be converted at the exchange rate current at the reporting date. Any change in the exchange rate between the denominated and the reporting currency of these foreign currency assets and liabilities will therefore impact on the balance sheet of the company.

Under the International Accounting Standard IAS 21, translation gains and losses should be included in the group's consolidated profit and loss account, which can lead to considerable fluctuations in reported corporate profits.

Translation exposure is therefore the possibility that the parent companies net worth and reported income will increase or decrease as a result of any translation gains or losses of foreign-currency denominated items in the consolidated financial statements.

(c) Economic exposure

Economic exposure, also called operating exposure, is the risk that the firm's present value of future operating cash flows is affected by changes in exchange rates. The concept of economic exposure is generally applied to a company's expected future operating cash flows from sales in foreign currency and from foreign operations. In addition, some future cash flows that are denominated in the domestic currency may be exposed to competition from suppliers operating in other currencies.

The analysis of economic exposure would therefore assess the impact of changing exchange rates on a company's operations and its competitive position.

Economic exposure affects revenues (domestic sales and exports) and operating expenses (cost of domestic inputs and imports). It has a long-term impact on the business and is reflected in the forecasting of cost and revenue streams whether these are in the context of finance, marketing, procurement or production planning.

#### 4. RISK MANAGEMENT PROCESS

- 4.1 The exposure of the Sub-fund calculated in accordance with the gross method as defined in article 7 of the AIFMR does not exceed the maximum 2,500% and the average should range between 700% and 800% of its net assets, while the exposure of the Sub-fund calculated in accordance with the commitment method as defined in article 8 of the AIFMR does not exceed the maximum 2,700% and the average should range between 800% and 1,000% of its net assets.
- 4.2 The Sub-fund's level of leverage will be predominantly obtained through the use of financial derivatives instruments for long and short positions. This does not automatically mean an increase in the global risk parameters of the Sub-fund.
- 4.3 The liquidity management policy of the Sub-fund is compliant with article 15 of the 2013 Law.

#### 5. REFERENCE CURRENCY

The Reference Currency of the Sub-fund is the EUR.

#### 6. VALUATION DAY - INITIAL OFFERING PERIOD

- 6.1 The Initial Offering Period was from 21<sup>st</sup> January 2019 to 5<sup>th</sup> February 2019.
- 6.2 The Valuation Day is each Business Day.

Section 7 of the General Part "Subscription for Shares", section 8 of the General Part "Conversion of Shares" and section 9 of the General Part "Redemption of Shares" are applicable to subscription, conversion and redemption of Shares in the Sub-fund.

After the Initial Offering Period, applications for subscription for Shares must be received by the Depositary on any Valuation Day before the Sub-fund subscription cut-off time.

After the Initial Offering Period, applications for redemption for Shares must be received by the Depositary on any Valuation Day before the Sub-fund redemption cut-off time.

After the Initial Offering Period, applications for conversion for Shares must be received by the Depositary on any Valuation Day before the Sub-fund conversion cut-off time.

#### 7. CLASSES AVAILABLE

- 7.1 There are for the time being five Classes of Shares available for subscription in the Sub-fund by Investors with the following characteristics:

	Class A	Class B	Class C	Class D	Class E
<b>Reference Currency</b>	EUR	EUR	EUR	EUR	EUR
<b>Accumulation / Distribution Class</b>	Accumulation	Accumulation	Accumulation	Accumulation	Accumulation
<b>Eligible Investors</b>	Well-Informed Investors (i.e. institutional investors,	Well-Informed Investors (i.e. institutional	Institutional and Well-Informed Investors (i.e.	Institutional and Well-Informed Investors (i.e.	Institutional and Well-Informed Investors (i.e.

	professional investors, any other investor who qualifies as Well-Informed Investor and, in particular, employees of the Investment Manager who qualify as Well-Informed Investor)	investors, professional investors and any other investor who qualifies as Well-Informed Investor)	professional investors and any other investor who qualifies as Well-Informed Investor)	professional investors and any other investor who qualifies as Well-Informed Investor)	professional investors and any other investor who qualifies as Well-Informed Investor)
<b>Minimum Initial Subscription Amount*</b>	EUR 125,000.-	EUR 1,000,000.-	EUR 20,000,000.-	EUR 4,000,000.-	EUR 4,000,000.-
<b>Minimum Subsequent Subscription Amount*</b>	1 Share	1 Share	1 Share	1 Share	1 Share
<b>Initial Issue Price</b>	EUR 100 per Share	EUR 100 per Share	EUR 100 per Share	EUR 100 per Share	EUR 100 per Share
<b>Subscription Fee</b>	N/A	N/A	N/A	N/A	N/A
<b>Redemption Fee</b>	N/A	N/A	N/A	N/A	N/A
<b>Conversion Fee</b>	N/A	NA	N/A	N/A	N/A
<b>AIFM Fee</b>	up to 0.10% of the NAV (Excluding minimal flat fees)	up to 0.10% of the NAV (Excluding minimal flat fees)	up to 0.10% of the NAV (Excluding minimal flat fees)	up to 0.10% of the NAV (Excluding minimal flat fees)	up to 0.10% of the NAV (Excluding minimal flat fees)
<b>Management Fee**</b>	up to 4.5% of the NAV	up to 4% of the NAV	up to 3% of the NAV	up to 4.5% of the NAV	up to 3% of the NAV
<b>Performance Fee</b>	30%	30%	20%	20%	25%
<b>Administrative Agent and Registrar Agent fees****</b>	up to 0.05% of the NAV	up to 0.05% of the NAV	up to 0.05% of the NAV	up to 0.05% of the NAV	up to 0.05% of the NAV
<b>Depository fees****</b>	up to 0,11% of the NAV	up to 0,11% of the NAV	up to 0,11% of the NAV	up to 0,11% of the NAV	up to 0,11% of the NAV

\* The Board may, at its discretion, accept subscriptions and subsequent subscriptions of lesser amounts than the Minimum Initial Subscription Amount provided however that the relevant investor qualifies as a Well-Informed Investor.

\*\* The Management Fee is calculated daily and payable monthly in arrears.

\*\*\*excluding minimal flat fees that may be applicable as well as any transaction or dealing costs and other optional costs/fees to be charged depending on the level of trading.

## 8. PERFORMANCE FEE

8.1 The Investment Manager will receive a Performance Fee out of the assets of the Sub-fund which will be calculated and paid with the following principles.

- 8.2 The Performance Fee calculation adheres to the High Water Mark (as defined below) principle which foresees that the Performance Fee will only be accrued on each Valuation Day and paid if the Net Asset Value per Share of the relevant Class of Shares at the end of a Performance Period (as defined below) exceeds a percentage (as indicated in the above table) of the highest Net Asset Value per Share of the relevant Class of Share in relation to which a performance has ever been paid (the **High Water Mark**).
- 8.3 For the purpose of this Sub-Fund, a **Performance Period** means a calendar year, beginning on 1<sup>st</sup> January and ending on 31 December of each year. By exception, the first Performance Period begins on the launch of the Sub-fund and ends on 31 December 2019.
- 8.4 The Performance Fee will be payable within ten (10) Business Days following the Net Asset Value per Share of the relevant Class of Share finalization at the end of the Performance Period. If Shares are redeemed during the Performance Period, the Performance Fee accrued in respect of these Shares will be crystallised and the aggregate of all such crystallised amounts will be paid within ten (10) Business Days following the Net Asset Value per Share of the relevant Class of Share finalization at the end of the Performance Period. In case of termination of the investment management agreement other than at a year end, the Performance Fee shall be due through the effective termination and shall be pro-rated over the effective period of management.