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L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité  
Luxembourg, le 2018-09-14  
Commission de Surveillance du Secteur Financier

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*Prospectus*

**AXIOM LUX** *Variable Capital Investment Company Luxembourg*

September 2018

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**AXIOM LUX** (the "**Company**") is registered under part I of the Luxembourg law of 17 December 2010 concerning undertakings for collective investment, as may be amended from time to time (the "**Law**"). The Company qualifies as an Undertaking for Collective Investment in Transferable Securities under the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities. The Company is managed by Axiom Alternative Investments on the basis of freedom of services pursuant to chapter 15 of the Law.

The Shares (as such term is defined below) have not been registered under the United States Securities Act of 1933 and may not be offered directly or indirectly in the United States of America (including its territories and possessions) to nationals or residents thereof or to persons normally resident therein, or to any partnership or persons connected thereto unless pursuant to any applicable statute, rule or interpretation available under United States law.

The distribution of this Prospectus in other jurisdictions may also be restricted; persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. This document does not constitute an offer by anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer.

Any information or representation given or made by any person which is not contained herein or in any other document which may be available for inspection by the public should be regarded as unauthorised and should accordingly not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares in the Company shall under any circumstances constitute a representation that the information given in this Prospectus is correct as at any time subsequent to the date of this Prospectus.

All references herein to times and hours are to Luxembourg local time.

The members of the Board of Directors are held responsible for all information set out in this Prospectus at the time of its publication.

Potential subscribers to the Company should inform themselves on applicable laws and regulations (i.e. as to the possible tax requirements or foreign exchange control) of the countries of their citizenship, residence or domicile, and which might be relevant to the subscription, purchase, holding, conversion and redemption of Shares.

The KIID will be provided to subscribers before their first subscription and before any application for conversion of shares in accordance with applicable laws and regulations. KIIDs are available on the following website <http://www.axiom-ai.com>.

The Prospectus and the KIID are likely to be updated to take into account creation or liquidation of compartments or significant changes to the structure and the functioning of the Company. It is therefore recommended to subscribers to inform themselves on the latest available documentation of the Company at the registered office of the Company or on the following website: [axiom-ai.com](http://www.axiom-ai.com).

Shareholders are informed that their personal data or information given in the subscription documents or otherwise in connection with an application to subscribe for Shares, as well as details of their shareholding, will be stored in digital form and processed in compliance with the provisions of the data protection laws and regulations applicable to the Grand-Duchy of Luxembourg, as further specified in the "Data Protection" section of the Prospectus.

# DIRECTORY

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## **AXIOM LUX**

*Société d'Investissement à Capital Variable  
Registered office: 5, allée Scheffer,  
L-2520 Luxembourg, Grand-Duchy of Luxembourg*

### **Board of Directors**

*Mrs. Christina Perri,  
Director International Business Development  
Axiom Alternative Investments*

*Mr. Laurent Surjon,  
Directeur Général  
ADDAX Holding*

*Mr. David Ben Amou,  
Managing Partner  
Axiom Alternative Investments*

*Mr. Christophe Arnould,  
Independent Director*

*Mr. Jean-Francois Boulier  
Independent Director*

### **Management Company**

*Axiom Alternative Investments  
"Société de Gestion de Portefeuille"  
39 Avenue Pierre 1er de Serbie,  
F- 75008 Paris*

### **Board of Managers of the Management Company**

*Mr. David Ben Amou  
Gérant  
Axiom Alternative Investments*

*Mr. Jérôme Legras  
Gérant  
Axiom Alternative Investments*

*Mr. Adrian Paturle  
Gérant  
Axiom Alternative Investments*

*Mr. Gregory Raab  
Gérant  
Axiom Alternative Investments*

*Mr. Philippe Cazenave  
Gérant  
Axiom Alternative Investments*

*Mr. Laurent Surjon  
Gérant  
Axiom Alternative Investments*

***Depository***

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

***Administrative Agent***

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

***Global Distributor***

*Axiom Alternative Investments  
“Société de Gestion de Portefeuille”  
39 Avenue Pierre 1er de Serbie,  
F- 75008 Paris*

***Auditors***

*PricewaterhouseCoopers, société coopérative  
2, rue Gerhard Mercator,  
B.P. 1443  
L-1014 Luxembourg, Grand Duchy of Luxembourg*

***Legal Advisor***

*Arendt & Medernach S.A.  
41A, avenue J.F. Kennedy  
L-2082 Luxembourg, Grand Duchy of Luxembourg*

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## GENERAL SECTION

### 1. PRINCIPAL FEATURES

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The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Prospectus.

<b><i>Administrative Agent</i></b>	CACEIS Bank, Luxembourg Branch, acting as domiciliation agent, registrar and transfer agent, and administrative agent as further described below
<b><i>AIF</i></b>	an alternative investment fund within the meaning of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers
<b><i>Articles</i></b>	the articles of association of the Company, as amended from time to time
<b><i>AML Regulations</i></b>	the Luxembourg law of 27 October 2010 relating to the fight against money-laundering and the financing of terrorism, the law of 19 February 1973 on the sale of medicinal substances and the fight against drug addiction (as amended), the law of 12 November 2004 on the fight against money laundering and terrorist financing (as amended), and associated Grand Ducal, Ministerial and CSSF Regulations and the circulars of the CSSF applicable as amended from time to time
<b><i>Appendix</i></b>	an appendix to this Prospectus
<b><i>Board of Directors</i></b>	the board of directors of the Company
<b><i>Benchmark Regulation</i></b>	Regulation EU 2016/1011 of 10 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.
<b><i>Business Day</i></b>	a full business day on which banks are opened in Luxembourg and France
<b><i>Class(es)</i></b>	within each Compartment, separate classes of Shares whose assets will be commonly invested but where a specific sales or redemption charge structure, fee structure, minimum investment amount, taxation, distribution policy or other feature may be applied
<b><i>Company</i></b>	AXIOM LUX
<b><i>Compartment(s)</i></b>	a specific portfolio of assets and liabilities within the Company having its own net asset value and represented by a separate Class or Classes of Shares, which are distinguished mainly by their specific investment policy and objective and/or by the currency in which they are denominated. The specifications of each Compartment are described in the relevant Appendix to this Prospectus
<b><i>CRS</i></b>	the Standard for Automatic Exchange of Financial Account Information in Tax matters and its Common Reporting Standard published by the OECD and implemented by the Directive 2014/107/EU amending the Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of



taxation, (ii) the OECD's multilateral competent authority agreement to automatically exchange information under the CRS and (iii) the CRS Law.

<b>CRS Law</b>	the amended Luxembourg Law dated 18 December 2015 on CRS implementing Council Directive 2014/107/EU of 9 December 2014 as regards mandatory exchange of information in the field of taxation and setting forth to the OECD's multilateral competent authority agreement on automatic exchange of financial account information signed on 29 October 2014 in Berlin, with effect as of 1 January 2016.
<b>CSSF</b>	the <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg authority supervising the financial sector
<b>Cut-off Time</b>	a deadline (as further specified in the Appendices) before which applications for subscription, redemption, or conversion of Shares of any Class in any Compartment must be received by the Administrative Agent in relation to a Valuation Day. For the avoidance of doubt, cut-off times are stated in the Luxembourg time zone (UTC + 1).
<b>Depository</b>	CACEIS Bank, Luxembourg Branch, 5, allée Scheffer, L-2520 Luxembourg acting as depository bank, paying agent in the meaning of the Law
<b>Directive</b>	the Directive 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as may be amended from time to time
<b>Eligible Market</b>	a Regulated Market in an Eligible State
<b>Eligible State</b>	any Member State or any other state in (Eastern and Western) Europe, Asia, Africa, Australia, North and South America and Oceania, as determined by the Board of Directors
<b>EU</b>	the European Union
<b>EUR</b>	the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as the same may be amended from time to time
<b>FATCA</b>	the Foreign Account Tax Compliance provisions of the United States Hiring Incentives to Restore Employment (HIRE) Act on 18 March 2010, set out in sections 1471 to 1474 of the Code, and any U.S. Treasury regulations issued thereunder, Internal Revenue Service rulings or other official guidance pertaining thereto.
<b>FATCA Law</b>	the amended Luxembourg law dated 24 July 2015 implementing the Model I Intergovernmental Agreement between the Government of the Grand Duchy of Luxembourg and the Government of the United States of America to Improve International Tax Compliance and with respect to the United States information reporting provisions commonly known as FATCA.
<b>FATF</b>	Financial Action Task Force (also referred to as <i>Groupe d'Action Financière</i> )
<b>Feeder Compartment</b>	a Compartment of the Company which investment policy consists in investing at least 85 % of its assets in units/shares in a Master Fund according to article 77 of the Law, by way of derogation from Article 2(2) first indent, Articles 41,

	43 and 46, and Article 48(2) third indent of the Law, as further described in the relevant Appendix
<b>Investment Manager</b>	the investment manager appointed by the Management Company (as the case may be) for a specific Compartment as further detailed in the Appendix
<b>Issue Price</b>	the net asset value per relevant Share/ Share Class of a Compartment as determined on the applicable Valuation Day plus the applicable sales commission (if any)
<b>KIID</b>	the key investor information document as defined by the Law and applicable laws and regulations
<b>Law</b>	the law of 17 December 2010 concerning undertakings for collective investments, as may be amended from time to time
<b>Management Company</b>	Axiom Alternative Investments, a " <i>société anonyme</i> " governed by French laws appointed to act as the management company of the Company pursuant to Chapter 15 of the Law
<b>Master Fund</b>	a UCITS or a sub-fund thereof or a Compartment of the Company, as further described in the relevant Appendix into which a Feeder Compartment invests at least 85 % of its assets and which: <ul style="list-style-type: none"> <li>(a) has, among its unit-holders, at least one feeder UCITS;</li> <li>(b) is not itself a feeder UCITS; and</li> <li>(c) does not hold units of a feeder UCITS</li> </ul>
<b>Member State</b>	a member state as defined in the Law
<b>Reference Currency</b>	the currency specified as such in the relevant Appendix to the Prospectus
<b>Regulated Market</b>	a market within the meaning of Article 4(1) a) of the Law and Article 4(1)14 of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC and any other market which is regulated, operates regularly and is recognised and open to the public
<b>Subscription / Redemption Settlement Day</b>	the Business Day on which the consideration for subscription, or redemption is fully paid, which is to occur on a Business Day as further specified in each Appendix
<b>Securities Financing Transaction ("SFTs")</b>	(i) a repurchase transaction; (ii) securities lending and securities borrowing; (iii) a buy-sell back transaction or a sell-buy back transaction; as defined under the SFT Regulation
<b>SFT Regulation</b>	the information required by the applicable Luxembourg regulation and Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 as regards the use of TRS will be detailed for each concerned compartment
<b>Shares</b>	a share of any Class of any Compartment in the capital of the Company, the details of which being specified in the Appendices

<b>Shareholders</b>	holders of Shares
<b>UCI</b>	undertaking for collective investment within the meaning of the first and second indent of Article 1 (2) of the Directive, whether situated in a Member State or not
<b>UCITS</b>	undertaking for collective investment in transferable securities as defined in the Directive and the Law
<b>Underlying Asset</b>	asset(s) to which Compartment may invest in accordance with its investment policy as described in the relevant Compartment's Appendix
<b>Valuation Day</b>	<p>Business Day on which the net asset value per Share is determined as detailed in the relevant Appendix of each Compartment</p> <p>The Board of Directors may in its absolute discretion amend the Valuation Day for some or all of the Compartments. In such case the Shareholders of the relevant Compartment will be duly informed and the Appendix will be updated accordingly</p>

## 2. THE COMPANY

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**AXIOM LUX** is an open-ended collective investment company ("*société d'investissement à capital variable*") established under the laws of the Grand-Duchy of Luxembourg, with an "umbrella" structure comprising different Compartments each may be divided in separate Classes. In accordance with the Law, a subscription of Shares constitutes acceptance of all terms and provisions of the Prospectus and the Articles. The Articles were last amended on 29 August 2018.

The Company offers investors, within the same investment vehicle, a choice between several Compartments which are distinguished mainly by their specific investment policy and/or by the currency in which they are denominated. The specifications of each Compartment are described in the Appendix.

The assets and liabilities of each Compartment, as further described under 12.5. "Allocation of Assets and Liabilities among the Compartments", shall be segregated from the assets and liabilities of those of the other Compartments, with creditors having recourse only to the assets of the Compartment concerned and where the liabilities cannot be satisfied out of the assets of another Compartment. As between the Shareholders and creditors, each Compartment will be deemed to be a separate entity.

The Board of Directors may, at any time, decide on the creation of further Compartments and in such case, a new Appendix will be added for each new Compartment. Each Compartment may have one or more classes of Shares.

## 3. THE MANAGEMENT COMPANY

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The Company has appointed Axiom Alternative Investments, to serve as its designated Management Company in accordance with the Law pursuant to a management company services agreement dated 27 March 2015. Under this agreement, the Management Company provides investment management services, administrative agency, registrar and transfer agency services and marketing, principal distribution and sales services to the Company, subject to the overall supervision and control of the Board of Directors of the Company.

The Management Company was incorporated as a French Private Limited Liability Company (*société à responsabilité limitée*). The Management Company is registered with the *Registre de Commerce et des Sociétés de Paris* under number RCS 492.625.470. The Management Company is authorised and supervised by the Autorité des Marchés Financiers as a Portfolio Manager under Licence number GP 0600039 since 1/12/2006.

The Management Company has in place a remuneration policy which is consistent with, and promotes, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles of the Company, the Prospectus and the Articles nor impair compliance with the Management Company's duty to act in the best interest of the Company and of its Shareholders.

The remuneration policy of the Management Company is in line with the business strategy, objectives, values and interests of the Management Company and of the other UCITS that it manages and of the interest of the Company, and includes measures to avoid conflicts of interest.

The assessment of performance is set in a multiyear framework appropriate to the holding period recommended to the investors of the UCITS managed by the Management Company in order to ensure that the assessment process is based on the longer term performance of the Company and its investment risks and that the actual payment of performance based components of remuneration is spread over the same period.

The Management Companies remuneration policy ensures the fixed and variable components of total remuneration are appropriately balanced and the fixed remuneration component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable components, including the possibility to pay no variable remuneration component.

The remuneration policy of the Management Company has been adopted by the board of directors of the Management Company and is reviewed at least annually.

Details of the up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee (if any), are available on <http://axiom-ai.com/web/fr/informations-reglementaires/>

A paper copy of such document is available free of charge from the Management Company upon request.

The management company services agreement is concluded for an indefinite period of time and may be terminated by either party upon three months' prior written notice or forthwith by notice in writing in the specific circumstances provided in such agreement.

In consideration of its services, the Management Company is entitled to receive fees as indicated in the relevant Appendix to the Prospectus. These fees shall be calculated based on the net asset value of the Compartment and shall be paid quarterly in arrears.

The Management Company may delegate certain of its duties to third parties. Third parties to whom such functions have been delegated by the Management Company will be remunerated directly by the Company (out of the assets of the relevant Compartment), except as otherwise provided in the relevant Section of the prospectus and the relevant Appendix.

These remunerations shall be detailed in the relevant Appendix.

## **4. INVESTMENT POLICIES AND RESTRICTIONS**

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### **4.1 General Investment Policies for all Compartments**

The Board of Directors determines the specific investment policy and investment objective of each Compartment, which are described in more detail in the respective Appendix. The investment objectives of the Compartments will be carried out in compliance with the investment restrictions set forth in section 4.3.

Each Compartment seeks an above-average total investment return, comprised principally of long-term capital appreciation, by investing in a diversified portfolio of transferable securities or in financial derivative instruments as described in respect of the investment objective and policies in the relevant Appendix. There can be no assurance that the investment objectives of any Compartment will be achieved.

In the general pursuit of obtaining an above-average total investment return as may be consistent with the preservation of capital, efficient portfolio management techniques may be employed to the extent permitted by the investment and borrowing restrictions stipulated by the Board of Directors.

The Compartments may from time to time also hold, on an ancillary basis, cash reserves or include other permitted assets with a short remaining maturity, especially in times when rising interest rates are expected.

Investors are invited to refer to the description of the investment policy of each Compartment in the Appendix for details.

The historical performance of the Compartments will be published in the KIID for each Compartment. Past performance is not necessarily indicative of future results.

### **4.2 Specific Investment Policies for each Compartment**

The specific investment policy of each Compartment is described in the Appendix.

### **4.3 Investment and Borrowing Restrictions**

The Articles provide that the Board of Directors shall, based upon the principle of spreading of risks, determine the corporate and investment policy of the Company and the investment and borrowing restrictions applicable, from time to time, to the investments of the Company.

The Board of Directors has decided that the following restrictions shall apply to the investments of the Company and, as the case may be and unless otherwise specified for a Compartment in the Appendix, to the investments of each of the Compartments:

I.

- (1) The Company, for each Compartment, may invest in:
  - (a) transferable securities and money market instruments admitted to or dealt in on an Eligible Market;
  - (b) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an Eligible Market and such admission is secured within one year of the issue;
  - (c) units of UCITS and/or other UCI, whether situated in a Member State or not, provided that:
    - (i) such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid

- down in EU law, and that cooperation between authorities is sufficiently ensured,
- (ii) the level of protection for unit holders in such other UCIs is equivalent to that provided for unit holders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the Directive,
  - (iii) the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
  - (iv) no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
- (d) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the Luxembourg regulatory authority as equivalent to those laid down in EU law;
- (e) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Eligible Market and/or financial derivative instruments dealt in over-the-counter ("**OTC derivatives**"), provided that:
- (i) the underlying consists of instruments covered by this section I. (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Compartments may invest according to their investment objective;
  - (ii) the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
  - (iii) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;
- (f) money market instruments other than those dealt in on an Eligible Market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- (i) issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, a third country or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
  - (ii) issued by an undertaking any securities of which are dealt in on Eligible Markets, or
  - (iii) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law, such as, but not limited to, a

credit institution which has its registered office in a country which is an OECD member state and a FATF State.

(iv) issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (10,000,000 EUR) and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

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

(3) Under the conditions and within the limits laid down by the Law, the Company may, to the widest extent permitted by the Regulations (i) create a Compartment qualifying either as a Feeder Compartment or as a Master Fund, (ii) convert any existing Compartment into a Feeder Compartment, or (iii) change the Master Fund of any of its Feeder Compartment.

(a) A Feeder Compartment shall invest at least 85% of its assets in the units of another Master UCITS.

(b) A Feeder Compartment may hold up to 15% of its assets in one or more of the following:

(i) ancillary liquid assets in accordance with paragraph II below;

(ii) financial derivative instruments, which may be used only for hedging purposes.

(c) For the purposes of compliance with paragraph III (1) (c) below, the Feeder Compartment shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under (b) (ii) above with either:

(i) the Master Fund actual exposure to financial derivative instruments in proportion to the Feeder Compartment investment into the Master Fund; or

(ii) the Master Fund potential maximum global exposure to financial derivative instruments provided for in the Master Fund management regulations or instruments of incorporation in proportion to the Feeder Compartment investment into the Master Compartment.

II. The Company may hold on an ancillary basis cash.

III.

(1)

(a) The Company may invest no more than 10% of the net assets of any Compartment in transferable securities and money market instruments issued by the same issuing body.

(b) The Company may not invest more than 20% of the net assets of any Compartment in deposits made with the same body.



- (c) The risk exposure of a Compartment to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. (1) d) above or 5% of its net assets in other cases.
- (2) Moreover, where the Company holds on behalf of a Compartment investment in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such Compartment, the total of all such investments must not account for more than 40% of the total net assets of such Compartment.

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

Notwithstanding the individual limits laid down in paragraph (1), the Company may not combine for each Compartment:

- (a) investments in transferable securities or money market instruments issued by a single body,
  - (b) deposits made with a single body, and/or
  - (c) exposures arising from OTC derivative transactions undertaken with a single body
  - (d) in excess of 20% of the net assets of each Compartment.
- (3) The limit of 10% laid down in paragraph III. (1) (a) above is increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by a Member State, its local authorities, or by another Eligible State, including the federal agencies of the United States of America, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, or by public international bodies of which one or more Member States are members.
  - (4) The limit of 10% laid down in paragraph III. (1) (a) is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

If a Compartment invests more than 5% of its net assets in the bonds referred to in this subparagraph and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of the Compartment.

- (5) The transferable securities and money market instruments referred to in paragraphs (3) and (4) shall not be included in the calculation of the limit of 40% in paragraph (2).

The limits set out in paragraphs (1), (2), (3) and (4) may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Compartment's net assets;

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with the seventh Council Directive 83/349/EEC of 13 June 1983 based on the Article 54 (3) (g) of the Treaty on consolidated accounts, as amended, or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III. (1) to (5).

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

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

#### IV.

- (1) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. (1) to (5) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Compartment is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Compartment's investment policy.
- (2) The limit laid down in paragraph (1) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

#### V.

- (1) The Company may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
- (2) The Company may acquire no more than:
  - (a) 10% of the non-voting shares of the same issuer;
  - (b) 10% of the debt securities of the same issuer;
  - (c) 10% of the money market instruments of the same issuer;

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

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

These provisions are also waived as regards shares held by the Company in the capital of a company incorporated in a non-member state of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the non-member state of the EU complies with the limits laid down in paragraph III. (1) to (5), V. (1) and (2) and VI.

## VI.

- (1) Unless otherwise provided for in the Appendix to the Prospectus for a Compartment, no more than 10% of a Compartment's net assets may be invested in aggregate in the units of UCITS and/or other UCIs referred to in paragraph I. (1) (c).

In the case the restriction of the above paragraph is not applicable to a specific Compartment as provided in its investment policy, (i) such Compartment may acquire units of UCITS and/or other UCIs referred to in paragraph I. (1) (c) provided that no more than 20% of the Compartment's net assets be invested in the units of a single UCITS or other UCI, and (ii) investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net asset of a Compartment.

For the purpose of the application of this investment limit, each Compartment of a UCITS and UCI with multiple Compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various Compartments vis-à-vis third parties is ensured.

- (2) The underlying investments held by the UCITS or other UCIs in which the Company invests do not have to be considered for the purpose of the investment and borrowing restrictions set forth under III. (1) to (5) above.
- (3) When the Company invests in the units of UCITS and/or other UCIs linked to the Company by common management or control, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or UCIs, except for any applicable dealing charge payable to the UCITS and/or UCIs.

In the case where a substantial proportion of the net assets are invested in investment funds the Appendix of the relevant Compartment will specify the maximum management fee (excluding any performance fee, if any) charged to the Compartment and each of the UCITS or other UCIs concerned.

- (4) The Company may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the net amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple Compartments, this restriction is applicable by reference to all units issued by the UCITS or other UCI concerned, all Compartments combined.

## VII.

- (1) The Company may not borrow for the account of any Compartment amounts in excess of 10% of the net assets of that Compartment, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Company may acquire foreign currencies by means of back to back loans;

- (2) The Company may not grant loans to or act as guarantor on behalf of third parties.

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

- (3) The Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.
- (4) The Company may acquire movable or immovable property which is essential for the direct pursuit of its business.

- (5) The Company may not acquire either precious metals or certificates representing them.

#### VIII.

- (1) The Company needs not comply with the limits laid down in this chapter when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Compartments may derogate from paragraphs III. (1) to (5), IV. and VI. (1) and (2) for a period of six months following the date of their creation.
- (2) If the limits referred to in paragraph II are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its Shareholders.
- (3) To the extent that an issuer is a legal entity with multiple Compartments where the assets of the Compartment are exclusively reserved to the investors in such Compartment and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that Compartment, each Compartment is to be considered as a separate issuer for the purpose of the application of the risk spreading rules set out in paragraphs III. (1) to (5), IV. and VI.

IX. Each Compartment may, subject to the conditions provided for in the Articles as well as this Prospectus, subscribe, acquire and/or hold securities to be issued or issued by one or more Compartments of the Company without the Company being subject to the requirements of the Law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own Shares, under the condition however that:

- (1) the target Compartment does not, in turn, invest in the Compartment invested in this target Compartment;
- (2) no more than 10% of the assets of the target Compartment whose acquisition is contemplated may, pursuant to the Articles be invested in aggregate in units of other target Compartments of the same Company;
- (3) voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Compartment concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- (4) in any event, for as long as these securities are held by the Company, their value will not be taken into consideration of the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the Law;
- (5) there is no duplication of management/subscription or repurchase fees between those at the level of the Compartment of the Company having invested in the target Compartment, and this target Compartment.

#### **4.4 Financial Derivative Instruments**

As specified in I. (1) (e) above, the Company may in respect of each Compartment invest in financial derivative instruments.

Financial derivative instruments used by any Compartment may include, without limitation, the following categories of instruments.

- (A) Options: an option is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to buy or sell a specified amount of an underlying asset at an agreed price (the strike or

exercise price) on or until the expiration of the contract. A call option is an option to buy, and a put option an option to sell.

- (B) Futures contracts: a futures contract is an agreement to buy or sell a stated amount of a security, currency, index (including an eligible commodity index) or other asset at a specific future date and at a pre-agreed price.
- (C) Forward agreements: a forward agreement is a customised, bilateral agreement to exchange an asset or cash flows at a specified future settlement date at a forward price agreed on the trade date. One party to the forward is the buyer (long), who agrees to pay the forward price on the settlement date; the other is the seller (short), who agrees to receive the forward price.
- (D) Interest rate swaps: an interest rate swap is an agreement to exchange interest rate cash flows, calculated on a notional principal amount, at specified intervals (payment dates) during the life of the agreement.
- (E) Swaptions: a swaption is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to enter into an interest rate swap at a present interest rate within a specified period of time.
- (F) Credit default swaps: a credit default swap or CDS is a credit derivative agreement that gives the buyer protection, usually the full recovery, in case the reference entity or debt obligation defaults or suffers a credit event. In return the seller of the CDS receives from the buyer a regular fee, called the spread.
- (G) Total return swaps: a total return swap is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses.
- (H) Contracts for differences: a contract for differences or CFD is an agreement between two parties to pay the other the change in the price of an underlying asset. Depending on which way the price moves, one party pays the other the difference from the time the contract was agreed to the point in time where it ends.

The Company shall ensure that its global exposure relating to derivative instruments does not exceed the total net value of its net assets. The exposure is calculated taking into account the current value of the Underlying Assets, the counterparty risk, future market movements and the time available to liquidate the positions.

Each Compartment may invest in financial derivative instruments within the limits laid down in I. (1) (e), provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraphs III. (1) to (5). When a Compartment invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in III. When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this restriction. When a Compartment qualifies as a Feeder Compartment, that Feeder Compartment shall calculate its global exposure related to financial derivative instruments in accordance with III. (1) (c) above.

The Compartments may use financial derivative instruments for investment purposes and for hedging purposes, within the limits of the Law. Under no circumstances shall the use of these instruments cause a Compartment to diverge from its investment policy.

## **4.5 Use of Techniques and Instruments relating to Transferable Securities and Money Market Instruments**

### *4.5.1 General*

The Company may employ techniques and instruments relating to transferable securities and money market Instruments provided that such techniques and instruments are used for the purposes of efficient portfolio

management within the meaning of, and under the conditions set out in, applicable laws, regulations and circulars issued by the CSSF from time to time, in particular, but not limited to CSSF circulars 08/356 and 14/592, ESMA Guidelines 2014/937 and SFT Regulation such as securities lending and borrowing transactions repurchase and reverse repurchase transactions and buy-sell back or sell-buy back transactions, in accordance with the conditions set out in the special information to the relevant Compartment and the investment objective and policy of each Compartment. In particular, those techniques and instruments should not result in a change of the declared investment objective of the Compartment or add substantial supplementary risks in comparison to the stated risk profile of the Compartment.

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC financial derivatives must be combined when calculating counterparty risk limits.

All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the Company. In particular, fees and cost will be paid to the securities lending agent, as normal compensation of its services for an amount of 30% of the revenues generated from the use of such techniques. Such fees may be calculated as a percentage of gross revenues earned by the Company through the use of such techniques.

The Company's annual report will include the following information:

- (i) the exposure obtained through efficient portfolio management techniques;
- (ii) the identity of the counterparty(ies) to these efficient portfolio management techniques;
- (iii) the type and amount of collateral received by the Company to reduce counterparty exposure;
- (iv) the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred; and
- (v) the direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary or the Investment Manager.

#### *4.5.2 Securities Lending and Borrowing*

The Company may more specifically enter into securities lending transactions for the purpose of portfolio management. Securities lending and borrowing transactions consist in transactions whereby a lender transfers securities or instruments to a borrower, subject to a commitment that the borrower will return equivalent securities or instruments on a future date or when requested to do so by the lender, such transaction being considered as securities lending for the party transferring the securities or instruments and being considered as securities borrowing for the counterparty to which they are transferred.

Compartments entering into such transactions shall comply with the following rules:

- (i) the borrower in a securities lending transaction must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (ii) the Company may only lend securities to a borrower either directly or through a standardised system organised by a recognised clearing institution or through a lending system organised by a financial institution with a minimum investment grade credit rating, and which have their headquarters in any of the OECD or G20 countries and which are subject to prudential supervision rules considered by the CSSF as equivalent to those provided by EU law and are specialised in this type of transaction;
- (iii) the Company may only enter into securities lending transactions provided that it is entitled at any time under the terms of the agreement to request the return of the securities lent or to terminate the agreement.

**The use by any Compartment of securities lending and borrowing transactions will be specified in the description of each relevant Compartment.**



### *4.5.3 Repurchase agreements and buy-sell back transactions*

Additionally, the Company may enter into repurchase agreement and buy-sell back transactions for the purpose of portfolio management.

Repurchase agreements consist of transactions governed by an agreement whereby a party sells securities or instruments to a counterparty, subject to a commitment to repurchase them, or substituted securities or instruments of the same description, from the counterparty at a specified price on a future date specified, or to be specified, by the transferor. Such transactions are commonly referred to as repurchase agreements for the party selling the securities or instruments, and reverse repurchase agreements for the counterparty buying them.

Buy-sell back transactions consist of transactions, not being governed by a repurchase agreement or a reverse repurchase agreement as described above, whereby a party buys or sells securities or instruments to a counterparty, agreeing, respectively, to sell to or buy back from that counterparty securities or instruments of the same description at a specified price on a future date. Such transactions are commonly referred to as buy-sell back transactions for the party buying the securities or instruments, and sell-buy back transactions for the counterparty selling them.

The use of such transactions by the Company is subject to the following conditions:

- (i) When entering into a reverse repurchase agreement, the Company should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the relevant Compartment.
- (ii) When entering into a repurchase agreement, the Company should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.
- (iii) Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

**The use by any Compartment of securities lending and borrowing transactions will be specified in the description of each relevant Compartment.**

## ***4.6 Management of collateral for OTC Derivative transactions and efficient portfolio management techniques***

### *4.6.1 Collateral policy and eligible collateral*

Where the Company enters into OTC Derivative transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure should comply with the following criteria at all times:

- (a) Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of paragraph V above.
- (b) Valuation – collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place..
- (c) Issuer credit quality – collateral received should be of high quality.
- (d) Correlation – the collateral received by the Company must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- (e) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer

concentration is considered to be respected if the Company receives from a counterparty of efficient portfolio management and OTC Derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When the Company is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, a Compartment may have an exposure for up to 100% of its net asset value in securities issued or guaranteed by a Member State, its local authorities, a member State of the OECD or the G20 such as the United States of America, by the Republic of Singapore, by the Hong Kong Special Administrative Region of the People's Republic of China, or by a public international body of which one or more Member States are members, provided that any such Compartment holds securities of at least six different issues and that the securities from any one issue do not account for more than 30% of the net asset value of the Compartment.

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

Subject to the abovementioned conditions, collateral received by the Company may consist of:

- a) cash and cash equivalents, including short-term bank certificates and Money Market Instruments;
- b) bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope;
- c) shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- d) shares or units issued by UCITS investing mainly in bonds/shares mentioned in (e) and (f) below;
- e) bonds issued or guaranteed by first class issuers offering adequate liquidity;
- f) shares admitted to or dealt in on a regulated market of a Member State of the EU or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

Currently, the Company only receives cash and eligible government bonds as collateral, except if otherwise provided in the relevant Appendix.

#### *4.6.2 Reinvestment of collateral*

Non-cash collateral received should not be sold, re-invested or pledged.

Cash collateral received should only be:

- i. placed on deposit with entities prescribed in paragraph I. (1) (d) above;
- ii. invested in high-quality government bonds;
- iii. used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;
- iv. Invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds issued by ESMA (CESR/10-049) as may be amended from time to time.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.



#### 4.6.3 Level of collateral

The level of collateral required for OTC financial derivatives transactions and efficient portfolio management techniques will be determined as per the agreements in place with the individual counterparties, taking into account factors including the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions. At all times the counterparty exposure not covered by collateral will remain below the applicable counterparty risk limits set out in this Prospectus.

It is expected that OTC financial derivative instruments will generally be collateralised at a minimum of 90% of their positive mark-to-market value. Repurchase agreements and buys-sell back transactions will generally be collateralised at a minimum of 90% of their notional amount. With respect to securities lending, the borrower will generally be required to post collateral representing, at any time during the lifetime of the agreement, at least 90% of the total value of the securities lent.

#### 4.7 Haircut policy

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined for each asset class based on the haircut policy adopted by the Company. The policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests carried out under normal and exceptional liquidity conditions.

In accordance with its haircut policy, the Management Company that the discount percentages specified in the table below will be used in the calculation of the value of collateral received by the Compartment:

Category of collateral	Haircut percentage
Cash in eligible currencies	[0]%
Government and supranational bonds	0-10% minimum, to be determined based on the remaining maturity
Other permitted forms of collateral	0-10% minimum, to be determined on a case-by-case basis

#### 4.8 Exercise of Voting Rights

The Company will exercise its voting rights in respect of instruments held by the Company in each Compartment in accordance with the voting policy of the Management Company.

## 5. RISK-MANAGEMENT PROCESS

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The Management Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions in its portfolios and their contribution to the overall risk profile of its portfolios.

In accordance with the Law and the applicable regulations, in particular Circular CSSF 11/512, the Management Company uses for each Compartment a risk-management process which enables it to assess the exposure of each Compartment to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material to that Compartment. The Management Company may use the Value-at-Risk (VaR) or commitment approach to monitor and measure the global exposure as further specified for each Compartment, in the Appendix.

## 6. RISK WARNINGS

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The following is a general description of a number of risks which may affect the value of Shares. Each Compartment's Appendix will specify which risk factor is particularly relevant for that Compartment.

The description of the risks made below is not, nor is it intended to be, exhaustive.

Not all risks listed necessarily apply to each issue of Shares, and there may be other considerations that should be taken into account in relation to a particular issue. What factors will be of relevance to a particular Compartment will depend upon a number of interrelated matters including, but not limited to, the nature of the Shares and the Compartment's Investment Policy.

No investment should be made in the Shares until careful consideration of all these factors has been made.

### 6.1 Introduction

The value of investments and the income from them, and therefore the value of and income from Shares relating to a Compartment can go down as well as up and an investor may not get back the amount the investor invests.

Due to the various commissions and fees which may be payable on the Shares, an investment in Shares should be viewed as medium to long term.

Short or leveraged funds are associated with higher risks and may better be considered as short to medium term investments. An investment in a Compartment should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Investors should only reach an investment decision after careful consideration with their legal, tax, accounting, financial and other advisers. The legal, regulatory, tax and accounting treatment of the Shares can vary in different jurisdictions. Any descriptions of the Shares set out in the Prospectus, including any Appendix, are for general information purposes only. Investors should recognise that the Shares may decline in value and should be prepared to sustain a total loss of their investment. Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of the Shares.

### 6.2 General risks

*Risk of capital loss:* The Compartments offers no capital protection or guarantee. Therefore, investors might not be able to recover their initial investment in full.

*Valuation of the Shares:* the value of a Share will fluctuate as a result of changes in the value of, amongst other things, the Compartment's assets, the Underlying Asset and, where applicable, the financial derivative instruments used to expose the Compartment to the Underlying Asset synthetically.

*Operational Risk:* Risk of losses resulting from the inadequacy or inefficiency of internal processes, persons, systems or from external events. The occurrence of these risks may lead to a fall in the net asset value of the Compartment.

*Valuation of the Underlying Asset and the Compartment's assets:* the Compartment's assets, the Underlying Asset or the financial derivative instruments used to expose the Compartment to the Underlying Asset synthetically may be complex and specialist in nature. Valuations for such assets or financial derivative instruments will usually only be available from a limited number of market professionals which frequently act as counterparties to the transactions to be valued. Such valuations are often subjective and there may be substantial differences between any available valuations.

*Risks associated with discretionary management:* Axiom Alternative Investments has implemented its investment strategies to create well-diversified funds. The securities to which the Compartments are exposed are selected based on qualitative and quantitative processes developed by Axiom Alternative Investments, which help to optimise the level of diversification. It can therefore not be excluded that the Management Company does not choose the most profitable assets.

*Exchange rates:* an investment in the Shares may directly or indirectly involve exchange rate risk. Because the net asset value of the Compartment will be calculated in its Reference Currency, the performance of an Underlying Asset or of its constituents denominated in a currency other than the Reference Currency will also depend on the exchange rate of such currency. Equally, the currency denomination of any Compartment asset in a currency other than the Reference Currency will involve exchange rate risk for the Compartment.

*Interest rates:* fluctuations in interest rates of the currency or currencies in which the Shares, the Compartment's assets and/or the Underlying Asset are denominated may affect financing costs and the real value of the Shares. When interest rates rise, the value of the Compartment's investments in fixed-rate (and potentially variable-rate) bonds and in certain fixed-income UCITS is reduced. Consequently, the Compartment's NAV may increase or decrease as a result of interest-rate fluctuations.

*Inflation:* the rate of inflation will affect the actual rate of return on the Shares. An Underlying Asset may reference the rate of inflation.

*Yield:* returns on Shares may not be directly comparable to the yields which could be earned if any investment were instead made in any Compartment's assets and/or Underlying Asset.

*Correlation:* the Shares may not correlate perfectly, nor highly, with movements in the value of Compartment's assets and/or the Underlying Asset.

*Volatility:* the value of the Shares may be affected by market volatility and/or the volatility of the Compartment's assets and/or the Underlying Asset.

*Risk inherent to sectoral concentration:* This risk results from the investments being concentrated on financial instruments with a high sensitivity to the financial sector. This risk may result in a lower net asset value for the Compartment and a capital loss for the investor.

*Currency risk:* Since part of the assets may be denominated in currencies other than the base currency, the Compartment may be affected by changes in foreign exchange controls or in exchange rates between the base currency and such other currencies. That's why the Compartment will be systematically hedged against this risk. However, a residual risk remains. Such fluctuations in exchange rates may lead to a fall in the Compartment's net asset value.

*Credit Risk:* this risk arises from the possibility that a bond or debt security issuer might not be able to meet its payment obligations, namely coupon payments and/or principal repayment at maturity. Such a default may result in a decrease in the compartment's NAV (including total return swaps or DPSs). This also includes the risk of a downgrade in the issuer's credit rating.

*Counterparty risk:* Compartment that invests in OTC Derivative may find itself exposed to risk arising from the solvency of its counterparties and from their ability to respect the conditions of these contracts. The Compartment may enter into futures, options and swap contracts including CDS or use derivative techniques,

each of which involves the risk that the counterparty will fail to respect its commitments under the terms of each contract.

*Liquidity risk:* risk arising from the difficulty or impossibility of selling securities held in the portfolio when needed and at the portfolio's valuation price, due to the limited size of the market or insufficient trading volumes in the market where these securities are usually traded. The materialisation of this risk may lead to a fall in the Compartment's net asset value.

*Leverage:* the Compartment's assets, Underlying Asset and the derivative techniques used to expose the Compartment to the Underlying Assets may comprise elements of leverage (or borrowings) which may potentially magnify losses and may result in losses greater than the amount borrowed or invested by the Compartment.

*Political factors, emerging market and non-OECD member country assets:* the performance of the Shares and/or the possibility to purchase, sell, or repurchase the Shares may be affected by changes in general economic conditions and uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and changes in regulatory requirements. Such risks can be heightened in investments in, or relating to, emerging markets or non-OECD member countries. In addition, local custody services remain underdeveloped in many non-OECD and emerging market countries and there is a heightened transaction and custody risk involved in dealing in such markets. In certain circumstances, a Compartment may not be able to recover or may encounter delays in the recovery of some of its assets. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets or non-OECD member countries, may not provide the same degree of investor information or protection as would generally apply to major markets.

*Share subscriptions and repurchases:* provisions relating to the subscription and repurchase of Shares grant the Company discretion to limit the amount of Shares available for subscription or repurchase on any Business Day and, in conjunction with such limitations, to defer or pro rata such subscription or repurchase. In addition, where requests for subscription or repurchase are received after the Cut-off deadline, there will be a delay between the time of submission of the request and the actual date of subscription or repurchase. Such deferrals or delays may operate to decrease the number of Shares or the repurchase amount to be received.

*Listing:* there can be no certainty that a listing on any stock exchange applied for by the Company will be achieved and/or maintained or that the conditions of listing will not change. Further, trading in Shares on a stock exchange may be halted pursuant to that stock exchange's rules due to market conditions and investors may not be able to sell their Shares until trading resumes.

*Legal and regulatory:* the Company must comply with regulatory constraints or changes in the laws affecting it, the Shares, or the investment restrictions, which might require a change in the investment policy and objectives followed by a Compartment. The Compartment's assets, the Underlying Asset and the derivative techniques used to expose the Compartment to the Underlying Assets may also be subject to change in laws or regulations and/or regulatory action which may affect the value of the Shares.

*Nominee arrangements:* where an investor invests in Shares via the Principal Placement and Distribution Agent, its sub-distribution or private placement agents and/or a nominee or holds interests in Shares through a clearing agent, such Shareholder will typically not appear on the register of Shareholders of the Company and may not therefore be able to exercise voting or other rights available to those persons appearing on the register.

*Use of derivatives:* as a Compartment whose performance is linked to an Underlying Asset will often invest in derivative instruments or securities which differ from the Underlying Asset, derivative techniques will be used to link the value of the Shares to the performance of the Underlying Asset. While the prudent use of such derivatives techniques can be beneficial, derivatives instruments also involve risks which, in certain cases, can be greater than the risks presented by more traditional investments. There may be transaction costs associated with the use of any such derivatives instruments.

*Duplication of costs -* The Compartment incurs costs of its own management and administration comprising the fees paid to the Management Company, the Investment Manager (if any), the Depositary, unless otherwise

provided hereinafter and other service providers. It should be noted that, in addition, the Compartment incurs similar costs in its capacity as an investor in the funds in which a Compartment invests, which in turn pay similar fees to their manager and other service providers. It is endeavoured to reduce duplication of management charges by negotiating rebates where applicable in favour of the Company with such funds or their managers. Further, the investment strategies and techniques employed by certain funds may involve frequent changes in positions and a consequent portfolio turnover. This may result in brokerage commission expenses which exceed significantly those of the funds of comparable size. The funds may be required to pay performance fees to their manager. Under these arrangements the managers will benefit from the appreciation, including unrealised appreciation of the investments of such funds, but they are not similarly penalised for realised or unrealised losses. As a consequence, the direct and indirect costs borne by the Compartment are likely to represent a higher percentage of the net asset value per Share than would typically be the case with UCITS which invest directly in equity and bond markets (and not through other UCITS/UCI/funds).

*Securities lending transactions:* In relation to securities lending transactions, investors must notably be aware that (A) if the borrower of securities lent by the company fail to return these there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (B) in case of reinvestment of cash collateral, as assets in which cash collateral is reinvested are subject to the same risks as those further described in other sections of this Prospectus in relation to direct investment of the Company, such reinvestment may yield a sum less than the amount of collateral to be returned hence creating leverage with corresponding risks and risk of losses and volatility; and that (C) delays in the return of securities on loans may restrict the ability of the Company to meet delivery obligations under security sales.

*Risks relating to the use of SFT:*

(i) **Counterparty risk**

A Compartment may enter into repurchase agreements and reverse repurchase agreements as a buyer or as a seller. If the other party to a repurchase agreement or reverse repurchase agreement should default, the Compartment might suffer a loss to the extent that the proceeds from the sale of the underlying securities and/or other collateral held by the ant Compartment in connection with the repurchase agreement or reverse repurchase agreement are less than the repurchase price or, as the case may be, the value of the underlying securities. In addition, in the event of bankruptcy or similar proceedings of the other party to the repurchase agreement or reverse repurchase agreement or its failure otherwise to perform its obligations on the repurchase date, the Compartment could suffer losses, including loss of interest on or principal of the security and costs associated with delay and enforcement of the repurchase agreement or reverse repurchase agreement.

The Compartments may enter into securities lending transactions. If the other party to a securities lending should default, the Compartment might suffer a loss to the extent that the proceeds from the sale of the collateral held by the Compartment in connection with the securities lending transaction are less than the value of the securities lent. In addition, in the event of the bankruptcy or similar proceedings of the other party to the securities lending transaction or its failure to return the securities as agreed, the Compartment could suffer losses, including loss of interest on or principal of the securities and costs associated with delay and enforcement of the securities lending agreement.

The Compartments may conclude "TRS". If the other party to the TRS should default, the Compartment might suffer a loss to the extent that the proceeds from the sale of the contract held by the Compartment. In addition, in the event of the bankruptcy or similar proceedings of the other party to the TRS, the Compartment could suffer losses, including loss of interest and costs associated with delay and enforcement of the TRS agreement.

(ii) **Operational risk**

The risks arising from the use of TRS, repurchase agreements, reverse repurchase agreements and securities lending transactions will be closely monitored and techniques (including collateral management) will be employed to seek to mitigate those risks. Although it is expected that the use of TRS, repurchase agreements, reverse repurchase agreements and securities lending transactions will generally not have a material impact on the Compartment's performance.

(iii) **Liquidity risk**

The use of such techniques may have a significant effect, either negative or positive, on the Compartment's NAV. The use of such techniques may although have an impact on the ability of the Company to meet redemption requests, security purchases or, more generally, reinvestment.

(iv) **Legal risk**

The use of SFT's and their consequences for the Compartment, are substantially affected by legal requirements. No assurance can be given that future legislation, administrative rulings or court decisions will not adversely affect the Compartment. Furthermore, certain transactions are entered into on the basis of complex legal documents. Such documents may be difficult to enforce or may be the subject of a dispute as to interpretation in certain circumstances. Whilst the rights and obligations of the parties to a legal document may be governed by Luxembourg law, in certain circumstances (for example insolvency proceedings) other legal systems may take priority which may affect the enforceability of existing transactions.

(v) **Custody risk**

The Compartment's assets are held in custody by the Depositary which exposes the Compartment to custodian risk. This means that the Compartment is exposed to the risk of loss of assets placed in custody as a result of insolvency, negligence or fraudulent trading by the Depositary.

### **6.3 Underlying Asset risks**

(a) **General**

*Underlying Asset calculation and substitution:* in certain circumstances described in the relevant Appendix, the Underlying Asset may cease to be calculated or published on the basis described or such basis may be altered or the Underlying Asset may be substituted. In certain circumstances such as the discontinuance in the calculation or publication of the Underlying Asset or suspension in the trading of any constituents of the Underlying Asset, it could result in the suspension of trading of the Shares or the requirement for market makers to provide two way prices on the relevant stock exchanges.

*Corporate actions:* securities comprising an Underlying Asset may be subject to change in the event of corporate actions in respect of those securities.

*Tracking error:* the following are some of the factors which may result in the value of the Shares varying from the value of the Underlying Asset: investments in assets other than the Underlying Asset may give rise to delays or additional costs and taxes compared to an investment in the Underlying Asset; investment or regulatory constraints may affect the Company but not the Underlying Asset; the fluctuation in value of a Compartment's assets; where applicable, any differences between the maturity date of the Shares and the Maturity Date of the relevant Compartment's assets; and the existence of a cash position held by a Compartment.

*No investigation or review of the Underlying Asset(s):* none of the Management Company, the Investment Manager (if any) or any of their delegates (if any) or affiliates has performed or will perform any investigation or review of the Underlying Asset on behalf of any prospective investor in the Shares. Any investigation or review made by or on behalf of the Company, the Management Company, the Investment Manager (if any) or any of their delegates (if any) or any of their affiliates is or shall be for their own proprietary investment purposes only.

(b) **Certain risks associated with particular Underlying Assets**

Certain risks associated with investment in particular Underlying Assets or any securities comprised therein are set out below.

*Shares:* the value of an investment in Shares will depend on a number of factors including, but not limited to, market and economic conditions, sector, geographical region and political events.



*Equity risk:* Some Compartment may be invested in preferred shares, such preferential shares having no equity option. Banks have created these preferred shares for regulators to accept them in own funds as an ordinary equity. The Compartment holder is a shareholder and creditor. However the value of the preferred share will not be linked to the valuation of the equity, the shareholder of a preferred share will not participate in the meetings of shareholders etc. In addition these preferential shares have bonds characteristics (fixed coupon but subject to certain conditions, a nominal, a rating, a duration, a refund to the nominal). However in case of bank's bankruptcy, the preferred shares will participate in filling the passive but in the same way as subordinated bonds.

*High Yield Risk:* Investment in or exposure to high yield (lower rated) debt instruments (also known as "junk bonds") may involve greater levels of credit, prepayment, liquidity and valuation risk than for higher rated instruments. High yield debt instruments may be more sensitive to economic changes, political changes, or adverse developments specific to a company than other fixed income instruments. These securities are subject to greater risk of loss, greater sensitivity to economic changes, valuation difficulties, and a potential lack of a secondary or public market for securities. High yield debt instruments are considered predominantly speculative with respect to the issuer's continuing ability to make principal and interest payments and, therefore, such instruments generally involve greater risk of default or price changes than higher rated debt instruments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce market liquidity (liquidity risk). Less active markets may diminish the Compartment's ability to obtain accurate market quotations when valuing the portfolio securities and thereby give rise to valuation risk. High yield debt instruments may also present risks based on payment expectations. For example, these instruments may contain redemption or call provisions. If an issuer exercises these provisions in a declining interest rate market, the Compartment would have to replace the security with a lower yielding security, resulting in a decreased return for investors. If the issuer of a security is in default with respect to interest or principal payments, the issuer's security could lose its entire value. Furthermore, the transaction costs associated with the purchase and sale of high yield debt instruments may vary greatly depending up on a number of factors and may adversely affect the Compartment's performance.

*Risk relating to perpetual bonds:* The use of perpetual bonds exposes a Compartment to the following risks:

- coupon cancellation: coupon payments on such instruments are entirely discretionary and may be cancelled by the issuer at any time, for any reason, and for any length of time.
- capital structure inversion risk: contrary to classic capital hierarchy, investors in such instruments may suffer a loss of capital, as a subordinated creditor will be repaid after ordinary creditors but before shareholders.
- call extension risk: such instruments are issued as perpetual instruments, callable at pre-determined levels.

The materialization of any of these risks may lead to a fall in the Compartment's net asset value.

*Risk inherent to subordinated bonds:* CoCos are subordinate complex debt instruments that are regulated and heterogeneous in their structuring.

The use of subordinated bonds up to 100%, especially "Additional Tier 1" bonds exposes any Compartment using them to the following risks:

- Trigger level risk: trigger levels differ and determine exposure to conversion risk depending on the CET1 (common equity Tier 1) distance to the trigger level. The conversion triggers will be disclosed in the prospectus of each issuance. Nonetheless, the investor needs an ongoing understanding of the amount of CET1 the issuer has in place relative to the trigger level. The amount of CET1 varies depending on the issuer while trigger levels differ depending on the specific terms of issuance. The trigger could be activated either through a material loss in capital as represented in the numerator or an increase in risk weighted assets as measured in the denominator. Transparency is critical to mitigating the risk.
- Coupon cancellation: Coupon payments on AT1 (additional Tier 1) instruments are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. While all CoCos (AT1 and T2) are subject to conversion or write down when the issuing bank reaches the trigger level, for AT1s there is an additional source of risk for the investor in the form of coupon cancellation in a going concern situation. Coupon payments on AT1 instruments are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The cancellation of coupon payments on AT1 CoCos does not amount to an event of default. Cancelled payments do not accumulate and are instead written off.<sup>3</sup> This significantly increases uncertainty in the valuation of AT1 instruments and may lead to mispricing of risk. Perhaps most challenging to investors, given the required absence of dividend stoppers/pushers, the AT1 holders may see their coupons cancelled while the issuer continues to pay dividends on its common equity and variable compensation to its workforce.

- Capital structure inversion risk: contrary to classic capital hierarchy, CoCo investors may suffer a loss of capital when equity holders do not. In certain scenarios, holders of CoCos will suffer losses ahead of equity holders, e.g., when a high trigger principal write-down CoCo is activated. This cuts against the normal order of capital structure hierarchy where equity holders are expected to suffer the first loss. This is less likely with a low trigger CoCo when equity holders will already have suffered loss. Moreover, high trigger Tier 2 CoCos may suffer losses not at the point of gone concern but conceivably in advance of lower trigger AT1s and equity
- Call extension risk: AT1 CoCos are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority. It cannot be assumed that the perpetual CoCos will be called on call date. AT1 CoCos are a form of permanent capital. The investor may not receive return of principal if expected on call date or indeed at any date.
- Unknown risk: the structure of the instruments is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform. In the event a single issuer activates a trigger or suspends coupons, will the market view the issue as an idiosyncratic event or systemic? In the latter case, potential price contagion and volatility to the entire asset class is possible. This risk may in turn be reinforced depending on the level of underlying instrument arbitrage. Furthermore in an illiquid market, price formation may be increasingly stressed.
- Yield/Valuation risk: investors have been drawn to the instrument as a result of the CoCos' often attractive yield which may be viewed as a complexity premium. Yield has been a primary reason this asset class has attracted strong demand, yet it remains unclear whether investors have fully considered the underlying risks. Relative to more highly rated debt issues of the same issuer or similarly rated debt issues of other issuers, CoCos tend to compare favorably from a yield standpoint. The concern is whether investors have fully considered the risk of conversion or, for AT1 CoCos, coupon cancellation.

*Pooled investment vehicles:* alternative investment funds, mutual funds and similar investment vehicles operate through the pooling of investors' assets. Investments are then invested either directly into assets or are invested using a variety of hedging strategies and/or mathematical modelling techniques, alone or in combination, any of which may change over time. Such strategies and/or techniques can be speculative, may not be an effective hedge and may involve substantial risk of loss and limit the opportunity for gain. It may be difficult to obtain valuations of products where such strategies and/or techniques are used and the value of such products may depreciate at a greater rate than other investments. Pooled investment vehicles are often unregulated, make available only limited information about their operations, may incur extensive costs, commissions and brokerage charges, involve substantial fees for investors (which may include fees based on unrealised gains), have no minimum credit standards, employ high risk strategies such as short selling and high levels of leverage and may post collateral in unsegregated third party accounts.

*Indices:* the compilation and calculation of an index or portfolio will generally be rules based, account for fees and include discretions exercisable by the index provider or investment manager. Methodologies used for certain proprietary indices are designed to ensure that the level of the index reaches a pre-determined level at a specified time. However, this mechanism may have the effect of limiting any gains above that level. Continuous protection or lock-in features designed to provide protection in a falling market may also result in a lower overall performance in a rising market.

*Real estate:* the risks associated with an indirect investment in real estate include, but are not limited to: the cyclical nature of real estate values, changes in environmental, planning, landlord and tenant, tax or other laws or regulations affecting real property, demographic trends, variations in rental income and increases in interest rates.

*Commodities:* prices of commodities are influenced by, among other things, various micro and macro-economic factors such as changing supply and demand relationships, weather conditions and other natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programmes and policies of governments (including government intervention in certain markets) and other events.

*Structured finance securities:* structured finance securities include, without limitation, asset-backed securities and credit-linked securities, which may entail a higher liquidity risk than exposure to sovereign or corporate bonds. Certain specified events and/or the performance of assets referenced by such securities, may affect the value of, or amounts paid on, such securities (which may in each case be zero).



*Feeder-Master Structure:* Using a "master-feeder" fund structure, in particular the existence of multiple feeder funds investing in the master fund, presents certain risks to the investors. Smaller feeder funds may be materially affected by the actions of larger feeder funds. For example, it is expected that the feeder fund may initially, and perhaps for the life of the Master Fund, hold a larger portion of the net asset value of the outstanding interests of the Master Fund. Consequently, if the feeder fund were to redeem from the Master Fund, the remaining feeder funds, including the Feeder Compartment, may experience higher pro rata operating expenses, thereby producing lower returns, and the Master Fund may become less diverse due to redemption by a larger feeder fund, resulting in increased portfolio risk.

A Feeder Compartment may hold only a minority of the net asset value of the outstanding voting interests of the Master Fund and, consequently, will not be able to control matters that require a vote of the investors of the Master Fund.

*Emerging Markets:* Underlying investments in emerging markets involve additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks may include (i) increased risk of nationalisation or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalisation of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realisation of investments, repatriation of invested capital and on the ability to exchange local currencies for the Reference Currency; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of the Compartment's financial instruments with brokers and securities depositories. Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. A Compartment may be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on financial instruments held by the Company or gains from the disposition of such financial instruments.

In emerging markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision which is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The Compartments may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in local courts.

Investments in securities of issuers in emerging markets may be subject to greater risks than investments in securities of issuers from member states of the OECD due to a variety of factors including currency controls and currency exchange rates fluctuations, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations, expropriation, confiscatory taxation and potential difficulties in enforcing contractual obligations. There may be less publicly available information about issuers in certain countries and such issuers may not be subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of most OECD issuers. In certain countries, securities of local issuers are less liquid and more volatile than securities of comparable issuers of more mature economies and subject to lower levels of government supervision than those on the OECD. The investments in such markets may be considered speculative and subject to significant custody and clearance risks and delay in settlement.

*Others:* underlying Asset(s) may include other assets which involve substantial financial risk such as distressed debt, low quality credit securities, forward contracts and deposits with commodity trading advisors (in connection with their activities).

## **6.4 Other risks**

*Risk relating to the market capitalization:* Some Compartments are exposed to companies that may be of small caps. These companies, because of their specific characteristics, can lead risks for investors.

*Potential conflicts of interest:* The Management Company, the Investment Manager (if any), their delegates (if any), the sales agents, the Administrative Agent, and the Depositary may from time to time act as management company, investment manager or adviser, sales agent, administrative agent, registrar or custodian in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of any Compartment.

The Management Company, the Investment Manager (if any) and their delegates (if any) will enter into all transactions on an arm's length basis. The directors of the Management Company, the directors of the Investment Manager (if any), their delegates (if any) and any affiliate thereof, members, and staff may engage in various business activities other than their business, including providing consulting and other services (including, without limitation, serving as director) to a variety of partnerships, corporations and other entities, not excluding those in which the Company invests.

In the due course of their business, the above persons and entities may have potential conflicts of interest with the Company or Compartment.

Any kind of conflict of interest is to be fully disclosed to the Board of Directors.

In such event, each person and entities will at all times endeavour to comply with its obligations under any agreements to which it is party or by which it is bound in relation to the Company or any Compartment.

The directors of the Management Company, the directors of the Investment Manager (if any), the directors of their delegates (if any) and their members will devote the time and effort necessary and appropriate to the business of the Company.

Although it is aimed to avoid such conflicts of interest, the Management Company, the Investment Manager (if any), their delegates (if any) and their members will attempt to resolve all nonetheless arising conflicts in a manner that is deemed equitable to all parties under the given circumstances so as to serve the best interests of the Company and its Shareholders.

*Allocation of shortfalls among Classes of a Compartment:* the right of holders of any Class of Shares to participate in the assets of the Company is limited to the assets (if any) of the relevant Compartment and all the assets comprising a Compartment will be available to meet all of the liabilities of the Compartment, regardless of the different amounts stated to be payable on the separate Classes (as set out in the relevant Appendix). For example, if on a winding-up of the Company, the amounts received by the Company under the relevant Compartment's assets (after payment of all fees, expenses and other liabilities which are to be borne by the

relevant Compartment) are insufficient to pay the full redemption amount payable in respect of all Classes of Shares of the relevant Compartment, each Class of Shares of the Compartment will rank pari passu with each other Class of Shares of the relevant Compartment and the proceeds of the relevant Compartment will be distributed equally amongst the Shareholders of that Compartment pro rata to the amount paid up on the Shares held by each Shareholder. The relevant Shareholders will have no further right of payment in respect of their Shares or any claim against any other Compartment or any other assets of the Company. This may mean that the overall return (taking account of any dividends already paid) to Shareholders who hold Shares paying dividends quarterly or more frequently may be higher than the overall return to Shareholders who hold Shares paying dividends annually and that the overall return to Shareholders who hold Shares paying dividends may be higher than the overall return to Shareholders who hold Shares paying no dividends. In practice, cross liability between Classes is only likely to arise where the aggregate amounts payable in respect of any Class exceed the assets of the Compartment notionally allocated to that Class, that is, those amounts (if any) received by the Company under the relevant Compartment's assets (after payment of all fees, expenses and other liabilities which are to be borne by such Compartment) that are intended to Company payments in respect of such Class or are otherwise attributable to that Class. In these circumstances, the remaining assets of the Compartment notionally allocated to any other Class of the same Compartment may be available to meet such payments and may accordingly not be available to meet any amounts that otherwise would have been payable on such other Class.

*Consequences of winding-up proceedings:* If the Company fails for any reason to meet its obligations or liabilities, or is unable to pay its debts, a creditor may be entitled to make an application for the winding-up of the Company. The commencement of such proceedings may entitle creditors (including the Swap Counterparty) to terminate contracts with the Company and claim damages for any loss arising from such early termination. The commencement of such proceedings may result in the Company being dissolved at a time and its assets (including the assets of all Compartments) being realised and applied to pay the fees and expenses of the appointed liquidator or other insolvency officer, then in satisfaction of debts preferred by law and then in payment of the Company's liabilities, before any surplus is distributed to the Shareholders of the Company. In the event of proceedings being commenced, the Company may not be able to pay the full amounts anticipated by the relevant Appendix in respect of any Class or Compartments.

*FATCA and CRS risks:* Under the terms of the FATCA Law and CRS Law the Company is likely to be treated as a Reporting (Foreign) Financial Institution. As such, the Company may require all investors to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned regulations. Should the Company become subject to a withholding tax and/or penalties as a result of a non-compliance under the FATCA Law and/or penalties as a result of a non-compliance under the CRS Law, the value of the Shares held by all the Shareholders may be materially affected. Furthermore, the Company may also be required to withhold tax on certain payments to its Shareholders who would not be compliant with FATCA (i.e. the so-called foreign passthru payments withholding tax obligation).

## **7. ISSUE, REDEMPTION AND CONVERSION OF SHARES**

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Shares in the Company will be issued in the registered form. Fractional entitlements to Shares will be rounded to 5 decimal places.

As further described in each relevant Appendix, the Company may create within each Compartment issue different Classes of Shares whose assets will be commonly invested pursuant to the specific investment policy of the relevant Compartment.

A distinct fee structure, currency of denomination, dividend policy minimum holding amount, eligibility requirements or other specific feature may apply. The Company may notably issue Shares reserved to retail

investors and Shares reserved to institutional investors. The range of available Classes and their features are described in the relevant Appendices.

Shares of a Compartment may be listed on the Luxembourg Stock Exchange or any other Regulated Market at the discretion of the Board of Directors and may be cleared through Clearstream Banking or Euroclear or other central depositories.

### **7.1 Subscription Redemption and Conversion Requests**

Unless otherwise provided for a specific Compartment in the relevant Appendix, requests for subscription, redemption and conversion of Shares should be sent to one of the sub-distribution and private placement agents or to the Company at its registered address in Luxembourg. Requests may also be accepted by facsimile transmission, or at the discretion of the Company by other means of telecommunication. An application form can be obtained from the Company.

Unless otherwise specified in the Appendix to the Prospectus for any Compartment, requests for subscriptions, redemptions and conversions from or to any Compartment will be dealt with on the relevant Valuation Day on which they are received, provided they are received prior to the cut-off time specified in the relevant Appendix.

Requests received after such time will be accepted on the next Valuation Day. As a result, requests for the subscription, redemption and conversion of Shares shall be dealt with on an unknown net asset value basis before the determination of the net asset value for that day.

The Company does not permit market timing (as set out in CSSF circular 04/146) or related excessive, short-term trading practices.

The Company has the right to reject any request for the subscription or conversion of Shares from any investor engaging in such practices or suspected of engaging in such practices and to take such further action as it may deem appropriate or necessary.

Subscription, redemption and conversion of Shares of a given Compartment shall be suspended whenever the determination of the net asset value per Share of such Compartment is suspended by the Company.

The Company may enter into an agreement with the distribution agent giving the distribution agent the power to sub delegate the distribution pursuant to which they agree to act as or appoint nominees for investors subscribing for Shares through their facilities. In such capacity the distributor or sales agent may effect subscriptions, conversion and redemptions of Shares in the nominee name on behalf of individual investors and request the registration of such transactions on the register of Shareholders of the Company in the nominee name.

The appointed nominee maintains its own records and provides the investor with individualised information as to its holdings of Shares in the Company. Except where local law or custom prohibits the practice, investors may invest directly in the Company and not avail themselves of a nominee service.

Unless otherwise provided by local law, any Shareholder holding Shares in a nominee account with a distributor has the right to claim, at any time, direct title to such Shares.

### **7.2 Deferral of Redemptions and Conversion**

If the total requests for redemption and conversion out of a Compartment on any Valuation Day exceed 10% of the total value of Shares in issue of that Compartment, the Company may decide that redemption and conversion requests in excess of 10% shall be deferred until the next Valuation Day. On the next Valuation Day, or Valuation Days until completion of the original requests, deferred requests will be dealt with in priority to later requests.

### **7.3 Settlements**

If, on the settlement day as determined in the Appendix, banks are not open for business, or an interbank settlement system is not operational, in the country of the currency of the relevant Class, then settlement will be on the next Business Day on which those banks and settlement systems are open.

Confirmation of completed subscriptions, redemptions and conversions will normally be dispatched on the Business Day following the execution of the transaction.

No redemption payment will be deemed made until the original application form and relevant subscription monies have been received from the Shareholder and all the necessary anti-money laundering checks have been completed. Redemption proceeds will be paid on receipt of faxed instructions where such payment is made into the account specified by the Shareholder in the original application form submitted. However, any amendments to the Shareholder's registration details and payment instructions can only be effected upon receipt of original documentation.

### **7.4 Minimum Subscription and Holding Amounts and Eligibility for Shares**

A minimum initial and subsequent subscription amount and minimum holding amounts for each Class may be set forth, as further detailed in the Appendices to the Prospectus. The Company has the discretion, from time to time, to waive or reduce any applicable minimum subscription amounts.

The right to transfer, redeem or convert Shares is subject to compliance with any conditions (including any minimum subscription or holding amounts and eligibility requirements) applicable to the Class from which the redemption or conversion is being made, and also the Class into which the conversion is to be effected.

The Board of Directors may also, at any time, decide to compulsorily redeem all Shares from Shareholders whose holding is less than the minimum holding amount specified in the relevant Appendix to the Prospectus or who fail to satisfy any other applicable eligibility requirements set out above. In such case the Shareholder concerned will receive one month's prior notice so as to be able to increase its holding above such amount or otherwise satisfy the eligibility requirements.

If a redemption or conversion request would result in the amount remaining invested by a Shareholder falling below the minimum holding amount of that Class, such request will be treated as a request to redeem or convert, as appropriate, the Shareholder's total holding in that Class. If the request is to transfer Shares, then that request may be refused by the Company.

The Company may restrict or prevent the ownership of Shares in the Company by any person, firm or corporate body, if in the opinion of the Company such holding (i) may be detrimental to the Company, (ii) if it may result in a breach of any law or regulation, whether Luxembourg or foreign, (iii) if as a result thereof the Company may become exposed to tax disadvantages or other financial disadvantages that it would not have otherwise incurred or (iv) if such person, firm or corporate body would not comply with the eligibility criteria of a given Class of Shares; such persons, firms or corporate bodies to be determined by the Board of Directors.

If the Company becomes aware that a Shareholder is holding Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Company or the Shareholders or would otherwise be detrimental to the interests of the Company or that the Shareholder has become or is a US Person, the Company may, in its sole discretion, redeem the Shares of the Shareholder. "US Person" shall have the meaning given in Regulation S under the U.S. Securities Act of 1933, as amended, and shall mean any national, citizen or resident of the United States of America or of any of its territories or possessions or areas subject to its jurisdiction or any person who is normally resident therein (including the estate of any such person or corporations or partnerships created or organised therein).

Shareholders are required to notify the Company immediately in the event that they are or become US Persons or hold Shares for the account or benefit of US Persons or hold Shares in breach of any law or regulation or

otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Company or the Shareholders or otherwise be detrimental to the interests of the Company.

Where it appears that a person who should be precluded from holding Shares, either alone or in conjunction with any other person, is a beneficial owner of Shares, the Company may compulsorily redeem all Shares so owned in accordance with the provisions of the Articles.

## **7.5 Issue of Shares**

Subscriptions for Shares can be made in relation to any day that is a Valuation Day for the relevant Compartment. Shares will be allotted at the subscription price of the relevant Class i.e. the net asset value per Share of such Class determined on the applicable Valuation Day for which the request has been accepted plus the applicable sales commission, if any. Any subscription request shall be irrevocable. The net asset value per Share will be rounded up or down to the nearest 1/100.

If any sale commissions applied in relation to any particular Compartment, it will be disclosed in the relevant Appendix to the Prospectus. The Company might be entitled to receive the sale commission (if any).

Failure to make good settlement by the settlement day as determined in the Appendix, may result in the Management Company bringing an action against the defaulting investor or its financial intermediary or deducting any costs or losses incurred by the Company against any existing holding of the applicant in the Company.

In all cases any money returnable to the investor will be held by the Company without payment of interest pending receipt of the remittance.

Payment for Shares must be received by the Company in the reference currency of the relevant Class on or before the Subscription Settlement Day mentioned in the relevant Appendix. Requests for subscriptions in any other major freely convertible currency will be accepted.

Investors are advised to refer to the terms and conditions applicable to subscriptions, which may be obtained by contacting the Company.

The Company may also limit the distribution of a given Class or Compartment to specific countries. The Company may also restrict the distribution of the Company's Shares by distributors or agents who have not been approved.

The Company may, in its absolute discretion, delay the acceptance of any subscription for Shares of a Class restricted to institutional investors until such date as it has received sufficient evidence of the qualification of the investor as an institutional investor.

The Company may agree to issue shares as consideration for a contribution in kind of securities, in compliance with the conditions set forth by Luxembourg law, which may in particular provide for the obligation to deliver a valuation report from the auditor of the Company ("réviseur d'entreprises agréé") and provided that such securities comply with the investment objectives and policies of the relevant Compartment.

## **7.6 Anti-Money Laundering Procedures**

Pursuant to international rules and Luxembourg laws and regulations comprising, but not limited to, the Law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended, implementing CSSF regulations and circulars, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment must in principle ascertain the identity of the subscriber as well as potentially of any beneficial owner



in accordance with Luxembourg laws and regulations. The registrar agent may require subscribers to provide any document it deems necessary to effect such identification.

Namely, the requests for subscription must be accompanied, in the case of individuals, by a certified copy of the investor's passport or identification card and, in the case of legal entities, by a certified copy of the investor's articles of incorporation and, where applicable, an extract from the commercial register or a copy of such other documents as may be requested as verification of the identity and address of the individual or legal entity.

More generally the Company and its registrar agent shall be able to require any documentation from subscriber that it deems necessary in order to comply with any law and regulations applicable to the Company, and in particular, the FATCA Law and CRS Law.

This identification procedure must be complied with by CACEIS Bank, Luxembourg Branch, acting as registrar and transfer agent (or the relevant competent agent of registrar and transfer agent) in the case of direct subscriptions to the Company, and in the case of subscriptions received by the Company from any intermediary resident in a country that does not impose on such intermediary an obligation to identify investors equivalent to that required under AML Regulations.

Investors are requested to communicate forthwith any change in their situation that will prove the information previously submitted to be no longer valid or sufficient, and shall provide the necessary additional information.

In case of delay or failure by a subscriber to provide the documents required, the application for subscription (or, if applicable, for conversion or for redemption) will not be accepted. In the case of a failure to provide the documents and information requested in the context of ensuring compliance of the Company with FATCA Law and CRS Law, the Company may also be entitled to force the redemption of the Shares. Neither the undertakings for collective investment nor the registrar agent have any liability for delays or failure to process deals as a result of the subscriber providing no or only incomplete documentation.

## **7.7 Redemption of Shares**

Requests for the redemption of Shares can be made on any day that is a Valuation Day for the relevant Compartment. Redemptions will be carried out at the redemption price of the relevant Class i.e. the net asset value per Share of such Class determined on the applicable Valuation Day on which the request has been accepted less the applicable redemption commission, if any. Any redemption request shall be irrevocable.

The Company may carry out any authentication procedures that it considers appropriate relating to a redemption request. This aims to mitigate the risk of error and fraud for the Company, its agents or Shareholders. Where it has not been possible to complete any authentication procedures to its satisfaction, the Company may delay the processing of payment instructions until authentication procedures have been satisfied.

This will not affect the Valuation Day on which the redemption request is accepted and the redemption to be applied. The Company shall not be held responsible to the Shareholder or anyone if it delays execution or declines to execute redemption instructions in these circumstances.

Redemption payments will normally be paid in the Reference Currency of the Class by bank transfer within 3 Business Days of the relevant Valuation Day, unless otherwise provided in the relevant Appendix. Neither the Company are responsible for any delays or charges incurred at any receiving bank or settlement system. A Shareholder may request, at its own cost and subject to agreement by the Company that their redemption proceeds be paid in a currency other than the Reference Currency of the relevant Class.

If, in exceptional circumstances, redemption proceeds cannot be paid within the period specified above, payment will be made as soon as reasonably practicable thereafter (not exceeding, however, 10 Business Days) at the redemption price calculated on the relevant Valuation Day, it being understood that the Board of Directors will always ensure the overall liquidity of the Company.

If any redemption charge is applied in relation to any particular Compartment, it will be disclosed in the relevant Appendix to the Prospectus. The Company is entitled to receive the redemption charge (if any).

Shares redeemed by the Company become null and void.

The Company shall have the right, if the Board of Directors so determines, to satisfy payment of the redemption price to any shareholder who agrees, in kind by allocating to the holder investments from the portfolio of assets set up in connection with such class or classes of shares equal in value (calculated in the manner described in Article 11) as of the Valuation Day during the course of a Valuation Day, on which the redemption price is calculated, to the value of the shares to be redeemed. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other holders of shares of the relevant class or classes of shares and the valuation used shall be confirmed by a special report of the auditor of the Company. The costs of any such transfers shall be borne by the transferee.

## **7.8 Conversion of Shares**

Subject to any provision under this Prospectus and its Appendix, Shareholders have the right to convert all or part of their Shares of any Class of a Compartment into Shares of another Class of that or another Compartment, by applying for conversion in the same manner as for the subscription and redemption of Shares. Conversions within the Company are permitted provided that the Shareholder satisfies the eligibility requirements and minimum holding amounts set out in the Appendix to the Prospectus and such other conditions applicable to the contemplated Classes.

Procedure for conversion within the Company

Conversion may be requested on a common Valuation Day for the original Class and the contemplated Class. The number of Shares issued upon conversion will be based upon the redemption price of the original Class and the net asset value of the contemplated Class, plus a conversion charge (if any), as disclosed in the relevant Appendix to the Prospectus. The Company is entitled to any charges arising from conversions and any rounding adjustment. Any conversion request shall be irrevocable.

## **7.9 Transfer of Shares**

Subject to the restrictions described herein, Shares are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to the relevant Class.

The transfer of Shares may normally be carried out by delivery to the relevant distributor, sales agent or the Company of an instrument of transfer in appropriate form. On the receipt of the transfer request, and after reviewing the endorsement(s), signature(s) may be required to be certified by an approved bank, stock broker or public notary.

The right to transfer Shares is subject to the minimum investment and holding requirements as detailed above and in the Appendix.

Shareholders are advised to contact the relevant distributor, sales agent or the Company prior to requesting a transfer to ensure that they have the correct documentation for the transaction.

## **7.10 Data Protection**

In accordance with the data protection law applicable to the Grand-Duchy of Luxembourg and, as of 25 May 2018, Regulation No. 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "Data Protection Law"), the Management Company, acting as data controller, hereby informs each Shareholder that certain of his/her personal data as provided to the Management Company or its delegates (including his/her name, address, contact details, nationality, date of birth, copies of official identity documents, income and banking information), (the "Personal Data"), or, when the Shareholder is a legal person, certain Personal Data of its contact persons



and/or beneficial owners, may be collected, recorded, stored, adapted, transferred or otherwise processed for the purposes set out below.

The Shareholder may, at his/her/its discretion, refuse to communicate the Personal Data to the Management Company. In this event however the Management Company may reject his/her/its request for subscription for Shares in the Company.

The Personal Data is processed in order to enter into and execute the subscription in the Company, to comply with the legal obligations imposed on the Company and for the legitimate interests of the Company. In particular, the Personal Data may be processed for the purposes of fulfilling the services required by the Shareholders which includes (i) maintaining the register of Shareholders, (ii) processing subscriptions, redemptions of Shares (iii) account and distribution fee administration, (iv) performing controls in respect of late trading and market timing practices, (v) complying with legal obligations such as the performance of the customer due diligence duties under the AML Law, the anti-money laundering identification, the tax identification under applicable regulation such as the FATCA Law and the CRS Law . The Personal Data will not be processed for the purpose of marketing.

In the context of the above mentioned purposes, the Management Company may delegate the processing of the Personal Data, in compliance and within the limits of the applicable laws and regulations, to other entities such as the Administrator Agent or the Depositary, acting as data processors (the "Processors"). When processing the Personal Data for its own purposes in the context of its obligations as a depositary bank, the Depositary shall act as a distinct data controller.

Subject to the Management Company's approval, the Processors may decide, under their own responsibility, to sub-delegate the processing of the Personal Data, and transfer for such purpose Personal Data, to parent companies, affiliates, foreign offices or third party agents (the "Delegates"), which may or not be located in the EEA. The Delegates shall process the Personal Data for the sole purposes of assisting the Processors in providing their services to the Management Company and/or assisting the Processors in fulfilling their own legal obligations.

In case the Delegates are located outside of the EEA, the Processors shall, under their responsibility, ensure that the transfer of the Personal Data is made in compliance with the Data Protection Law. In the case of Delegates located in Switzerland, the transfer of Personal Data towards such Delegates will be made relying on the fact that Switzerland benefits from an adequacy decision of the European Commission.

The Company may disclose Personal Data to the Luxembourg tax authority, which in turn may, acting as data controller, disclose it to foreign tax authorities.

In accordance with the conditions laid down by the Data Protection Law, Shareholders have the right to:

- access their Personal Data;
- correct their Personal Data where it is inaccurate or incomplete;
- object to the processing of their Personal Data;
- ask for erasure of their Personal Data;
- ask for Personal Data portability.

The Shareholders may exercise the above rights by letter addressed to the Management Company's registered office.

The Shareholders also acknowledges the existence of their right to lodge a complaint with the National Commission for Data Protection ("CNPD") at the following address: 1, Avenue du Rock'n'Roll, L-4361 Esch-sur-Alzette, Grand-Duchy of Luxembourg.

Personal Data shall not be retained for periods longer than those required for the purpose of their processing, subject to any limitation periods imposed by law.

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## **8. DISTRIBUTION POLICY**

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The Board of Directors issues distributing Classes of Shares and /or capital appreciation within each Compartment, the description of which will be provided for in the relevant Compartment's Appendix.

With respect to capital appreciation Classes of Shares, the Board of Directors does intend to recommend at the annual general meeting the reinvestment of their net assets. The relevant net income and net capital gains shall increase the Net Asset Value of the relevant Shares (accumulation).

With respect to distributing Classes of Shares, the Board of Directors may decide to distribute interim dividends in the form of cash in the relevant currency of the Class.

No dividend will be distributed if their amount is below the amount of 1,250,000 EUR and will be capitalised.

Dividends may in any case result from a decision of the Shareholders in general meeting, subject to a majority vote of those present or represented and within limits provided by law, and a concurring decision at the same majority in the relevant Compartment.

Dividends unclaimed after five years from the date of declaration will lapse and revert to the Company in the relevant Compartment.

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## **9. MANAGEMENT AND ADMINISTRATION**

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The Directors of the Company and the Management Company are responsible for its management and supervision including the determination of investment policies.

### **9.1 Management Company**

The Management Company shall at all times act in the best interests of the Shareholders and according to the provisions set forth by the Law, the Prospectus and the Articles.

In fulfilling its responsibilities set forth by the Law and the management company services agreement, the Management Company is permitted to delegate all or a part of its functions and duties to third parties, provided that it retains responsibility and oversight over such delegates. The appointment of third parties is subject to the approval of the Company and the CSSF. The Management Company's liability shall not be affected by the fact that it has delegated its functions and duties to third parties.

The Management Company shall also ensure compliance of the Company with the investment restrictions and oversee the implementation of the investment policy of each Compartment.

The Management Company will receive periodic reports from the Company's service providers in relation to the services which they provide. The Management Company shall also submit its own report to the Board of Directors on a periodic basis and inform the Board of Directors without delay of any non-compliance of the Company with the investment restrictions.

The Management Company may act as the management company of other open-ended collective investment schemes. The names of these other collective investment schemes are available upon request.

For its services, the Management Company shall receive remuneration as further described in the relevant Appendix to the Prospectus.

### **(a) Conflicts of Interest**

For the purpose of identifying the types of conflict of interest that arise in the course of providing services and activities and whose existence may damage the interest of the Company, the Management Company will take into account, by way of minimum criteria, the question of whether the Management Company or a relevant person, or a person directly or indirectly linked by way of control to the Management Company, is in any of the following situations, whether as a result of providing collective portfolio management activities or otherwise:

- (1) the Management Company or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the Company;
- (2) the Management Company or that person has an interest in the outcome of a service or an activity provided to the Company or another client or of a transaction carried out on behalf of the Company or another client or, which is distinct from the Company interest in that outcome;
- (3) the Management Company or that person has a financial or other incentive to favour the interest of another client or group of clients over the interests of the Company;
- (4) the Management Company or that person carries on the same activities for the Company and for another client or clients which are not UCITS; and
- (5) the Management Company or that person receives or will receive from a person other than the Company an inducement in relation to collective portfolio management activities provided to the Company, in the form of monies, goods or services, other than the standard commission or fee for that service.

When identifying any potential types of conflict of interests, the Management Company will take into account

- (1) the interests of the Management Company, including those deriving from its belonging to a group or from the performance of services and activities, the interests of the clients and the duty of the Management Company towards the Company as well as
- (2) the interests of two or more managed UCITS.

The summary description of the strategies referred to in that paragraph will be made available to the investors on request

### **(b) Best Execution**

The Management Company will act in the best interests of the Company when executing decision to deal on behalf of the Company in the context of the management of the Compartment. For that purpose the Management Company will take all reasonable steps to obtain the best possible results for the Company, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature, or any other consideration relevant to the execution of the order (best execution).

The relative importance of such factors will be determined by reference to the following criteria:

- (a) the objectives, investment policy and risks specific to the Company,
- (b) the characteristics of the order.

## **9.2 Domiciliation Agent**

CACEIS Bank Luxembourg Branch acts as the domiciliary agent of the Company. In such capacity, it will be responsible for all corporate agency duties required by Luxembourg law, and in particular for providing and supervising the mailing of statements, reports, notices and other documents to the shareholders.

For its services under the domiciliary agreement CACEIS Bank, Luxembourg Branch shall receive from the Company a remuneration as further described in the relevant Appendix to the Prospectus. In addition the domiciliation agent is entitled to be reimbursed by the Company for its reasonable out-of-pocket expenses and disbursements and to charge transaction fees in relation to the issue, conversion and redemption of shares.

### **9.3 Administrative Agent**

At the date of the present prospectus the Management Company has delegated the administrative functions to CACEIS Bank, Luxembourg Branch. With the Company's consent, the Management Company has concluded an agreement (the "**Services Agreement**") appointing CACEIS Bank, Luxembourg Branch as Administrative Agent.

This agreement has been concluded for an indefinite duration and may be terminated by either party in writing with three months' notice.

In its capacity as Administrative Agent, CACEIS Bank, Luxembourg Branch shall notably perform the calculation of the net asset value of units for each existing Class or Compartment of the Company, management of accounts, the preparation of the annual and semi-annual financial statements and execute all tasks required as central administration.

In its capacity as the transfer and registration agent, CACEIS Bank, Luxembourg Branch shall in particular execute subscription, redemption and conversion applications and keep and maintain the register of Shareholders of the Company. In such capacity it is also responsible for supervising anti-money laundering measures under the AML Regulations. CACEIS Bank, Luxembourg Branch may request documents necessary for identification of investors.

For its services under the Services Agreement, CACEIS Bank, Luxembourg Branch shall receive from the Company a remuneration as further described in the relevant Appendix to the Prospectus. In addition the central administrative, registrar and transfer agent is entitled to be reimbursed by the Company for its reasonable out-of-pocket expenses and disbursements and to charge transaction fees in relation to the issue, conversion and redemption of shares.

### **9.4 Depositary**

CACEIS Bank acting through its Luxembourg branch (CACEIS Bank, Luxembourg Branch) is a public limited liability company (*société anonyme*) incorporated under the laws of France, having its registered office located at 1-3, place Valhubert, 75013 Paris, France, registered with the French Register of Trade and Companies under number 692 024 722 RCS Paris. It is an authorised credit institution supervised by the European Central Bank ("ECB") and the *Autorité de contrôle prudentiel et de résolution* ("ACPR"). It is further authorised to exercise through its Luxembourg branch banking and central administration activities in Luxembourg.

CACEIS Bank acting through CACEIS Bank, Luxembourg Branch is acting as Depositary of the Company in accordance with a depositary agreement dated 13 December 2016 as amended from time to time (the "Depositary Agreement") and the relevant provisions of the Law and UCITS Rules.

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

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

In due compliance with the UCITS Rules the Depositary shall:

- (1) ensure that the sale, issue, redemption and cancellation of Shares effected by or on behalf of the Company are carried out in accordance with the Law, the Articles and the Prospectus of the Company;
- (2) ensure that the value of the Units is calculated in accordance with the UCITS Rules, the Articles and the procedures laid down in the Directive;
- (3) carry out the instructions of the Company, unless they conflict with the UCITS Rules, or the Articles;
- (4) ensure that in transactions involving the assets of the Company any consideration is remitted to the Company within the usual time limits; and
- (5) ensure that an income of the Company is applied in accordance with the UCITS Rules and the Articles.

The Depositary may not delegate any of the obligations and duties set out in (1) to (5) of this clause.

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

A list of these correspondents/third party custodians are available on the website of the Depositary ([www.caceis.com](http://www.caceis.com), section "veille réglementaire"). Such list may be updated from time to time. A complete list of all correspondents/third party custodians may be obtained, free of charge and upon request, from the Depositary. Up-to-date information regarding the identity of the Depositary, the description of its duties and of conflicts of interest that may arise, the safekeeping functions delegated by the Depositary and any conflicts of interest that may arise from such a delegation are also made available to investors on the website of the Depositary, as mentioned above, and upon request. There are many situations in which a conflict of interest may arise, notably when the Depositary delegates its safekeeping functions or when the Depositary also performs other tasks on behalf of the Company, such as administrative agency and registrar agency services. These situations and the conflicts of interest thereto related have been identified by the Depositary. In order to protect the Company's and its Shareholders' interests and comply with applicable regulations, a policy and procedures designed to prevent situations of conflicts of interest and monitor them when they arise have been set in place within the Depositary, aiming namely at:

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

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

The Company and the Depositary may terminate the Depositary Agreement at any time by giving ninety (90) days' notice in writing. The Company may, however, dismiss the Depositary only if a new depositary bank is appointed within two months to take over the functions and responsibilities of the Depositary. After its dismissal,

the Depositary must continue to carry out its functions and responsibilities until such time as the entire assets of the Compartments have been transferred to the new depositary bank.

The Depositary has no decision-making discretion nor any advice duty relating to the Company's investments. The Depositary is a service provider to the Company and is not responsible for the preparation of this Prospectus and therefore accepts no responsibility for the accuracy of any information contained in this Prospectus or the validity of the structure and investments of the Company. For its services as Depositary, CACEIS Bank, Luxembourg Branch shall receive remuneration from the Company as further described in the relevant Appendix to the Prospectus. In addition the Depositary is entitled to be reimbursed by the Company for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents and transaction fees and expenses in relation with the buying and selling of securities and financial instruments.

## **10. CHARGES & EXPENSES**

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The Company shall bear the following expenses:

- all taxes which may be payable on the assets, income and expenses chargeable to the Company;
- standard brokerage fees and bank charges originating from the Company's business transactions;
- all fees due to the Board of Directors of the Company;
- all fees due to the Administrative Agent, Domiciliary Agent and the Depositary;
- all fees due to the Management Company
- all fees due to the Auditor;
- all fees due to the legal advisors or similar administrative charges, incurred by the Company, the Management Company and the Depositary for acting on behalf of the Shareholders;
- all reasonable expenses of the Board of Directors of the Company, the Management Company, the Administrative Agent and the Depositary;
- expenses connected with publications and the supply of information to Shareholders, in particular the cost of printing global certificates and proxy forms for general meetings for the Shareholders, the cost of publishing the issue and redemption prices, and also the cost of printing, the distribution of the annual and semi-annual reports, the Prospectus as well as the KIID;
- all expenses involved in registering and maintaining the registration of the Company with all governmental agencies and stock exchanges;
- all expenses incurred in connection with its operation and its management (e.g. insurance and interests) also including all extraordinary and irregular expenses which are normally incurred by the Company.
- All recurring expenses will be charged first against current income, then, should this not suffice, against realised capital gains, and, if necessary, against asset.

Any costs incurred by the Company, which are not attributable to a specific Compartment, will be charged to all Compartments in proportion to their net assets. Each Compartment will be charged with all costs or expenses directly attributable to it.

### **Management Company Fees**

The Management Company is entitled to receive from the Company the Management Company Fees as further described in the appendices to the Prospectus.

These fees are calculated and accrued on each day and are payable monthly in arrears.

As the case may be, the Management Company may also be entitled to receive a performance fee for each Classes of Shares the amount and characteristics of which will be detailed, if any, in the Compartment Appendices.

Moreover, the Management Company may be entitled to receive fees as normal compensation of its services when providing services in connection with efficient portfolio management techniques, the amount and characteristics of which will be detailed, if any, in the Compartment Appendices.



## 11. LUXEMBOURG TAX CONSIDERATION

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*The following is a summary of certain material Luxembourg tax consequences of purchasing, owning and disposing of Shares. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own or sell Shares. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. This summary does not allow any conclusion to be drawn with respect to issues not specifically addressed. The following description of Luxembourg tax law is based on the Luxembourg law and regulations in effect and as interpreted by the Luxembourg tax authorities on the date of the Prospectus. These laws and interpretations are subject to change that may occur after such date, even with retroactive or retrospective effect.*

*Prospective purchasers of the Shares should consult their own tax advisers as to the particular tax consequences of subscribing, purchasing, holding and disposing of the Shares, including the application and effect of any federal, state or local taxes under the tax laws of the Grand Duchy of Luxembourg and each country of which they are residents or citizens.*

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi) as well as personal income tax (impôt sur le revenu des personnes physiques). Corporate taxpayers may further be subject to net wealth tax (impôt sur la fortune), as well as other duties, levies and taxes. Corporate income tax, municipal business tax and the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and a solidarity surcharge. Under certain circumstances, where individual taxpayers act in the course of the management of a professional or business undertaking, municipal business tax may apply as well.*

### 11.1 Taxation of the Company

#### **Income tax and withholding tax**

Under current law and practice, the Company is not liable to any Luxembourg income tax, nor are dividends paid or distributions of liquidation proceeds made by the Company liable to any Luxembourg withholding tax.

#### **Subscription tax**

However, the Company is as a rule liable in Luxembourg to a subscription tax (*taxe d'abonnement*) of 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the total net asset value at the end of the relevant quarter.

This rate is however of 0.01% per annum for:

- undertakings whose sole object is the collective investment in money market instruments and in deposits with credit institutions;
- undertakings whose sole object of which is the collective investment in deposits with credit institutions; and
- individual compartments of UCIs with multiple compartments as well as for individual classes of securities issued within a UCI or within a compartment of a UCI with multiple compartments, provided that the securities of such compartments or classes are reserved to one or more institutional investors.

Are further exempt from the subscription tax:



- the value of the assets represented by shares or units held in other UCIs to the extent such shares or units have already been subject to the subscription tax provided for by Article 46 of the amended law of 23 July 2016 on reserved alternative investment funds, Article 174 of the Law, or Article 68 of the amended law of 13 February 2007 on specialised investment funds;
- UCIs as well as individual compartments of UCIs with multiple compartments funds (i) whose securities are reserved for institutional investors, and (ii) whose sole object is the collective investment in money market instruments and the placing of deposits with credit institution, and (iii) whose weighted residual portfolio maturity does not exceed 90 days and (iii) that have obtained the highest possible rating from a recognised rating agency. Where several classes of securities exist within the UCI or the compartment, the exemption only applies to classes whose securities are reserved for institutional investors;
- UCIs whose securities are reserved for (i) institutions for occupational retirement pension or similar investment vehicles, set up on one or more employers' initiative for the benefit of their employees and (ii) companies of one or several employers investing funds they hold, to provide retirement benefits to their employees;
- UCIs as well as individual compartments of UCIs with multiple compartments whose invest for more than 50% in one or many microfinance institutions;
- UCIs as well as individual compartments of UCIs with multiple compartments (i) whose securities are listed or traded on at least one stock exchange or another regulated market, operating regularly, recognised and open to the public, and (ii) whose sole object is to replicate the performance of one or more indices. If several classes of securities exist within the UCI or the compartment, the exemption only applies to classes fulfilling the condition sub-point (i).

### **Other taxes**

No stamp or other tax is generally payable in connection with the issue of Shares against cash by the Company. Any amendment to the Articles of the Company is generally subject to a fixed registration duty of EUR 75.

No tax is payable in Luxembourg on realised or unrealised capital appreciation of the assets of the Company. Although the Company's realised capital gains, whether short- or long-term, are not expected to become taxable in another country, the Shareholders must be aware and recognise that such a possibility, though quite remote, is not totally excluded.

The regular income of the Company from some of its securities as well as interest earned on cash deposits in certain countries may be liable to withholding taxes at varying rates, which normally cannot be recovered. Withholding tax and other taxes levied at source, if any, are not recoverable. Whether the Company may benefit from a double tax treaty concluded by Luxembourg must be determined on a case-by-case basis.

### **Value added tax**

The Company is considered in Luxembourg as a taxable person for value added tax ("VAT") purposes without input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the Company could potentially trigger VAT and require the VAT registration of the Company in Luxembourg as to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

No VAT liability arises in principle in Luxembourg in respect of any payments made by the Company to its Shareholders, as such payments are linked to their subscription to the Company's Shares and do therefore not constitute the consideration received for taxable services supplied.

## 11.2 Taxation of Shareholders

### General

A Shareholder will not become resident, nor be deemed to be resident, in Luxembourg, by reason only of the holding of the Shares, or the execution, performance, delivery and/or enforcement of its rights and obligations under the Shares.

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

Investors should consult their own professional advisors on the possible tax or other consequences of buying, holding, transferring or selling the Company's Shares under the laws of their countries of citizenship.

#### (a) Taxation of Luxembourg resident Shareholders

##### (i) Individual Shareholders

Dividends and other payments derived from the Shares by resident individual Shareholders, who act in the course of the management of either their private wealth or their professional / business activity, are subject to income tax at the progressive ordinary rates with a top effective marginal rate for the year 2018 of 42% per cent for a taxable income of more than EUR 200,004 (class 1 and 1a taxpayers) / EUR 400,008 (class 2 taxpayers, i.e. household of 2 persons). The maximum aggregate income tax rate will thus be of 42.8% (including the solidarity surcharge of 7%) for a taxable income up to EUR 150,000 for class 1 and 1a taxpayers (or EUR 300,000 for class 2 taxpayers) and 45.78% (including the solidarity surcharge of 9%) for a taxable income exceeding EUR 200,004 for class 1 and 1a taxpayers (or EUR 400,008 for class 2 taxpayers).

Capital gains realised on the disposal of the Shares by resident individual Shareholders, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative gains and are subject to income tax at ordinary rates if the Shares are disposed of within six (6) months after their acquisition or if their disposal precedes their acquisition. A participation is deemed to be substantial where a resident individual Shareholder holds, either alone or together with his spouse/partner and/or minor children, directly or indirectly at any time within the five (5) years preceding the disposal, more than ten per cent (10%) of the share capital of the Company. A Shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within five (5) years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period). Capital gains realised on a substantial participation more than six (6) months after the acquisition thereof are subject to income tax according to the half-global rate method, (i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the Shares.

Capital gains realised on the disposal of the Shares by resident individual Shareholders, who act in the course of their professional / business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the Shares have been disposed of and the lower of their cost or book value.

(ii) Luxembourg resident corporate Shareholders

A Luxembourg resident company (*société de capitaux*) must include any profits derived, as well as any gain realised on the sale, disposal or redemption of Shares, in their taxable profits for Luxembourg income tax assessment purposes.

(iii) Tax exempt Shareholders

A Shareholder who is either (i) an undertaking for collective investment subject to the Law, (ii) a specialised investment fund governed by the amended law of 13 February 2007, (iii) a family wealth management company governed by the amended law of 11 May 2007, or (iv) a reserved alternative investment fund treated as a specialised investment fund for Luxembourg tax purposes governed by the amended law of 23 July 2016, is exempt from income tax in Luxembourg. Dividends derived from and capital gains realised on the Shares are thus not subject to income tax in their hands.

**(b) Taxation of Luxembourg non-residents Shareholders**

Non-resident Shareholders who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Shares are attributable are generally not liable to any Luxembourg income tax on income received and capital gains realized upon the sale, disposal or redemption of the Shares.

A non-resident company which has a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable, must include any income received, as well as any gain realised on the sale, disposal or redemption of Shares, in its taxable income for Luxembourg tax assessment purposes. The same inclusion applies to individuals, acting in the course of the management of a professional or business undertaking, who have a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable.

Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

**(c) Net worth tax**

Luxembourg resident as well as non-resident Shareholders who have a permanent establishment or a permanent representative in Luxembourg to which or whom the Shares are attributable, are subject to Luxembourg net worth tax on such Shares, except if the Shareholder is (i), an individual, (ii), an undertaking for collective investment subject to the Law, (iii), a securitisation company governed by the amended law of 22 March 2004, (iv) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (v) a specialised investment fund governed by the amended law of 13 February 2007, (vi) a professional pension institution governed by the amended law dated 13 July 2005, (vii) a family wealth management company governed by the amended law of 11 May 2007, or (viii) a reserved alternative investment fund governed by the amended law of 23 July 2016.

However, (i) a securitisation company governed by the amended law of 22 March 2004, (ii) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (iii) a professional pension institution governed by the amended law dated 13 July 2005, and (iv) an opaque reserved alternative investment fund treated as a venture capital governed by the amended law of 23 July 2016 remain subject to minimum net wealth tax.

**(d) Inheritance tax and gift tax**

Under Luxembourg tax law, where an individual Shareholder is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, the Shares are included in his or her taxable basis for inheritance tax purposes. On the contrary, no inheritance tax is levied on the transfer of the Shares upon death of a Shareholder in cases where the deceased was not a resident of Luxembourg for inheritance purposes.

Gift tax may be due on a gift or donation of the shares, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

**(e) FATCA**

Capitalised terms used in this section should have the meaning as set forth in the FATCA Law, unless provided otherwise herein.

The Company may be subject to the so-called FATCA legislation which generally requires reporting to the U.S. Internal Revenue Service of non-U.S. financial institutions that do not comply with FATCA and direct or indirect ownership by U.S. persons of non-U.S. entities. As part of the process of implementing FATCA, the U.S. government has negotiated intergovernmental agreements with certain foreign jurisdictions which are intended to streamline reporting and compliance requirements for entities established in such foreign jurisdictions and subject to FATCA.

Luxembourg has entered into a Model I Intergovernmental Agreement (“**IGA**”) implemented by the amended FATCA Law which requires Financial Institutions located in Luxembourg to report, when required, information on Financial Accounts held by Specified U.S. Persons if any, to the Luxembourg tax authorities (*administration des contributions directes*).

Under the terms of the FATCA Law, the Company is likely to be treated as a Luxembourg Reporting Financial Institution.

This status imposes on the Company the obligation to regularly obtain and verify information on all of its Shareholders. On the request of the Company, each Shareholder shall agree to provide certain information, including, in the case of a Non-Financial Foreign Entity (“**NFFE**”) information on the Controlling Persons of such NFFE, along with the required supporting documentation. Similarly, each investor shall agree to actively provide to the Company within thirty (30) days any information that would affect its status, as for instance a new mailing address or a new residency address.

FATCA may require the Company to disclose the names, addresses, date and place of birth, and taxpayer identification numbers (if available) of Shareholders as well as information such as account balances, income and gross proceeds (non-exhaustive list) to the Luxembourg tax authorities for the purposes set out in the FATCA Law. Such information will be relayed by the Luxembourg tax authorities to the US Internal Revenue Service.

Additionally, the Company is responsible for the processing of personal data and each Shareholder has the right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Company are to be processed in accordance with the applicable data protection laws.

Although the Company will attempt to satisfy any obligation imposed on it to avoid imposition of FATCA withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax or penalties as result of the FATCA regime, the value of the Shares held by the Shareholders may suffer material losses. The failure of the Company to obtain such information from each Shareholder and to transmit it to the Luxembourg tax authorities may trigger the 30% withholding tax to be imposed on payments of U.S. source income and on proceeds from the sale of property or other assets that could give rise to U.S. source interest and dividends as well as penalties.

Any Shareholder that fails to comply with the Company’s documentation requests may be charged with any taxes and/or penalties imposed on the Company as a result of such Shareholder’s failure to provide the information and the Company may, in its sole discretion, redeem the Shares of such Shareholder.

Shareholders who invest through intermediaries are reminded to check if and how their intermediaries will comply with this U.S. withholding tax and reporting regime.

Shareholders should consult a U.S. tax advisor or otherwise seek professional advice regarding the above requirements.

## (f) Common Reporting Standard

Capitalised terms used in this section should have the meaning as set forth in the CRS Law, unless provided otherwise herein.

The Company may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters (the “Standard”) and its RS as set out in CRS Law implementing Directive 2014/107/EU which provides for an automatic exchange of financial account information between member States of the European Union as well as the OECD’s multilateral competent authority agreement on automatic exchange of financial account information signed on 29 October 2014 in Berlin, with effect as of 1 January 2016.

Under the terms of the CRS Law, the Company is likely to be treated as a Luxembourg Reporting Financial Institution. As such, and without prejudice to other applicable data protection provisions as set out in the Company documentation, the Company will be required to annually report to the Luxembourg tax authority (*administration des contributions directes*) personal and financial information related, inter alia, to the identification of, holdings by and payments made to (i) certain Shareholders qualifying as Reportable Persons as per the CRS Law and (ii) Controlling Persons of certain non-financial entities (“**NFEs**”) which are themselves Reportable Persons. This information, as exhaustively set out in Annex I of the CRS Law (the “**Information**”), will include personal data related to the Reportable Persons.

The Company’s ability to satisfy its reporting obligations under the CRS Law will depend on each Shareholder providing the Company with the Information, along with the required supporting documentary evidence. In this context, the Shareholders are hereby informed that, as data controller, the Company will process the Information for the purposes as set out in the CRS Law. The Shareholders qualifying as passive NFEs undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Company.

Additionally, the Company is responsible for the processing of personal data and each Shareholder has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Company are to be processed in accordance with the applicable data protection laws.

The Shareholders are further informed that the Information related to Reportable Persons within the meaning of the CRS Law will be disclosed to the Luxembourg tax authorities annually for the purposes set out in the CRS Law. The Luxembourg tax authorities will, under their own responsibility, eventually exchange the reported information to the competent authority of the Reportable Jurisdiction. In particular, Reportable Persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the Luxembourg tax authorities.

Although the Company will attempt to satisfy any obligation imposed on it to avoid any fines or penalties imposed by the CRS Law, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a fine or penalty as a result of the CRS Law, the value of the Shares held by the Shareholders may suffer material losses.

Similarly, the Shareholders undertake to inform the Company within thirty (30) days of receipt of these statements should any included personal data be not accurate. The Shareholders further undertake to inform the Company of, and provide the Company with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

Any Shareholder that fails to comply with the Company’s Information or documentation requests may be held liable for penalties imposed on the Company and attributable to such Shareholder’s failure to provide the Information or subject to disclosure of the Information by the Company to the Luxembourg tax authorities and the Company may, in its sole discretion, redeem the Shares of such Shareholders.

## 12. GENERAL INFORMATION

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### 12.1 Organisation

The Company is an investment company organised as a *société anonyme* under the laws of the Grand-Duchy of Luxembourg and qualifies as a *société d'investissement à capital variable* (SICAV) subject to Part I of the Law. The Company was initially incorporated on 27 March 2015. The Company is registered with the *Registre de Commerce et des Sociétés, Luxembourg*, under number B196052. The articles of incorporation have been published on 2 June 2015 in the *Mémorial*. The articles of incorporation have been filed with the *Registre de Commerce et des Sociétés* of Luxembourg.

**The minimum capital of the Company required by Luxembourg law shall be 1,250,000 EUR.**

### 12.2 The Shares

Shares will be issued in registered form. Fractional entitlements to Shares will be rounded to 4 decimal places. Subject to the restrictions described herein, Shares in each Compartment are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to each Class of the relevant Compartment. The rules governing such allocation are set forth under 5. "Allocation of Assets and Liabilities among the Compartments".

The Shares, which are of no par value and which must be fully paid upon issue, carry no preferential or preemptive rights and each one is entitled to one vote at all meetings of Shareholders. Shares redeemed by the Company become null and void.

Should the Shareholders, at an annual general meeting, decide any distributions in respect of distribution Shares (if issued) these will be paid within one month of the date of the annual general meeting. Under Luxembourg law, no distribution may be decided as a result of which the net assets of the Company would become less than the minimum provided for under Luxembourg law.

### 12.3 Meetings

The annual general meeting of Shareholders will be held within four (4) months of the end of each financial year in Luxembourg in order to approve the financial statements of the Fund for the previous financial year. The annual general meeting of shareholders will be held at the registered office of the Fund, or at such alternative location in Luxembourg as may be specified in the convening notice of such meeting. Notices of all general meetings may be made through announcements filed with the Luxembourg Trade and Companies Register and be published at least fifteen (15) days before the meeting in the *Recueil électronique des sociétés et associations* (RESA) and a Luxembourg newspaper and sent to all registered shareholders by ordinary mail (*lettre missive*); alternatively, convening notices may be sent to registered shareholders by registered mail at least eight (8) calendar days prior to the meeting or if the addressees have individually accepted to receive the convening notices by another means of communication ensuring access to the information, by such means of communication. Convening notices will also be published and/or communicated to investors as required by applicable laws and regulations in other jurisdictions where the Shares are distributed and may be published on <http://www.axiom-ai.com>. Notices will include the agenda and will specify the time and place of the meeting, the conditions of admission, and the quorum and voting requirements.

Each Share confers the right to one vote. The vote on the payment of a dividend on a particular Class requires a separate majority vote from the meeting of Shareholders of the Class concerned. Any change in the Articles affecting the rights of a Compartment must be approved by a resolution of both the general meeting of the Company and the Shareholders of the Compartment concerned.



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

The Board of Directors may suspend the voting rights of any shareholder in breach of his obligations as described in this Prospectus, the application form or the Articles.

#### **12.4 Reports and Accounts**

Audited annual reports shall be published within 4 months following the end of the accounting year and unaudited semi-annual reports shall be published within 2 months following the period to which they refer. The annual and semi-annual reports shall be made available at the registered offices of the Company, the representatives and paying agents during ordinary office hours. The Company's accounting year ends on the thirty-first of December each year.

The Reference Currency of the Company is the EUR. The aforesaid reports will comprise consolidated accounts of the Company expressed in EUR as well as individual information on each Compartment expressed in the Reference Currency of each Compartment.

#### **12.5 Allocation of assets and liabilities among the Compartments**

For the purpose of allocating the assets and liabilities between the Compartments, the Board of Directors has established a pool of assets for each Compartment in the following manner:

- (1) the proceeds from the issue of each Share of each Compartment are to be applied in the books of the Company to the pool of assets established for that Compartment and the assets and liabilities and income and expenditure attributable thereto are applied to such pool subject to the provisions set forth hereafter;
- (2) Where any asset is derived from another asset, such derivative asset is applied in the books of the Company to the same pool as the asset from which it was derived and on each revaluation of an asset, the increase or diminution in value is applied to the relevant pool;
- (3) Where the Company incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool;
- (4) in the case where any asset or liability of the Company cannot be considered as being attributable to a particular pool, such asset or liability is allocated to all the pools in equal parts or, if the amounts so justify, pro rata to the net asset values of the relevant Compartments;
- (5) upon the payment of dividends to the holders of Shares in any Compartment, the net asset value of such Compartment shall be reduced by the amount of such dividends.

If there have been created within each Compartment different classes of Shares, the rules shall mutatis mutandis apply for the allocation of assets and liabilities amongst Classes.



## 12.6 Determination of the net asset value of Shares

The net asset value of Shares of each Compartment shall be expressed in the Reference Currency of the relevant Compartment. The net asset value shall be determined by the Administrative Agent under the Management Company's responsibility on each Valuation Day and on any such day that the Board may decide from time to time by dividing the net assets of the Company attributable to each Compartment by the number of outstanding Shares of that Compartment.

The Administrative Agent determines the net asset value per Share in each Compartment on the Valuation Day as defined in the Appendix. In order to avoid market timing in their units, preventing arbitrage opportunities, where the Compartment is a Feeder Compartment, the Valuation Day shall be the same day as the valuation day of the Master Fund.

The calculation of the net asset value of the Shares of any Compartment and the issue, redemption, and conversion of the Shares of any Compartment may be suspended in the following circumstances, in addition to any circumstances provided for by law:

- during any period (other than ordinary holidays or customary weekend closings) when any market or stock exchange is closed which is the principal market or stock exchange for a significant part of the Compartment's investments, or in which trading is restricted or suspended,
- during any period when an emergency exists as a result of which it is impossible to dispose of investments which constitute a substantial portion of the assets of the Compartment, or it is impossible to transfer money involved in the acquisition or disposal of investments at normal rates of exchange, or it is impossible to fairly determine the value of any assets in the Compartment,
- during any breakdown in the means of communication normally employed in determining the price of any of the Compartment's investments or the current prices on any stock exchange,
- when for any reason beyond the control of the Board of Directors, the prices of any investment held by the Compartment cannot be reasonably, promptly or accurately ascertained,
- during any period when remittance of money which will or may be involved in the purchase or sale of any of the Compartment's investments cannot, in the opinion of the and/or the Board of Directors, be effected at normal rates of exchange; or
- when calculating the net asset value of a UCITS/UCI in which the Company has invested a substantial portion of the assets of one or more Compartments or one or more classes is suspended or unavailable, or where the issue, redemption or conversion of shares or units of such UCITS or other UCI is suspended or restricted.
- in the event of the publication of the convening notice to a general meeting of Shareholders at which a resolution to wind up or merge the Company or one or more Compartment(s) is to be proposed; or
- during any period when in the opinion of the Directors of the Company there exist circumstances outside the control of the Company where it would be impracticable or unfair towards the Shareholders to continue dealing in Shares of any Compartment of the Company.

Furthermore, a Feeder Compartment shall temporarily suspend the redemption, reimbursement or subscription of its Shares, when its Master Fund temporarily suspends the redemption, reimbursement or subscription of its shares/units, whether this be at its own initiative or at the request of its competent authorities, for a period identical to the period of suspension imposed on the Master Fund.

The value of the assets of each Class of Shares of each Compartment is determined as follows:

- I. The assets of the Company contain the following:
  - (1) all fixed-term deposits, money market instruments, cash in hand or cash expected to be received or cash contributions including interest accrued;
  - (2) all debts which are payable upon presentation as well as all other money claims including claims for purchase price payment not yet fulfilled that arise from the sale of investment fund Shares or other assets;
  - (3) all investment fund shares/units;

- (4) all dividends and distributions due in favour of the Company, as far as they are known to the Company;
- (5) all interest accrued on interest-bearing securities that the Company holds, as far as such interest is not contained in the principal claim;
- (6) all financial rights which arise from the use of derivative instruments;
- (7) the provisional expenses of the Company, as far as these are not deducted, under the condition that such provisional expenses may be amortised directly from the capital of the Company;
- (8) all other assets of what type or composition, including prepaid expenses.

II. The value of such assets is fixed as follows:

- (1) Investment funds are valued at their net asset value.
- (2) Units or shares of the Master Fund will be valued at their last determined and available net asset value.
- (3) Liquid assets and money market instruments are valued at their nominal value plus accrued interest or on the basis of amortised costs.
- (4) Fixed term deposits are valued at their nominal value plus accrued interest. Fixed term deposits with an original term of more than 30 days can be valued at their yield adjusted price if an arrangement between the Company and the bank, with which the fixed term deposit is invested has been concluded including that the fixed term deposits are terminable at any time and the yield adjusted price corresponds to the realisation value.
- (5) Commercial papers are valued at their nominal value plus accrued interest. Commercial papers with an original term of more than 90 calendar days can be valued at their yield adjusted price if an arrangement between the Company and the bank, with which the commercial paper is invested has been concluded including that the commercial papers are terminable at any time and the yield adjusted price corresponds to the realisation value.
- (6) Securities or financial instruments admitted for official listing on a Regulated Market are valued on the basis of the last available price at the time when the valuation is carried out. If the same security is quoted on a Regulated Markets, the quotation on the principal market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be made in good faith by the Board of Directors or their delegate.
- (7) Unlisted securities or financial instruments are valued on the basis of their value realisation as determined by the Board of Directors or their delegate using valuation principles which can be examined by the auditor of the Company, in order to reach a proper and fair valuation of the total assets of each Compartment.
- (8) swap are valued at their fair value based on the last known closing price of the underlying security;
- (9) Any other assets are valued on the basis of their probable value realisation as determined by the Board of Directors or their delegate using valuation principles which can be examined by the auditor of the Company, in order to reach a proper and fair valuation of the total assets of each Compartment.
- (10) OTC derivative financial instruments must be value at the «fair value» in accordance with CSSF Circular 08/356.

In the event that it is impossible or incorrect to carry out a valuation in accordance with the above rules owing to particular circumstances, the Board of Directors or their delegate shall be entitled to use other generally recognised valuation principles which can be examined by an auditor, in order to reach a proper valuation of the total assets of each Compartment.

III. The liabilities of the Company contain the following:

- (1) all loans, bills of exchange and other sums due, including deposits of security such as margin accounts, etc. In connection with the use of derivative instruments; and
- (2) all administrative expenses that are due or have been incurred, including the costs of formation and registration at the registration offices as well as legal fees, auditing fees, remuneration and expenses of the members of the Board of Directors, fees payable to the management company, if any, and its service providers, its investment advisers, investment managers, distributors, placing agents, accountants, custodian, domiciliary, registrar and transfer agents, any paying agents and permanent representatives in places of registration, any other agent employed by the Company, fees for legal and auditing services, promotional, printing, reporting and publishing expenses, including the cost of advertising or preparing and printing of sales documents, explanatory memoranda or registration statements, annual and semi-annual reports, taxes or governmental charges, and all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage, postage, telephone and telex.. If the fee rates agreed between the Company and the employed service providers (such as the Management Company, the Domiciliary Agent, Administrative Agent, Depositary or Investment Manager (if any)) for such services deviate with regard to individual Classes, the corresponding varying fees shall be charged exclusively to the respective Class; and
- (3) all known liabilities, whether due or not, including dividends that have been declared but not yet been paid; and
- (4) a reasonable sum provided for taxes, calculated as of the day of the valuation as well as other provisions and reserves approved by the Board of Directors; and
- (5) all other liabilities of the Company, of whatever nature, vis-à-vis third parties; however, each Compartment shall be exclusively responsible for all debts, liabilities and obligations attributable to it.

For the purpose of valuing its liabilities, the Company may include all administrative and other expenses of a regular or periodic nature by valuing these for the entire year or any other period and apportioning the resulting amount proportionally to the respective expired period of time. The method of valuation may only apply to administrative or other expenses which concern all of Shares equally.

IV. For the purpose of valuation within the scope of this chapter, the following applies:

- (1) Shares that are redeemed in accordance with the provisions under “ISSUE, REDEMPTION AND CONVERSION OF SHARES” above shall be treated as existing Shares and shall be posted until immediately after the point in time set by the Board of Directors for carrying out the valuation; from this point in time until the price is paid, they shall be treated as a liability of the Company; and
- (2) All investments, cash in hand and other assets of any fixed assets that are not in the denomination of the Class concerned shall be converted at the exchange rate applicable on the day of the calculation of net asset value, taking into consideration their market value; and
- (3) On every Valuation Day, all purchases and sales of securities which were contracted by the Company on this very Valuation Day must be included in the valuation to the extent possible.

## 12.7 Merger or Liquidation of Compartments

The Board of Directors may decide to liquidate any Compartment if (i) the net assets of a Compartment or a Class of Shares of such a Compartment or Class of Shares has decreased to an amount determined by the Board of Directors to be the minimum level for such Compartment or Class of Shares to be operated in an economically efficient manner, (ii) the Master Fund of a Feeder Compartment has been liquidated or closed (without prejudice to the below provisions) or (ii) a change in the economic or political situation relating to the Compartment concerned would justify such liquidation or if required by the interests of the Shareholders of any of the Compartments concerned. The decision of the liquidation will be notified to the Shareholders concerned prior to the effective date of the liquidation and the notification will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors otherwise decides in the interests of the Shareholders of the Compartment concerned, they may continue to request redemption or conversion of their Shares on the basis of the applicable net asset value, taking into account the estimated liquidation expenses. Assets which could not be distributed to their beneficiaries upon the close of the liquidation of the Compartment will be deposited with the *Caisse de Consignation* on behalf of their beneficiaries.

Under the same circumstances as provided above, the Board of Directors may decide to close down any Compartment by merger into another Compartment or into another UCITS or a compartment thereof (whether established in Luxembourg or another member State or whether such UCITS is incorporated as a company or is a contractual type fund) (the “**new Compartment**”). Such decision will be notified to Shareholders in the same manner as described in the preceding paragraph and, in addition, the notification will contain information in relation to the new Compartment in accordance with the Law and related regulations. Such notification will be made at least 30 calendar days before the last day for requesting the redemption or conversion of the Shares, free of charge.

Termination of a Compartment by compulsory redemption of its Shares or its merger with another Compartment or with another UCITS (whether established in Luxembourg or another member State or whether such UCITS is incorporated as a company or is a contractual type fund), in each case for a reason other than those mentioned in the preceding paragraph, may be effected only upon its prior approval by the Shareholders of the Compartment to be terminated or merged, at a duly convened Compartment’s Shareholders meeting which may be validly held without a quorum and decide by a simple majority of the Shareholders of the relevant Compartment present or represented.

In accordance with the provisions of the Law applying to a Compartment qualifying as Feeder Compartment, the Feeder Compartment shall be liquidated upon the Master Fund being either liquidated, divided into two or more UCITS or merged with another UCITS, unless the CSSF approves either (a) the investment of at least 85 % of the assets of the Feeder Compartment into units of another master Fund, or (b) the Feeder Compartment’s conversion into a UCITS which is not a feeder UCITS within the meaning of the Law.

## 12.8 Liquidation of the Company

The Company is incorporated for an unlimited period and liquidation shall normally be decided upon by an extraordinary general meeting of Shareholders. Such a meeting must be convened by the Board of Directors within 40 calendar days if the net assets of the Company become less than two thirds of the minimum capital required by law. The meeting, for which no quorum shall be required, shall decide on the dissolution by a simple majority of Shares represented at the meeting. If the net assets fall below one fourth of the minimum capital, the dissolution may be resolved by Shareholders holding one fourth of the Shares at the meeting.

Should the Company be liquidated, such liquidation shall be carried out in accordance with the provisions of the Law and which specifies the steps to be taken to enable Shareholders to participate in the liquidation distributions and in this connection provides for deposit in escrow at the Caisse de Consignation in Luxembourg of any such amounts which it has not been possible to distribute to the Shareholders at the close of liquidation. Amounts not claimed within the prescribed period are liable to be forfeited in accordance with the provisions of Luxembourg law. The net liquidation proceeds of each Compartment shall be distributed to the Shareholders of the relevant Compartment in proportion to their respective holdings.

## 12.9 Use of a Benchmark

Certain Compartments may from time to time be users of benchmarks as defined by the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “Benchmark Regulation”).

The Company has adopted a written plan setting out actions, which it will take with respect to the relevant Compartment in the event that any of the benchmarks used by such Compartment within the meaning of the Benchmark Regulation materially changes or ceases to be provided (the “Contingency Plans”), as required by article 28(2) of the Benchmark Regulation. Shareholders may access the Contingency Plans, upon request and free of charge, at the registered office of the Fund.

The table below provide the status of each entity providing the relevant benchmarks in their capacity as administrator, as defined in the Benchmarks Regulation (each a “Benchmark Administrator”) in relation to the register referred to in article 36 of the Benchmarks Regulation as of the date of this visa-stamped Prospectus.

<b>Benchmark</b>	<b>Benchmark Administrator</b>	<b>Status of the Benchmark Administrator</b>
Stoxx Europe 600 Banks Net Return		Not yet listed in the register referred to in article 36 of the Benchmarks Regulation, as it has not yet obtained authorisation or registration pursuant to Article 34 of the Benchmarks Regulation and is relying on transitional provisions.
ICE BofAML Euro Financial Index ICE BofAML Euro Corporate Index ICE BofAML Contingent Capital Index		Not yet listed in the register referred to in article 36 of the Benchmarks Regulation, as it is an entity located in a country outside of the European Union and does not comply with the conditions laid down in article 30(1) of the Benchmarks Regulation nor has it acquired recognition in accordance with article 32 of the Benchmarks Regulation.

## **12.10 Complaints Handling**

Shareholders of each Compartment of the Company may file complaints free of charge with the Management Company in an official language of their home country.

## **12.11 Material Contracts**

The following material contracts have been entered into:

- (1) An agreement between the Company and Axiom Alternative Investments, pursuant to which the latter acts as Management Company of the Company. This Agreement is entered into for an unlimited period and may be terminated by either party upon three months written notice.
- (2) An agreement between the Company and CACEIS Bank, Luxembourg Branch pursuant to which the latter was appointed as Depositary of the Company. The Agreement is entered into for an unlimited period and may be terminated by either party upon three months' written notice.
- (3) An agreement between the Company, Axiom Alternative Investments and CACEIS Bank, Luxembourg Branch pursuant to which the latter acts as registrar and transfer agent – paying and administrative agent of the Company. The Agreement is entered into for an unlimited period and may be terminated by either party upon three months written notice.
- (4) An information sharing agreement between Axiom Alternative Investments and CACEIS Bank, Luxembourg Branch, acting as Depositary of the Company regulating the flows of information that are necessary to allow CACEIS Bank, Luxembourg Branch to perform its functions.

## **12.12 Documents**

Copies of the contracts mentioned above are available for inspection, and the complaints handling procedure may be obtained upon request free of charge during normal office hours at the registered office of the Company in Luxembourg.

Copies of the Articles, the current Prospectus, the KIID for the Compartments, the latest financial reports, the voting policy, the complaints handling procedure as well as the prospectus and annual and half-yearly reports of the Master Funds (if any) are available the website of the Management Company at <http://www.axiom-ai.com>.

## APPENDICES TO THE PROSPECTUS – COMPARTMENTS

Appendix 1: Axiom Obligataire Lux

Appendix 2: Axiom Equity Lux

Appendix 3: Axiom Equity Long Short

Appendix 4: Axiom Contingent Capital

Appendix 5: Axiom Equity

Appendix 6: Axiom Optimal Fix

Appendix 7: Axiom Obligataire



## APPENDIX 1. AXIOM OBLIGATAIRE LUX

<b>Investment policy and objectives</b>	<p>The Compartment is a Feeder Compartment of the class Z shares of Axiom Obligataire, a French Mutual Investment Fund authorised by the <i>Autorité des Marchés Financiers</i> as a UCITS (the “<b>Master Fund</b>”) and will invest at least 85% of its assets in units of the Master Fund. The Compartment may hold up to 15% of its assets in one or more of the following:</p> <p>Ancillary liquid assets in accordance with article 4.3 “<i>Investment and Borrowing Restrictions</i>” point II of the present Prospectus.</p> <p>Financial derivative instruments, which may be used only for hedging purposes, in accordance with article 4.3 “<i>Investment and Borrowing Restrictions</i>” point I, 1), (e), article 4.4 “<i>Financial Derivative Instruments</i>” and article 4.5 “<i>Use of Techniques and Instruments relating to Transferable Securities and Money Market Instruments</i>” of the present Prospectus.</p> <p>The Compartment will invest its assets solely in the class Z shares of the Master Fund.</p> <p>The Compartment will neither invest in asset backed securities nor in mortgage backed securities.</p> <p>The Compartment and the Master Fund are both managed by the Management Company.</p>
<b>Launch date</b>	The Compartment will be launched at a later stage at the discretion of the Board of Directors.
<b>Term</b>	Undetermined duration
<b>Reference currency</b>	The reference currency of the Compartment is EUR.
<b>The Master Fund</b>	<p><b><i>Organisation of the Master Fund</i></b></p> <p>The Master Fund was launched on July 23, 2009 in the form of a French collective investment fund (Fonds Commun de Placement, FCP) managed by the Management Company.</p> <p>The Master Fund is denominated in Euro.</p> <p>CACEIS BANK France SA – 1-3, Place Valhubert – 75013 Paris has been appointed as depository bank, agent in charge of centralising subscription and redemption orders and of keeping the unit register of the Master Fund. CACEIS FUND ADMINISTRATION – 1-3, Place Valhubert – 75013 Paris has been appointed as delegated fund accountant of the Master Fund.</p> <p>Cabinet PWC Sellam has been appointed as independent auditor of the Master Fund.</p> <p><b><i>Investment objectives of the Master Fund</i></b></p> <p>The Master Fund's objective is to achieve, over a minimum 3-year investment horizon, a return (net of management fees) similar to or greater than that of its benchmarks (ICE BofAML Euro Financial Index (40%), ICE BofAML Euro Corporate Index (40%) and ICE BofAML Contingent Capital Index (20%) ).</p> <p><b><i>Investment strategy and policy of the Master Fund</i></b></p> <p>The investment process of the Master Fund aims to take advantage of major opportunities in the international bond market.</p> <p>In order to optimize the portfolio's return, the investment process is organized in several steps:</p> <p><b><i>Step 1: Quality of securities</i></b></p> <ul style="list-style-type: none"> <li>- The management team defines the criteria and stress situations that are likely to affect the credit risk of each issuer based on the information supplied by companies (reports, press releases, company meetings), independent research and analysis by the research teams from leading investment banks.</li> <li>- Only securities issued by companies with proven track records, strong market positions and known and measurable competitive advantages are taken into consideration.</li> <li>- Detailed scenarios and stress tests are prepared with different interest rates and credit spreads, for each credit rating category for the main bond maturities.</li> </ul>

- Securities are selected by the portfolio managers based on in-depth analysis of prospectuses.
- The acquisition or disposal of bonds or debt securities is also based on an in-house analysis of each issuer's credit risk.

### **Step 2: Portfolio construction**

- The portfolio is then constructed based on the choices made on risk allocation and securities as outlined above.
- Portfolio construction ensures efficient diversification, made possible by an allocation by type of issuer.
- However, exposure to each sector and/or type of underlying asset may be as high as 100%.
- The portfolio managers may hedge the currency and interest rate risks.

### **Step 3: Portfolio monitoring**

- Regular monitoring of the performance of underlying assets via the publication of statistical data on the securities.
- Systematic monitoring of the trends in each sector (concentration of issuers, regulatory watch).
- Circumstances that are likely to affect the payment of coupons or the repayment of the principal are closely monitored.

The Master Fund is constantly exposed to the interest rate markets of OECD countries.

The exposure to non-OECD markets is below 20%.

The Master Fund is not sector-specific. The selection process may lead to 100% exposure of the Master Fund to a given business sector.

Bonds issued by both public and private sector issuers may be selected.

The acquisition or disposal of bonds or debt securities is based on an in-house analysis of each issuer's credit risk; the acquisition or disposal of a holding is not based exclusively on ratings assigned by rating agencies.

Transferable debt securities and bonds rated below B- by Standard and Poor's, or B3 by Moody's, or B- by Fitch Ratings, or B Low by DBRS (the highest rating will be applied), or a rating considered equivalent by the management company, or which have no rating, shall not exceed 30% of the fund's net asset value.

The Master Fund is managed within a 0 to 10 sensitivity scale (see risk profile – interest rate risk).

Range of sensitivity to interest rates within which the Master Fund is managed: 0 to 10

Range of sensitivity to credit spreads within which the Master Fund is managed: 0 to 10

Currency of denomination of the securities in which the Master Fund is invested: International

Currency risk borne by the Master Fund: below 10%

Geographic area of security issuers to which the Master Fund is exposed:

- OECD countries (all areas): 0-100%
- Non OECD countries (all areas): 0-20%

### **Benchmark**

The Master Fund is not managed relative to a benchmark index. However, the Master Fund's performance may be compared retrospectively with that of the following benchmarks ICE BofAML Euro Financial Index (40%), ICE BofAML Euro Corporate Index (40%) and ICE BofAML Contingent Capital Index (20%)

ICE BofAML Euro Financial Index tracks the performance of EUR denominated investment grade debt publicly issued by financial institutions in the eurobond or Euro member domestic markets. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity, at least 18 months to final maturity at point of issuance, a fixed coupon schedule and a minimum amount outstanding of EUR 250 million. Guide, which can be accessed on our public website ([www.mlindex.ml.com](http://www.mlindex.ml.com)). Ticker Bloomberg : EB00 Index

ICE BofAML Euro Corporate Index tracks the performance of EUR denominated investment grade corporate debt publicly issued in the eurobond or Euro member domestic markets. Qualifying securities

must have an investment grade rating (based on an average of Moody's, S&P and Fitch) and at least 18 months to final maturity at the time of issuance. In addition, qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of EUR 250 million. Guide, which can be accessed on our public website ([www.mlindex.ml.com](http://www.mlindex.ml.com)). Ticker Bloomberg : ER00 Index

ICE BofAML Contingent Capital Index tracks the performance of investment grade and below investment grade contingent capital debt publicly issued in the major domestic and eurobond markets. Qualifying securities must have a capital-dependent conversion feature and must be rated by either Moody's, S&P or Fitch. In addition, qualifying securities must have at least one month remaining term to final maturity and at least 18 months to maturity at point of issuance. Guide, which can be accessed on our public website ([www.mlindex.ml.com](http://www.mlindex.ml.com)). Ticker Bloomberg : COCO Index.

The Master Fund does not intend to replicate the performance of this index in any way. It makes investments based on criteria that can lead to significant differences with the behavior of this index.

### **Assets used**

#### **Equities:**

The Master Fund's exposure to equity risk may not exceed 10%.

The Fund may invest in preferred shares, which give their holders a preferred and unconditional right to receive a dividend. If, in any given year, a company finds itself in financial difficulty, it may, exceptionally, decide not to pay dividends to its ordinary shareholders; however, it must in any case pay dividends to preferred shareholders. This dividend is usually equal to a fixed percentage of the nominal value or to a priority dividend repayment, or both. Therefore, preferred shares offer the features and benefits of debt securities while being considered equity from an accounting perspective.

#### **Bonds and debt securities:**

The Master Fund's shall invest in bonds issued by sovereign states, industrial, commercial and financial companies, as well as convertible bonds, shares or debt securities. All financial instruments may be fixed-, variable- and/or adjustable-rate securities. These securities, issued by international issuers, may be secured, unsecured or subordinated.

#### **The Master Fund will not be predominantly exposed to any Additional Tier 1 Bonds (AT1) issued by credit institutions. Money market instruments:**

During periods when the investment strategy leads the management team to trim the Master Fund's exposure to bonds and/or other debt securities in order to attain the investment objective, the Master Fund may be exposed up to 100% to treasury bills, certificates of deposit and euro commercial paper. These financial instruments may also be used on an incidental basis as cash investments.

#### **Shares or units from other UCITS and AIF:**

The exposure to funds which may not exceed 10%, will be aimed at helping to achieve the Master Fund's objective. On an incidental basis, the Master Fund's may also invest its cash in money market funds.

In order to deliver the target investment return, up to 10% of the Master Fund's assets may be invested in French debt investment funds (FCCs) or their foreign equivalent.

The Master may be invested in UCITS and AIF.

The Master Fund may be invested in FCP managed by AXIOM ALTERNATIVE INVESTMENTS

#### **Securitisation**

On an incidental basis, the Master Fund may also be invested in securitised products via the UCITS or AIF in which it invests.

#### **Derivative instruments**

For hedging or exposure purposes, the Master Fund may trade any futures or options provided that their underlying assets have a direct financial relationship or correlation with an asset held in the portfolio.

The fund manager may invest in futures/forwards, options, swaps, CFDs (contracts for difference),

DPSs (dynamic portfolio swaps) and TRSs (total return swaps) traded on eurozone and/or international markets, be they regulated or OTC markets. As part of such transactions, the fund manager may take positions to hedge and/or expose the portfolio against/to specific industries, geographic areas, interest rates, shares (all caps), currencies or indices in order to achieve the management objective.

Types of markets where the Master Fund is invested:

- regulated: yes
- organised: yes
- OTC: yes

Risks to which the manager seeks exposure:

- equity: yes
- interest rate: yes
- currency: yes
- credit: yes
- index: yes

Purpose of the investments:

- hedging: yes
- exposure: yes
- arbitrage: no

Types of instruments used:

- futures: yes
- options: yes
- swaps: yes
- currency forwards: yes
- credit derivatives: yes, CDS

BC shares denominated in USD, M shares denominated in CHF and E shares denominated in GBP of the Master Fund, will be systematically hedged against the risk of fluctuation in the exchange rate between such currencies and the Euro. The manager will use financial forwards in an effort to seek systematic and comprehensive hedging. This hedge will be ensured through financial instruments having a minimum impact on other shares, most of these being currency forwards.

Derivative contracts may be entered into with counterparties selected by the Management Company in accordance with its Best Execution/Best Selection policy and with the procedure for authorising new counterparties. The latter may be large French or foreign counterparties such as credit institutions or banks. They are subject to exchanges of collateral. It should be noted that they do not have any discretion in the composition or management of the Fund's portfolio, and/or in the underlying assets of the financial derivatives.

Such instruments are subject to various types of risks, including, for instance, market risk, liquidity risk, credit risk, counterparty risk, legal risk or operational risk.

### ***Securities with embedded derivatives***

The Master Fund will be invested in securities with embedded derivatives

Risks to which the manager seeks exposure :

- equity: yes
- interest rate: yes
- currency: yes
- credit: yes
- index: yes

Purpose of the investments:

- hedging: yes
- exposure: yes
- arbitrage: no

Types of instruments used, such as the following:

- Convertible bonds
- Warrants

- EMTN
- CLN
- Preferred Shares

### **Deposits**

The Master Fund may make deposits limited to 20% of its NAV and for a maximum 12-months duration, with one or several European credit institutions.

### **Cash borrowings**

Under normal operating conditions, the Master Fund may also have a temporary debt balance and may use cash borrowings up to 10% of its NAV.

### **Securities financing transactions**

Types of securities financing transactions:

- repurchase agreements and reverse repurchase agreements pursuant to the French Monetary Code: yes
- security lending and borrowing operations pursuant to the French Monetary Code: yes

Purpose and impact of these transactions, which may be solely intended to achieve the investment objective:

- cash management: yes
- fund's income optimisation: yes
- contribution to the fund's leverage: no
- other

### **Information on the use of securities financing transactions and total return swaps:**

Securities financing transactions, total return swaps and dynamic portfolio swaps will be systematically used with the sole purpose of achieving the Master Fund's management objective.

Any proceeds from such transactions will be retained by the Master Fund.

Reverse repurchase agreements are intended to invest the Master Fund's cash while receiving securities as collateral.

Other securities financing transactions (repurchase agreements (1) and securities lending transactions (2)) are intended either to (1) obtain cash at the most favourable cost while transferring securities as collateral or (2) to enhance the Master Fund's return through the proceeds from lending securities.

Concerning securities lending transactions (2) with no financial collateral and subject to the counterparty ratio of 10%, the Master Fund may enter into such transactions with counterparties such as major banking institutions domiciled in OECD countries in compliance with the Master Fund management company's Best Selection policy.

As part of such transactions, the Master Fund may receive or post collateral whose operation and features are presented in the "Collateral management" section.

Income from these transactions: refer to the Fees and commissions section for more information.

The types of assets that may be subject to such transactions are shares, bonds and other debt securities. These assets are compatible with the Master Fund's management strategy.

The assets used in securities financing transactions and the collaterals received shall be kept by the custodian of the Master Fund.

The assets used in total return swaps or dynamic portfolio swaps shall be kept by the counterparty to the transaction or the custodian.

The target percentage of assets under management which may be used in such transactions or contracts will be "below 10%".

**The Master Fund may enter into securities financing transactions up to 100% of its assets.**

**The Master Fund's commitments on and exposure to physical securities may not exceed 200% of its assets.**

	<p><b><i>Fees and expenses of the Master Fund</i></b></p> <p>Management fees, Administration Fee &amp; Depositary Fee: Class Z shares: max. 0.05 % p.a. (incl. taxes)</p> <p>Transaction fees charged by the Management Company: Depending on the transaction market place: None</p> <p>Performance fees : None for Class Z shares</p> <p>The Compartment will not pay any subscription or redemption fees while investing in Class Z of the Master Fund.</p> <p><b><i>Investor Risk profile of the Master Fund</i></b></p> <p>The Master Fund will be mainly invested in financial instruments selected by the Management Company. These instruments will be subject to the inherent volatility of financial markets.</p> <p>The Master Fund is a UCITS classified as Bonds and other international debt securities (<i>obligations et autres titres de créance internationaux</i>).</p> <p>The Master Fund is most suitable for investors who have an investment horizon longer than three years.</p> <p><b><i>Availability of prospectus of the Master Fund</i></b></p> <p>The Master Fund's prospectus, latest annual and semi-annual reports are available within a week upon request at the registered office of the Company.</p> <p>For further information regarding the fees and expenses paid by the Master Fund, reference is made of the Master Fund's prospectus, as well as the annual report of the Master Fund.</p> <p>These documents are also available on the website: <a href="http://www.axiom-ai.com">www.axiom-ai.com</a></p>
<p><b>Risk Management</b></p>	<p>The method used to calculate overall exposure of the Compartment is the commitment calculation method.</p>
<p><b>Interaction between the Compartment and the Master Fund</b></p>	<p><b><i>Information flow between the Compartment and the Master Fund</i></b></p> <p>The Compartment and the Master Fund have entered into an agreement regarding the exchange of information and the coordination of the timing for the NAV computation and publication.</p> <p>The Compartment and the Master Fund being both managed by Management Company, the internal business rules of conduct have been implemented, in order to ensure the compliance of the Compartment and the Master with the provisions of the Law.</p> <p><b><i>Information flow between the Depositary and the Master Fund's depositary bank</i></b></p> <p>The Depositary and the Master Fund's depositary bank have entered into an information-sharing agreement in order to ensure the fulfilment of their respective duties.</p> <p><b><i>Information flow between the Auditor and the independent auditor of the Master Fund</i></b></p> <p>The Auditor and the independent auditor of the Master Fund have entered into an information-sharing agreement in order to ensure the fulfilment of their respective duties.</p>
<p><b>Profile of typical investor in the Compartment</b></p>	<p>The Compartment is intended for all investors seeking a return net management fees similar to or greater than the 3 month Euribor rate.</p> <p>The amount considered reasonable to invest in the Compartment depends on each investor's individual situation. Any calculation of this amount must take into account their personal assets and financial projects as well as their level of risk aversion. It is also strongly recommended that investors diversify their investments sufficiently so that they are not solely exposed to the risks of this Compartment.</p>

### **Compartment's Specific Risk Factors**

The Compartment being invested in the Master Fund is therefore exposed to the risk represented by the evolutions and of the instruments' markets in which the Master Fund invests.

The main general risks are the followings:

- Risk of capital loss
- Interest and Credit risks
- Counterparty Risk
- Risk linked to securitised products
- Currency risk
- Risk inherent to discretionary management
- Risk inherent to subordinated bonds
- Risk inherent to perpetual bonds
- Liquidity risk
- Legal risk
- Operational risk
- Risk inherent to non-OECD countries

Please refer to the Master Fund prospectus for more information on the risks associated with an investment in the Master Fund.

#### ***Conflicts of interest***

The Feeder Compartment and the Master Fund have the same Management Company. The Management Company has established and implemented a conflicts of interest policy that contains appropriate measures to mitigate such conflicts of interests.



## CHARACTERISTICS OF THE SHARES

Share Classes	ISIN	Currency	Type of Shares	Target Investors	Minimum initial and subsequent subscription
C	LU1205348235	EUR	Accumulation	All investors	1 Share
R	LU1205348318	EUR	Accumulation	Individual investors for whom distribution, promotion and subscription to the Compartment is done primarily through the network of "bancassurance" distribution platforms dedicated to wealth management advisors and financial advisors	1 Share
BC	LU1205348409	USD	Accumulation	All investors wishing to have full and systematic hedging against currency risk	1 Share
M	LU1205348581	CHF	Accumulation	All investors wishing to have full and systematic hedging against currency risk	1 Share
E	LU1230592476	GBP	Accumulation	All investors wishing to have full and systematic hedging against currency risk	1 Share
<i>Valuation Day</i>	Every Business Day, with the exception of days on which the Paris or the London stock exchanges are closed				
<i>Cut-off</i>	12.00 p.m. on the Business Day preceding the relevant Valuation Day				
<i>Subscription and Redemption Settlement Day</i>	3 Business Days following the Valuation Day				

## FEES AND EXPENSES RELATING TO SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS

	C	R	BC	M	E
Management Company Fee	Up to 2%	Up to 2.5%	Up to 2%	Up to 2%	Up to 2%
Administration Fee	0% – paid by the Management Company				
Depositary Fee	0% – paid by the Management Company				
Subscription Fee paid to the Management Company	Up to 2%	Up to 2%	Up to 2%	Up to 2%	Up to 2%
Redemption Fee paid to the Management Company	Up to 2%	Up to 2%	Up to 2%	Up to 2%	Up to 2%
Performance fees	No	No	No	No	No

## APPENDIX 2. AXIOM EQUITY LUX

<b>Investment policy and objectives</b>	<p>The Compartment is a Feeder Compartment of the class Z shares of Axiom Equity, a French Mutual Investment Fund authorised by the <i>Autorité des Marchés Financiers</i> as a UCITS (the “<b>Master Fund</b>”) and will invest at least 85% of its assets in units of the Master Fund.</p> <p>The Compartment may hold up to 15% of its assets in one or more of the following:</p> <p>Ancillary liquid assets in accordance with article 4.3 “<i>Investment and Borrowing Restrictions</i>” point II of the present Prospectus</p> <p>Financial derivative instruments, which may be used only for hedging purposes, in accordance with article 4.3 “<i>Investment and Borrowing Restrictions</i>” point I, 1), (e), article 4.4 “<i>Financial Derivative Instruments</i>” and article 4.5 “<i>Use of Techniques and Instruments relating to Transferable Securities and Money Market Instruments</i>” of the present Prospectus</p> <p>The Compartment will invest its assets solely in the class Z shares of the Master Fund.</p> <p>The Compartment will neither invest in asset backed securities nor in mortgage backed securities.</p> <p>The Compartment and the Master Fund are both managed by the Management Company.</p>
<b>Launch date</b>	The Compartment will be launched at a later stage at the discretion of the Board of Directors.
<b>Term</b>	Undetermined duration
<b>Reference currency</b>	The reference currency of the Compartment is EUR.
<b>The Master Fund</b>	<p><b><i>Organization of the Master Fund</i></b></p> <p>The Master Fund was launched on March 25, 2014 in the form of a French collective investment fund (Fonds Commun de Placement, FCP) managed by the Management Company.</p> <p>The Master Fund is denominated in Euro.</p> <p>CACEIS BANK France SA – 1-3, Place Valhubert – 75013 Paris has been appointed as depository bank, agent in charge of centralising subscription and redemption orders and of keeping the unit register of the Master Fund. CACEIS FUND ADMINISTRATION – 1-3, Place Valhubert – 75013 Paris has been appointed as delegated fund accountant of the Master Fund.</p> <p>Cabinet PWC Sellam has been appointed as independent auditor of the Master Fund.</p> <p><b><i>Investment objectives of the Master Fund</i></b></p> <p>The objective of the Master Fund is to achieve, over a minimum 5-year investment horizon, a return (net of management fees) similar to or greater than that of its benchmark (Stoxx Europe 600 Banks Net Return).</p> <p><b><i>Investment strategy and policy of the Master Fund</i></b></p> <p>The investment process of the Master Fund aims to take advantage of major opportunities on the European bank and insurance stock market by selecting securities with a growth potential in line with the investment objective.</p> <p>In order to optimize the portfolio’s return, the investment process is based on: a “top down” approach taking into account economic conditions (key interest rates, long term rates, money market rates, inflation, European and global economic growth, etc.), banking and insurance regulations; a “bottom up” approach which is organized in three steps:</p> <p><b><i>Step 1: Fundamental analysis</i></b></p> <ul style="list-style-type: none"> <li>- Based on fundamental criteria such as solvency, profitability, management quality or dividend policy, the management team assesses the outlook for the price of a specific issuer's stock over a period in line with the investment objectives.</li> </ul>

### **Step 2: Portfolio construction**

- The portfolio is then constructed based on the choices made on risk allocation and issuers as outlined above.
- Portfolio construction ensures efficient diversification, made possible by an allocation by type of issuer and sub-sector: universal banking, retail banking, investment banking, private banking, investment management firms, specialised credit institutions; general insurance companies, companies specialising in life insurance, property and casualty insurance, reinsurance, etc.
- The portfolio managers may hedge currency and interest rate risks. They may use swaps to hedge equity risk.
- Complementary information for some instruments :  
The Compartment could use Total Return Swap or some others derivatives instruments that are the same characteristics (like Dynamic Portfolio Swap) for exposure (buying or selling) or hedging  
The underlying assets of these transactions may be individual or financial indices in order to achieve the management objective.  
Securities with embedded derivatives contracts are using to expose (buying or selling) to stocks. It duplicates price movements of the underlying stock but there is no holder transfer. These instruments are use in a convention with counterparties selected by the Management Company in accordance with its Best Execution/Best Selection policy

### **Step 3: Portfolio monitoring**

- Regular monitoring of the performance of underlying assets;
- Systematic monitoring of the trends in each sector and sub-sector (concentration of issuers, regulatory watch).
- Circumstances that are likely to affect the payment of dividends are closely monitored.

### **Benchmark index**

The Master Fund is not managed relative to a benchmark index. However, the Master Fund's performance may be compared retrospectively with that of the Stoxx Europe 600 Banks Net Return index (Bloomberg code SX7R) over an investment horizon of more than 5 years.

This index is composed of European bank stocks. The base currency of the index is the Euro and it assumes reinvestment of any dividends. Further information is available from the website <http://www.stoxx.com>

Investors should bear in mind that the Master Fund's asset allocation may differ substantially from that of its benchmark.

### **Assets used**

#### **Equities:**

The Master Fund is constantly exposed to equity markets. More specifically, a minimum 75% of the Master Fund's net assets will be constantly invested in issuers from the financial industry of any market capitalisation domiciled in any EU member state or in shares or units from UCITS eligible for the PEA (equity savings scheme).

#### **Shares or units from other UCITS:**

The exposure to funds, which may not exceed 10%, will be aimed at helping to achieve the Master Fund's objective.

On an incidental basis, the Master Fund may also invest its cash in money market funds.

In order to deliver the target investment return, the Master Fund may also invest up to 10% of its assets in French debt investment funds (FCCs) or their foreign equivalent.

The Master Fund may invest in French or European UCITS.

The Master Fund and the compartment may invest in collective investment schemes managed by AXIOM ALTERNATIVE INVESTMENTS.

### ***Debt securities and money market instruments:***

During periods when the investment strategy leads the management team to trim the Master Fund's exposure to stocks in order to attain the investment objective, the Master Fund may be exposed up to treasury bills, certificates of deposit and euro commercial paper. These financial instruments may also be used on an incidental basis as cash investments.

The Master Fund may also invest in bonds, debt securities and other money market instruments issued in OECD countries (these may be fixed-, variable- or adjustable-rate securities, or indexed securities). These instruments may be government debt securities or private-sector securities. There is no predefined allocation between government and private-sector debt. These securities belong to the Investment Grade category corresponding to a minimum rating of BBB-/Baa3 in application of Basel rules. According to these regulations, in case of multiple ratings by the main existing rating agencies (currently Standard&Poor's, Moody's, Fitch...), the Management Company should apply the lower of the two highest grades. If the security is only rated by two agencies, the lower grade will be applied. Finally, if the security is only rated by one agency, its grade is applied. Some of these securities may have speculative characteristics. Investments in non-listed securities may not exceed 10% of the Master Fund's net assets.

### ***Other instruments***

As part of its investment strategy, the Master Fund may invest in non-listed securities of companies specialising in any sub-sector of the financial industry. Such instruments may be used by the Master Fund as a way to invest in sub-sectors of the financial industry where companies are not listed yet.

This type of instruments may not exceed 10% of the Master Fund's net assets.

### ***Derivative instruments***

The fund manager may invest in futures/forwards, options, swaps, CFDs (contracts for difference), DPSs (dynamic portfolio swaps) and TRSs (total return swaps) traded on eurozone and/or international markets, be they regulated or OTC markets. As part of such transactions, the fund manager may take positions to hedge and/or expose the portfolio against/to specific industries, geographic areas, interest rates, shares (all caps), currencies or financial indices in order to achieve the management objective.

Types of markets where the fund is invested:

- regulated: yes
- organised: yes
- OTC: yes

Risks to which the manager seeks exposure:

- equity: yes
- interest rate: yes
- currency: yes
- credit: yes
- index: yes

Purpose of the investments:

- hedging: yes
- exposure: yes
- arbitrage: no

Types of instruments used:

- futures: yes
- options: yes
- swaps: yes
- currency forwards: yes
- credit derivatives: yes, CDS

Exposure to all these markets may not exceed 100% of the net assets.

Derivative contracts may be entered into with counterparties selected by the Management Company in accordance with its Best Execution/Best Selection policy and with the procedure for authorizing new counterparties. The latter may be large French or foreign counterparties such as credit institutions or banks. They are subject to exchanges of collateral. It should be noted that they do not have any discretion in the composition or management of the Fund's portfolio, and/or in the underlying assets of

the financial derivatives.

Such instruments are subject to various types of risks, including, for instance, market risk, liquidity risk, credit risk, counterparty risk, legal risk or operational risk.

BC shares denominated in USD will be systematically hedged against the risk of fluctuation in the exchange rate between the USD and the Euro. The manager will use financial forwards in an effort to seek systematic and comprehensive hedging. This hedge will be primarily ensured through currency forwards.

M shares denominated in CHF will be systematically hedged against the risk of fluctuation in the exchange rate between the CHF and the Euro. The manager will use financial forwards in an effort to seek systematic and comprehensive hedging. This hedge will be primarily ensured through currency forwards.

#### ***Securities with embedded derivatives***

Up to 25% of the Master Fund's net assets may be invested in securities with embedded derivatives.

#### ***Deposits***

The Master Fund may make deposits limited to 20% of its NAV and for a maximum 12-months duration, with one or several European credit institutions.

#### ***Cash borrowings***

Under normal operating conditions, the Master Fund may also have a temporary debt balance and may use cash borrowings up to 10% of its NAV.

#### ***Securities financing transactions***

Types of securities financing transactions:

- repurchase agreements and reverse repurchase agreements pursuant to the French Monetary Code: yes
- security lending and borrowing operations pursuant to the French Monetary Code: yes

Purpose and impact of these transactions, which may be solely intended to achieve the investment objective:

- cash management: yes
- fund's income optimisation: yes
- contribution to the fund's leverage: no
- other

#### **Information on the use of securities financing transactions and total return swaps:**

Repurchase agreements or reverse-repurchase agreements, total return swaps and dynamic portfolio swaps will be systematically used with the sole purpose of achieving the Master Fund's management objective.

Any proceeds from such transactions will be retained by the Master Fund.

Reverse repurchase agreements (reverse repos) are intended to invest the Master Fund's cash while receiving securities as collateral.

Other securities financing transactions (repurchase agreements (1) and securities lending transactions (2)) are intended either to (1) obtain cash at the most favourable cost while transferring securities as collateral or (2) to enhance the Master Fund's return through the proceeds from lending securities.

Concerning securities lending transactions (2) with no financial collateral and subject to the counterparty ratio of 10%, the Master Fund may enter into such transactions with counterparties such as major banking institutions domiciled in OECD countries in compliance with the Master Fund management company's Best Selection policy.

As part of such transactions, the Master Fund may receive or post collateral whose operation and features are presented in the "Collateral management" section.

Income from these transactions: refer to the Fees and commissions section for more information.

	<p>The types of assets that may be subject to such transactions are shares, bonds and other debt securities. These assets are compatible with the Master Fund's management strategy.</p> <p>The assets used in securities financing transactions and the collaterals received shall be kept by the custodian of the Master Fund.</p> <p>The assets used in total return swaps or dynamic portfolio swaps shall be kept by the counterparty to the transaction or the custodian.</p> <p><b>The target percentage of assets under management which may be used in such transactions or contracts will be "below 10%". The Master may enter into securities financing transactions up to 100% of its assets.</b></p> <p><b>The Master's commitments on derivatives, embedded derivatives and repurchase agreements and reverse repurchase agreements may not exceed 100% of its assets.</b></p> <p><b>The Master's commitments on and exposure to physical securities may not exceed 200% of its assets.</b></p>
	<p><b><i>Fees and expenses of the Master Fund</i></b></p> <p>Management fees, Administration Fee &amp; Depositary Fee: Class Z shares: max. 0.05 % p.a. (incl. taxes)</p> <p>Transaction fees charged by the Management Company: Depending on the transaction market place:None</p> <p>Performance fees : None for Class Z shares</p> <p>The Compartment will not pay any subscription or redemption fees while investing in Class Z of the Master Fund.</p>
	<p><b><i>Risk profile of the Master Fund</i></b></p> <p>The Master Fund will be mainly invested in financial instruments selected by the Management Company. These instruments will be subject to the inherent volatility of financial markets.</p> <p>The Master Fund is a UCITS classified in the "international stocks" category.</p> <p>The Master Fund is most suitable for investors who have an investment horizon longer than five years.</p>
	<p><b><i>Availability of prospectus of the Master Fund</i></b></p> <p>The Master Fund's prospectus, latest annual and semi-annual reports are available within a week upon request at the registered office of the Company.</p> <p>For further information regarding the fees and expenses paid by the Master Fund, reference is made of the Master Fund's prospectus, as well as the annual report of the Master Fund.</p> <p>These documents are also available on the website: <a href="http://www.axiom-ai.com">www.axiom-ai.com</a></p>
<p><b>Risk Management</b></p>	<p>The method used to calculate overall exposure of the Compartment is the commitment calculation method.</p>
<p><b>Interaction between the Compartment and the Master Fund</b></p>	<p><b><i>Information flow between the Compartment and the Master Fund</i></b></p> <p>The Compartment and the Master Fund have entered into an agreement regarding the exchange of information and the coordination of the timing for the NAV computation and publication.</p> <p>The Compartment and the Master Fund being both managed by Management Company, the internal business rules of conduct have been implemented, in order to ensure the compliance of the Compartment and the Master with the provisions of the Law.</p> <p><b><i>Information flow between the Depositary and the Master Fund's depositary bank</i></b></p> <p>The Depositary and the Master Fund's depositary bank have entered into an information-sharing agreement in order to ensure the fulfilment of their respective duties.</p>



	<p><b><i>Information flow between the Auditor and the independent auditor of the Master Fund</i></b></p> <p>The Auditor and the independent auditor of the Master Fund have entered into an information-sharing agreement in order to ensure the fulfilment of their respective duties.</p>
<p><b>Profile of typical investor in the Compartment</b></p>	<p>The Compartment is intended for investors seeking capital growth through exposure to the financial industry using stock markets and who are prepared to bear the risks inherent to such investment.</p> <p>The amount considered reasonable to invest in the Compartment depends on each investor's individual situation. Any calculation of this amount must take into account their personal assets and financial projects as well as their level of risk aversion. It is also strongly recommended that investors diversify their investments sufficiently so that they are not solely exposed to the risks of this Compartment.</p>
<p><b>Compartment's Specific Risk Factors</b></p>	<p>The Compartment being invested in the Master Fund is therefore exposed to the risk represented by the evolutions and of the instruments' markets in which the Master Fund invests.</p> <p>The main general risks are the followings:</p> <ul style="list-style-type: none"> <li>- Equity risks</li> <li>- Counterparty risks</li> <li>- Currency risks</li> <li>- Risks inherent to sectorial concentration</li> <li>- Risks inherent to discretionary management</li> <li>- Risks inherent to commitments on futures</li> <li>- Credit Risks and Interest rate risks</li> <li>- Legal risks</li> <li>- Operational risks</li> </ul> <p>Please refer to the Master Fund prospectus for more information on the risks associated with an investment in the Master Fund.</p> <p><b><i>Conflicts of interest</i></b></p> <p>The Feeder Compartment and the Master Fund have the same Management Company. The Management Company has established and implemented a conflicts of interest policy that contains appropriate measures to mitigate such conflicts of interests.</p>

## CHARACTERISTICS OF THE SHARES

Share Classes	ISIN	Currency	Type of Shares	Target Investors	Minimum initial and subsequent subscription
C	LU1205348664	EUR	Accumulation	All investors	1 Share
R	LU1205348821	EUR	Accumulation	All investors for whom distribution, promotion and subscription to the Compartment is done primarily through the network of “bancassurance” distribution platforms dedicated to wealth management advisors and financial advisors	1 Share
BC	LU1205349043	USD	Accumulation	All investors wishing to have full and systematic hedging against currency risk	1 Share
M	LU1205349399	CHF	Accumulation	All investors wishing to have full and systematic hedging against currency risk	1 Share
E	LU1230592559	GBP	Accumulation	All investors wishing to have full and systematic hedging against currency risk	1 Share
<b>Valuation Day</b>		Every Business Day, with the exception of days on which the Paris or the London stock exchanges are closed			
<b>Cut-off</b>		12.00 p.m. on the Business Day preceding the relevant Valuation Day			
<b>Subscription and Redemption Settlement Day</b>		3 Business Days following the Valuation Day			

## FEES AND EXPENSES RELATING TO SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS

	C	R	BC	M	E
Management Company Fee	Up to 2%	Up to 2.5%	Up to 2%	Up to 2%	Up to 2%
Administration Fee	0% – paid by the Management Company				
Depository Fee	0% – paid by the Management Company				
Subscription Fee paid to the Management Company	Up to 2%	Up to 2%	Up to 2%	Up to 2%	Up to 2%
Redemption Fee paid to the Management Company	Up to 2%	Up to 2%	Up to 2%	Up to 2%	Up to 2%
Performance fees *	Yes	Yes	Yes	Yes	Yes

### **\* Performance fees**

Performance fees are based on a comparison between the performance of the Compartment and its benchmark index (defined hereafter) over the reference period.

The benchmark index is the Stoxx Europe 600 Banks Net Return.

Performance fees are calculated over a 12-month reference period coinciding with the financial year.

Performance is calculated by comparing the variation of the assets of the Compartment with that of a benchmark fund which has accurately tracked the benchmark index over the period and registered the same subscription and redemption variations as the actual Compartment.

- If, over the reference period, the performance of the Compartment performance (with coupons reinvested) exceeds that of the benchmark fund, then the performance fees shall amount to 20% of the differential between the Compartment's performance and that of its benchmark fund.
- If, over the reference period, the performance of the Compartment is lower than that of the benchmark fund, then the performance fees will be zero. Over the following reference period, performance fees will not be subject to a provision until the underperformance accumulated by the Compartment's net assets (relative to its benchmark fund) during the previous reference period is compensated for.
- If, over the reference period, the Compartment's performance since the beginning of the reference period is greater than that of the benchmark fund (calculated over the same period), this outperformance will be subject to a provision for potential performance fees at the time of NAV calculation

If the Compartment's momentarily underperforms the benchmark fund between two NAV calculation dates, then any provision previously made will be adjusted through a reversal of provision. Such reversals cannot exceed the amount of provisions previously accumulated.

The performance fees will be paid to the Management Company at the end of the reference period, only if, over that period, the Compartment's performance exceeds that of the benchmark fund. Any redemption made during the period will onset the advance payment of their contribution to the performance fees.

The performance fees will be charged directly to the Compartment's profit & loss account.

## APPENDIX 3. AXIOM EQUITY LONG SHORT

<b>Investment objectives</b>	<p>The objective of this Compartment is to achieve a superior performance of 2.00% over the recommended investment period (minimum 3 years) through active and discretionary management of a diversified portfolio in equity, bond and other international debt securities.</p>
<b>Management policy</b>	<p>The Management Company's investment process aims to take advantage of major opportunities in the international stock and bond market.</p> <p>The management of the fund is fully active and discretionary and the allocation of assets may differ significantly depending on the expectations of the manager.</p> <p>In order to optimize the portfolio's return, the investment process is organized in several steps:</p> <p><b>Quality Analysis</b></p> <p>The management team defines the criteria and stress situations that are likely to affect the credit or stock risks of each issuer based on the information supplied by companies (reports, press releases, company meetings), independent research and analysis by the research teams from leading investment banks.</p> <p>Both stocks and bonds issued by public and/ or private issuers can be selected.</p> <p>Detailed scenarios and stress tests are prepared with different interest rates and credit spreads, for each credit rating category for the main bond maturities.</p> <p>Bonds are selected by the portfolio managers based on in-depth analysis of prospectuses.</p> <p>The equities are selected on the basis of a thorough analysis of the balance sheet of the companies</p> <p><b>Portfolio construction</b></p> <p>The portfolio is then constructed based on the choices made on risk allocation and securities as outlined above.</p> <p>The investment strategy for the equity market is "long / short". It involves simultaneously initiating buying positions on companies judged to be undervalued and selling positions on companies judged to be overvalued. The buying positions are constructed either by the direct purchase of shares or by the use of derivatives, negotiated over-the-counter or on the listed market, such as SWAP, CFD or futures contracts. The selling positions are constructed using derivatives traded over-the-counter or on the quoted market, such as SWAP, CFD or futures, to sell a value, sector or general index. The portfolio manager seeks to achieve its investment objective by investing under normal circumstances in long and short positions of equity. The Compartment will generally take long positions in investments that the manager believes to be undervalued and short positions in investments that he believes to be overvalued or which are established for hedging purposes. The Compartment generally will take both long and short positions simultaneously. The long positions are generally invested by a direct investment on stocks or by using derivative instruments like SWAP or CFD. For the short positions the managers use derivatives instruments like SWAP or CFD.</p> <p>Portfolio construction ensures efficient diversification, made possible by an allocation by type of issuer. The Compartment is not sectoral but the selection may lead to exposure in the same sector of activity and / or on the same type of underlying.</p> <p>Its strategy for the bonds market is to select bonds or debt securities issued by financial institutions. The use of in bonds at perpetual fixed coupon, will be at the core of the investment process. The acquisition or selling of bonds or debt securities is also based on an in-house analysis of each issuer's credit risk.</p> <p>Negotiable debt securities and bonds with a rating below B- at Standard and Poors, B3 at Moody's, B- at Fitch Ratings, or B Low at DBRS (the best rating will be retained) or judged equivalent by the company or with no notation will not represent more than 30% of the net assets of the Compartment. The use of rating agencies has to be qualified; in fact Axiom carries out its own analysis and is not based solely on the ratings provided by the agencies. There will be no arbitrage transaction on interest rate instruments.</p> <p>The portfolio may be hedged or over-exposed to credit risk through credit derivatives. The total commitment may not exceed twice the net assets of the Compartment. However, in bear markets, the commitment may become negative but not exceed once the net assets of the Compartment.</p>

	<p><b>Portfolio monitoring</b></p> <p>Regular monitoring of the performance of underlying assets via the publication of statistical data on the securities.</p> <p>Systematic monitoring of the trends in each sector (concentration of issuers, regulatory watch).</p> <p>Circumstances that are likely to affect the payment of coupons or the repayment of the principal are closely monitored.</p> <p>Geographic area of security issuers: OECD countries (all areas): 0-100%</p> <p>Non - OECD countries (all areas): 0-10%</p>
<b>Term</b>	undetermined duration
<b>Reference currency</b>	The reference currency of the Compartment is EUR.
<b>Benchmark</b>	Any benchmark is intended to be used for the achievement of the performance of the Compartment, available benchmarks are not representative of the Compartment's management process.
<b>Risk Management</b>	The method used to calculate overall exposure of the Compartment is the commitment calculation method.
<b>SFT</b>	<p>The Compartment may employ securities financing techniques ("SFTs") as described under 4.5 "Use of Technique and Instruments relating to Transferable Securities and Money Market Instruments" for reducing risks (hedging), generating additional capital or income or for cost reduction purposes. Any use of SFTs for investment purposes will be in line with the risk profile and risk diversification rules applicable to the Compartment.</p> <p>The Compartment could use Total Return Swap or some others derivatives instruments that are the same characteristics (like Dynamic Portfolio Swap) and SFTs in order to reach the management policy. These types of operation could increase the Compartment's risk profile. The extent of use of SFT, TRS or similar derivative instruments is detailed under "Assets Used".</p>
<b>Asset Used</b>	<p><b>Equities:</b></p> <p>The net exposure to the market shares will be between -30% and 30% of assets. The allocation of the portfolio at the sectoral level and in terms of stock market capitalization is not predefined and evolves based on the investment opportunities. The gross exposure to equity markets will be 200% of assets.</p> <p>The Compartment may invest in preferred shares, which give their holders a preferred and unconditional right to receive a dividend. If, in any given year, a company finds itself in financial difficulty, it may, exceptionally, decide not to pay dividends to its ordinary shareholders; however, it must in any case pay dividends to preferred shareholders. This dividend is usually equal to a fixed percentage of the nominal value or to a priority dividend repayment, or both. Therefore, preferred shares offer the features and benefits of debt securities while being considered equity from an accounting perspective.</p> <p>The Compartment may invest up to a limit of 10% in emerging markets, complying with minimum liquidity requirements, regulated markets according to article 41 of the Law. Emerging countries generally include countries in Latin America, Asia, Africa, the former Soviet Union, the Middle East and the developing regions of Europe, especially Eastern Europe. In addition, within the limit of 10%, the sub-fund may invest in listed h shares on the Hong Kong market.</p> <p><b>Shares or units from other UCITS and/or UCIs:</b></p> <p>Within the limit of 10% and in order to improve the achievement of the investment objective, the Compartment may also be exposed to units of a mutual fund or their foreign equivalent.</p> <p>The Compartment may invest in UCITS as well as in other Luxembourg or foreign UCIs that comply with point 1 (e) of article 41 of the Law. The Compartment may invest in a mutual fund managed by AXIOM ALTERNATIVE INVESTMENTS.</p>

### ***Debt securities and money market instruments:***

The Compartment may invest in bonds issued by sovereign states, industrial, commercial and financial companies. All financial instruments may be fixed-, variable- and/or adjustable-rate securities. These securities issued by international issuers may be secured unsecured or subordinated. The Compartment may invest in securities whose issuers, or the entities that guarantee them, meet a minimum long-term "Investment Grade" rating at the time of acquisition and 20% with no limit of rating.

The Range of sensitivity to interest rates within which the Compartment will be managed between -1 and +1 (Bloomberg calculated modified duration). The sensibility target will be between -0.5/ +0.5.

During periods when the investment strategy leads the management team to trim the Compartment's exposure to bonds and/or other debt securities in order to attain the investment objective, the Compartment may be exposed up to 100% to treasury bills, certificates of deposit and euro commercial paper. These financial instruments may also be used on an incidental basis as cash investments.

The Compartment will not invest in distressed or defaulted debt securities.

### ***Derivatives:***

The Compartment may invest in forward financial instruments, futures, swaps and CFD (Contracts for Difference), negotiated in the eurozone markets and/or international, regulated or OTC.

In this context, the Compartment may take positions to cover and/or exposing the portfolio to business sectors, geographical areas, rates, actions (all types of CAP), currencies, index with the aim of achieving the investment objective.

Types of markets available for investment:

- regulated: yes
- organized: yes
- OTC: yes

Risks to which the manager may seek exposure:

- equity: yes
- interest rate: yes
- currency: yes
- credit: yes
- index: yes

Purpose of the investments:

- hedging: yes
- exposure: yes
- arbitrage: no

Types of instruments used will include:

- futures: yes
- options: yes
- swaps: yes
- currency forwards: yes
- credit derivatives: yes, CDS

Derivative contracts may be entered into with counterparties, which have a minimum BBB- rating, selected by the Management Company in accordance with its Best Execution/Best Selection policy and with the procedure for authorizing new counterparties. The latter may be large Luxembourg or foreign counterparties such as credit institutions or banks. They are subject to exchanges of collateral. It should be noted that they do not have any discretion in the composition or management of the Compartment's portfolio, and/or in the underlying assets of the financial derivatives. The counterparties comply with the article 3 of the SFT Regulation.

Such instruments are subject to various types of risks, including, for instance, market risk, liquidity risk, credit risk, counterparty risk, legal risk or operational risk.

***Instruments with embedded derivatives:***

The Compartment may be invested in instruments with embedded derivatives (including convertible bonds or any type of support bond to which are attached a right of conversion or subscription EMTN, CLN, preferred shares: ADR and GDR) traded on markets of the eurozone and/or international, regulated or OTC.

Risks to which the manager may seek exposure:

- equity: yes
- interest rate: yes
- currency: yes
- credit: yes
- index: non

Purpose of the investments:

- hedging: yes
- exposure: yes
- arbitrage: yes

All underlying instruments are eligible assets of the Law.

***Deposit:***

The Compartment may use deposits and cash loans in order to optimize the cash management of the fund.

***Cash borrowings:***

Under normal operating conditions, the Compartment may have a temporary negative balance and in this case it may use cash borrowings up to 10% of its NAV.

***Total Return Swap:***

- Maximum use: 100% of net assets
- Expected use: approximately 80% of net assets.

***SFT***

***Securities Lending***

- Maximum use: 100% of net assets
- Expected use: under 10% of net assets.

***Repurchase and reverse repurchase agreements***

- Maximum use: 100% of net assets
- Expected use: under 10% of net assets.

***Sell/buy back and buy/sell backs***

- Maximum use: 100% of net assets
- Expected use: approximately 80% of net assets.

Purpose and impact of these transactions, which may only be intended to achieve the asset management objective:

- cash management: yes
- optimization of the Compartment' income: yes
- potential leveraging effect on the Compartment: yes

Types of assets that may be subject to such transactions:

- Negotiable debt securities
- Bonds



	<ul style="list-style-type: none"> <li>• Equities</li> <li>• Derivatives</li> </ul>
<b>Risk Management</b>	The method used to calculate overall exposure of the Compartment is the commitment calculation method.
<b>Profile of typical investor in the Compartment</b>	<p>The Compartment is aimed at all investors seeking higher returns than 2% on the recommended investment period (minimum 3 years) through an active and discretionary management of a diversified portfolio of equity and bond markets</p> <p>The minimum recommended investment period in the Compartment is more than 3 years.</p> <p>The amount considered reasonable to invest in the Compartment depends on each investor's individual situation. Any calculation of this amount must take into account their personal assets and financial projects as well as their level of risk aversion. It is also strongly recommended that investors diversify their investments sufficiently so that they are not solely exposed to the risks of this Compartment.</p>
<b>Compartment's Specific Risk Factors</b>	<p>The Compartment is exposed to the following risks which are more fully explained in the General Section under 6. "Risk Warnings":</p> <ul style="list-style-type: none"> <li>• Risk of capital loss</li> <li>• Risk relating to the equities market</li> <li>• Risk relating to discretionary management long/short</li> <li>• Risk relating to the market capitalization</li> <li>• Counterparty risk</li> <li>• Currency risk</li> <li>• Interest rate risk</li> </ul> <p><i>This risk is measured as interest rate sensitivity, which ranges between -1 and +1 for this Compartment. The target sensibility will be between -0.5 and +0.5.</i></p> <ul style="list-style-type: none"> <li>• Credit risk</li> <li>• High Yield risk</li> <li>• Risk inherent to perpetual bonds</li> <li>• Risk inherent to non-OECD countries (under 10%)</li> <li>• Liquidity risk</li> <li>• Operational risk</li> <li>• Risks relating to the use of SFTs (counterparty risk, operational risk, legal risk, custody risk, liquidity risk)</li> </ul>

## CHARACTERISTICS OF THE SHARES

Share Classes	ISIN	Currency	Type of Shares	Target Investors	Minimum initial and subsequent subscription
C		EUR	Accumulation	All investors	1 Share
<i>Valuation Day</i>	Every Business Day, with the exception of days on which the Paris or the London stock exchanges are closed				
Cut-off	12.00 p.m. on the Business Day preceding the relevant Valuation Day				
Subscription and Redemption Settlement Day	3 Business Days following the Valuation Day				
Minimum initial subscription amount	Shares in EUR: 1,000 €				
Initial Subscription Period & Launch Date	The compartment will be launched through merger by absorption of the mutual fund of French law AXIOM LONG SHORT at a date that will be defined by circular resolutions of the Board of Directors.				

## FEES AND EXPENSES RELATING TO SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS

C

Management Company Fee	Up to 1.5%
Other Fees	0.15% Max Calculated monthly on the basis of the average net assets of the SICAV. Include audit, custody, Administrative Agent, Paying Agent, lawyers and hedging, distribution, registration and regulatory costs, etc.
Subscription Fee paid to the Management Company	Up to 2%
Redemption Fee paid to the Management Company	None
Securities financing transactions fees	All income of the securities financing transactions are for the benefit of the Compartment.
Performance fees *	Yes

### \* Performance fees

Max. 15 % (incl. taxes) of the Compartment's annual return in excess of that of 200 bp.

The performance fee is calculated over a 12-month reference period corresponding to the accounting period.

Performance is calculated by comparing the variation of the assets of the Compartment with the variation in the assets of a reference fund realizing at least 2% per year of performance and recording the same subscription and redemption variations as the actual Compartment.

- If, over the reference period, the performance of the Compartment (calculated as a reinvested coupon) exceeds 2%, the variable portion of the management fee will represent 15% of the difference between the performance of the Compartment and 2%;

- If, during the reference period, the performance of the Compartment is less than 2%, the variable portion of the management fee will be null. Over the next reporting period, the outperformance will only be subject to a provision for variable management fees, once recovered, the underperformance accumulated for the previous reference period between net assets of the Compartment and the net assets of the reference Compartments.

- If, over the reference period, the Compartment's performance since the beginning of the reference period is greater than that of the benchmark fund (calculated over the same period), this outperformance will be subject to a provision for potential performance fees at the time of NAV calculation.

If the Compartment's momentarily underperforms the benchmark fund between two NAV calculation dates, then any provision previously made will be adjusted through a reversal of provision. Such reversals cannot exceed the amount of provisions previously accumulated.

The performance fees will be paid to the Management Company at the end of the reference period, only if, over that period, the Compartment's performance exceeds that of the benchmark fund. Any redemption made during the period will onset the advance payment of their contribution to the performance fees.

The performance fees will be charged directly to the Compartment's profit & loss account

## APPENDIX 4. AXIOM CONTINGENT CAPITAL

<b>Investment objectives</b>	<p>The investment objective of the Compartment is to achieve, over a minimum 3-year investment horizon, a return net of management fees equal to or greater than that of its benchmark, the BofA Contingent Capital Index (with coupons reinvested), by taking advantage of major opportunities in the international bond market.</p>
<b>Management policy</b>	<p>The Management Company's investment process aims to take advantage of major opportunities in the international bond market. Its investment policy is to select bonds or debt securities issued by financial institutions. The Compartment invests up to 100% in Contingent Convertibles Bonds, hybrid debt securities designated to absorb the loss of capital for issuers, this implies that these bonds are slightly different to regular convertible bonds in that the likelihood of the bonds converting into equity when a certain trigger CET1 (common equity tier 1) relative to risk weighted assets is reached. Further an AT1 (additional tier 1) CoCo must be issued as a perpetual instrument whose coupon payments (distributions) are discretionary and may be cancelled at any time, for any reason.</p> <p>There exists a tension between the prudential needs of an issuer to optimize its capital structure with affordable loss absorption funding that maintains the entity as a going concern, and the needs of investors to properly price the risk of loss of coupon or capital, which are particular challenges for CoCos.</p> <p>Moreover, there exists uncertainty in the context of a supervisory decision establishing when the point of non-viability has been reached as well as in the context of a statutory bail-in set up under the new Bank Recovery and Resolution Directive.</p> <p>The use of subordinated bonds, especially "Additional Tier 1" bonds, will be at the core of the investment process, as these securities offer high yields in compensation for high risks, including:</p> <ul style="list-style-type: none"> <li>- risk of coupon cancellation: coupon payments are fully discretionary.</li> <li>- risk of a trigger event: if a certain capital level is reached, these bonds are either converted into shares or partially or totally written down.</li> <li>- principal payment risk: these are perpetual bonds that can only be redeemed at the issuer's discretion on predefined call dates.</li> </ul> <p>The debt security prospectus for a subordinated bond sets out the requirements and risks applicable to it as an instrument qualifying as capital for financial institutions.</p> <p>In order to optimize the portfolio's return, the investment process is organized in several steps:</p> <p><b>Step 1: Assessment of the quality of securities</b></p> <ul style="list-style-type: none"> <li>- The management team defines the criteria and stress situations that are likely to affect the credit risk of each issuer based on the information supplied by companies (reports, press releases, meetings), independent research and analysis by the research teams from leading investment banks.</li> <li>- Only securities issued by companies with proven track records, strong market positions and known and measurable competitive advantages are taken into consideration.</li> <li>- Detailed scenarios and stress tests are prepared with different interest rates and credit spreads, for each credit rating category for the main bond maturities.</li> <li>- Securities are selected by the portfolio managers based on an in-depth analysis of prospectuses.</li> <li>- The acquisition or disposal of bonds or debt securities is also based on an in-house analysis of each issuer's credit risk. The Compartment may be fully invested in debt securities of any credit quality, with a High Yield rating, securities considered highly speculative from the main rating agencies or a rating considered equivalent by the management company. The portfolio could be invested up to 100% to High Yield risk.</li> </ul> <p><b>Step 2: Portfolio construction</b></p> <ul style="list-style-type: none"> <li>- The portfolio is then constructed based on the decisions made on risk allocation and securities as outlined above.</li> <li>- Portfolio construction is intended to ensure efficient diversification through an allocation by type of issuer.</li> <li>- However, exposure to each type of underlying assets may be as high as 100%.</li> <li>- Portfolio managers may hedge currency and interest rate risks. Since part of the assets may be denominated in currencies other than the base currency, the Compartment will be systematically hedged against this risk. However, a residual risk remains.</li> </ul>

<b>Step 3: Portfolio monitoring</b>	<p><b>Step 3: Portfolio monitoring</b></p> <ul style="list-style-type: none"> <li>- Regular monitoring of the performance of underlying assets through the publication of statistical data regarding the securities.</li> <li>- Systematic monitoring of the trends in each sub-sector (issuer concentration, regulatory watch).</li> <li>- Circumstances that are likely to affect the payment of coupons or the repayment of the principal are closely monitored.</li> </ul> <p>The Compartment is constantly exposed to the interest rate markets of OECD countries, especially those of eurozone countries, the U.K., Switzerland and the U.S. Exposure to each of these markets may be as high as 100%.</p> <p>For other OECD countries (excluding those referred to in the previous paragraph), the Compartment's exposure to each of these markets may not exceed 5% of NAV. Exposure to non-OECD markets is incidental (below 10%).</p> <p>Bonds issued by both public and private sector issuers may be selected. The minimum average rating (internal rating of the Management Company may be based on ratings of Standard and Poor's, Moody's and Fitch) is BB.</p> <p>The acquisition or disposal of bonds or debt securities is based on an in-house analysis of each issuer's credit risk. The Compartment may be fully invested in debt securities of any credit quality, with a High Yield rating –securities considered highly speculative– from the main rating agencies or a rating considered equivalent by the management company. The Compartment is managed within a 0 to 10 sensitivity scale.</p>
<b>Term</b>	Undetermined duration
<b>Reference currency</b>	The reference currency of the Compartment is EUR.
<b>Benchmark</b>	<p>BofA Contingent Capital Index (with coupons reinvested)</p> <p>The BofA Contingent Capital Index tracks the performance of investment grade or high-yield bonds issued by financial institutions as securities to be included in their Additional Tier 1 and Tier 2 ratios.</p>
<b>SFT</b>	<p>The Compartment may employ securities financing techniques (“SFTs”) as described under 4.5 “Use of Technique and Instruments relating to Transferable Securities and Money Market Instruments” for reducing risks (hedging), generating additional capital or income or for cost reduction purposes. Any use of SFTs for investment purposes will be in line with the risk profile and risk diversification rules applicable to the Compartment.</p> <p>Total Return Swap or some others derivatives instruments that are the same characteristics (like Dynamic Portfolio Swap) and SFTs sin order to reach the management policy. These types of operation could increase the Compartment's risk profile. The extent of use of SFT, TRS or similar derivative instruments is detailed under “Assets Used”.</p>

## Assets used

### **Equities:**

The Compartment is not intended to hold shares. However, since the Compartment may invest in bonds of any seniority or in contingent convertible bonds, there is a chance that such instruments may be converted into shares at the initiative of the regulator or, for instance, in the event that the solvency ratio falls below a contractually agreed minimum level. If the bonds held in portfolio are converted into shares, the Compartment may temporarily hold shares for up to 10% of its net assets and shall sell them as soon as possible in the best interests of the shareholders.

### **Bonds and debt securities:**

The Compartment shall invest in bonds issued by sovereign states, industrial, commercial and financial companies, as well as convertible bonds, shares or debt securities. All financial instruments may be fixed-, variable- and/or adjustable-rate securities. These securities issued by international issuers may be secured, unsecured or subordinated. The Compartment will not invest in distressed or defaulted debt securities.

### **Shares or units from other UCITS and/or UCIs:**

Exposure to funds classified as “bond and/or money market”, which may not exceed 10%, will be aimed at helping to achieve the Compartment’s objective. On an incidental basis, the Compartment may also invest its cash in money market funds.

The Compartment may invest in UCITS as well as in other Luxembourg or foreign UCIs that comply with point 1 (e) of article 41 of the Law. The Compartment may invest in a mutual fund managed by AXIOM ALTERNATIVE INVESTMENTS.

### **Money market instruments:**

During periods when the investment strategy leads the management team to trim the Compartment's exposure to bonds and/or other debt securities in order to achieve the investment objective, the Compartment may be exposed up to 100% to treasury bills, certificates of deposit and euro commercial paper. These financial instruments may also be used on an incidental basis as cash investments.

### **Securitisation**

On an incidental basis, the Compartment may also be indirectly invested in securitised products through the UCITS or AIFs in which it invests.

### **Derivative instruments**

For hedging or exposure purposes, the Compartment may trade any futures or options provided that their underlying assets have a direct financial relationship or correlation with an asset held in the portfolio.

Types of markets where the fund is invested:

- regulated: yes
- organised: yes
- OTC: yes

Risks to which the manager seeks exposure:

- equity: yes
- interest rate: yes
- currency: yes
- credit: yes
- index: yes
- dividend: yes

Purpose of the investments:

- hedging: yes
- exposure: yes
- arbitrage: no

Types of instruments used:

- futures: yes
- options: yes

- swaps: yes
- currency forwards: yes
- credit derivatives: yes, CDS

GBP-denominated Share Class E shares will be systematically hedged against the risk of fluctuation in the exchange rate between their base currency and the euro. The manager will use financial forwards in an effort to seek systematic and comprehensive hedging. This hedge will be achieved through financial instruments (primarily currency forwards) having a minimum impact on other share classes.

Derivative contracts may be entered into with counterparties, which have a minimum BBB- rating, selected by the Management Company in accordance with its Best Execution/Best Selection policy and with the procedure for authorizing new counterparties. The latter may be large French or foreign counterparties such as credit institutions or banks. They are subject to exchanges of collateral. It should be noted that they do not have any discretion in the composition or management of the Fund's portfolio, and/or in the underlying assets of the financial derivatives. The counterparties comply with the article 3 of the SFT Regulation.

Such instruments are subject to various types of risks, including, for instance, market risk, liquidity risk, credit risk, counterparty risk, legal risk or operational risk. Securities financing transactions allow the build-up of leverage, pro-cyclicality and interconnectedness in the financial markets.

#### **Securities with embedded derivatives**

The Compartment may be invested in securities with embedded derivatives. The underlyings are eligible assets as defined in the Law

Risks to which the manager may seek exposure:

- equity: yes
- interest rate: yes
- currency: yes
- credit: yes
- index: yes

Purpose of the investments:

- hedging: yes
- exposure: yes
- arbitrage: no

Types of instruments used will include, for instance:

- Convertible bonds or any other fixed-income investment vehicle carrying a conversion or subscription right
- EMTN
- CLN
- Subscription rights
- Preferred stock: American Depositary Receipts (ADR) and Global Depositary Receipt (GDR) (certificate giving access to stocks on foreign markets)

All underlying instruments are eligible assets of the Law.

#### **Deposits**

The Compartment may make deposits limited to 20% of its NAV and for a maximum 12-months duration, with one or several European credit institutions.

#### **Cash borrowings**

Under normal operating conditions, the Compartment may also have a temporary debt balance and may use cash borrowings up to 10% of its NAV.

#### **Total Return Swap**

- Maximum use: 100% of net assets
- Expected use: approximately *under 10% of net assets*.

#### **SFT**

##### **Securities Lending**

- Maximum use: 100% of net assets
- Expected use: under 10% of net assets.



	<p><b>Repurchase and reverse repurchase agreements</b></p> <ul style="list-style-type: none"> <li>- Maximum use: 100% of net assets</li> <li>- Expected use: under 10% of net assets.</li> </ul> <p><b>Sell/buy back and buy/sell backs</b></p> <ul style="list-style-type: none"> <li>- Maximum use: 100% of net assets</li> <li>- Expected use: approximately 10% of net assets.</li> </ul> <p>Purpose and impact of these transactions, which may only be intended to achieve the asset management objective:</p> <ul style="list-style-type: none"> <li>• cash management: yes</li> <li>• optimization of the Compartment' income: yes</li> <li>• potential leveraging effect on the Compartment: yes</li> </ul> <p>Types of assets that may be subject to such transactions:</p> <ul style="list-style-type: none"> <li>• Negotiable debt securities</li> <li>• Bonds</li> <li>• Equities</li> <li>• Derivatives</li> </ul>
<p><b>Risk Management</b></p>	<p>The method used to calculate overall exposure of the Compartment is the commitment calculation method.</p>
<p><b>Profile of typical investor in the Compartment</b></p>	<p>The Compartment is intended for all investors seeking a return net of management fees similar to or greater than the performance of the BofA Contingent Capital Index.</p> <p>For this Compartment, the recommended investment horizon is at least three years.</p> <p>The amount considered reasonable to invest in the Compartment depends on each investor's individual situation. Any calculation of this amount must take into account their personal assets and financial projects as well as their level of risk aversion. It is also strongly recommended that investors diversify their investments sufficiently so that they are not solely exposed to the risks of this Compartment.</p>
<p><b>Compartment's Specific Risk Factors</b></p>	<p>The Compartment is exposed to the following risks which are more fully explained under 6. Risk Warnings of the General Section:</p> <ul style="list-style-type: none"> <li>• Risk inherent to subordinated bonds</li> <li>• Risk of capital loss</li> <li>• Interest rate risk</li> </ul> <p><i>This risk is measured as interest rate sensitivity, which ranges between 0 and 10 for this Compartment.</i></p> <ul style="list-style-type: none"> <li>• Credit risk</li> <li>• High Yield risk</li> <li>• Counterparty risk</li> <li>• Risk related to securitized products</li> <li>• Liquidity risk</li> <li>• Currency risk</li> <li>• Discretionary management risk</li> <li>• Risk inherent to non-OECD countries</li> <li>• Operational risk</li> <li>• Risks relating to the use of SFTs (counterparty risk, operational risk, legal risk, custody risk, liquidity risk)</li> </ul>

CHARACTERISTICS OF THE SHARES					
Share Classes	ISIN	Currency	Type of Shares	Target Investors	Minimum initial and subsequent subscription
C		EUR	Accumulation	All sophisticated investors	50 Shares
R		EUR	Accumulation	All sophisticated investors for whom distribution, promotion and subscription to the Compartment is done primarily through the network of distribution platforms dedicated to wealth management advisors and financial advisors	50 Shares
E		GBP	Accumulation	All sophisticated investors wishing to have full and systematic hedging against currency risk	50 Shares
Z		EUR	Accumulation	UCIT, investment funds and accounts managed by Axiom and the staff of Axiom	50 Shares
CHF		CHF	Accumulation	All sophisticated investors wishing to have full and systematic hedging against currency risk	70 Shares
<i>Sophisticated Investors</i>		Investor who has expertise, experience and knowledge in adequately appraising an investment in the Master Fund strategies (contingent convertible instruments)			
<i>Valuation Day</i>		Every Business Day, with the exception of days on which the Paris or the London stock exchanges are closed			
<i>Cut-off</i>		12.00 p.m. on the Business Day preceding the relevant Valuation Day			
<i>Subscription and Redemption Settlement Day</i>		3 Business Days following the Valuation Day			
<i>Minimum initial subscription amount</i>		Shares in EUR: 1,000 € Shares in GBP: 1,000 £ Shares in CHF: 1,000 CHF			
<i>Initial Subscription Period &amp; Launch Date</i>		The compartment will be launched through merger by absorption of the mutual fund of French law AXIOM CONTINGENT CAPITAL at a date that will be defined by circular resolutions of the Board of Directors.			

<b>FEES AND EXPENSES RELATING TO SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS</b>					
	<b>C</b>	<b>R</b>	<b>E</b>	<b>Z</b>	<b>CHF</b>
Management Company Fee	Up to 0.8%	Up to 1.3%	Up to 0.8%	Up to 0.05%	Up to 0.8%
Other Fees	0.15% Max Calculated monthly on the basis of the average net assets of the SICAV. Include audit, custody, Administrative Agent, Paying Agent, lawyers and hedging, distribution, registration and regulatory costs, etc.				
Subscription Fee paid to the Management Company	Up to 2%	Up to 2%	Up to 2%	Up to 10%	Up to 2%
Redemption Fee paid to the Management Company	Up to 2%	Up to 2%	Up to 2%	Up to 10%	Up to 2%
Securities financing transactions fees	All income of the securities financing transactions are for the benefit of the Compartment.				
Performance fees	None	None	None	None	None

## APPENDIX 5. AXIOM EQUITY

<b>Investment objectives</b>	<p>The objective of this Compartment is to achieve, over a minimum 5-year investment horizon, a return (net of management fees) similar to or greater than that of its benchmark (Stoxx Europe 600 Banks Net Return).</p>
<b>Management policy</b>	<p>The Management Company's investment process aims to take advantage of major opportunities on the European bank and insurance stock market by selecting securities with a growth potential in line with the investment objective.</p> <p>In order to optimize the portfolio's return, the investment process is based on: a top down" approach taking into account economic conditions (key interest rates, long term rates, money market rates, inflation, European and global economic growth, etc.), banking and insurance regulations; a "bottom up" approach which is organized in three steps:</p> <p><b>Step 1: Fundamental analysis</b></p> <p>Based on fundamental criteria such as solvency, profitability, management quality or dividend policy, the management team assesses the outlook for the price of a specific issuer's stock over a period in line with the investment objectives.</p> <p><b>Step 2: Portfolio construction</b></p> <p>The portfolio is then constructed based on the choices made on risk allocation and issuers as outlined above.</p> <p>Portfolio construction ensures efficient diversification, made possible by an allocation by type of issuer and sub-sector: universal banking, retail banking, investment banking, private banking, investment management firms, specialised credit institutions; general insurance companies, companies specialising in life insurance, property and casualty insurance, reinsurance, etc.</p> <p>The portfolio managers may hedge currency and interest rate risks. They may use swaps to hedge equity risk.</p> <p>Complementary information for some instruments:</p> <p>The Compartment could use Total Return Swap or some others derivatives instruments that are the same characteristics (like Dynamic Portfolio Swap) securities financing (repurchase and reverse repurchase agreements, securities lending and borrowing, sell/buy back and buy/sell backs in order to reach the management policy. These types of operation could increase the Compartment's risk profil.</p> <p>The underlying assets of these transactions may be individual or financial indices in order to achieve the management objective.</p> <p>Securities with embedded derivatives contracts are using to expose (buying or selling) to stocks. It duplicates price movements of the underlying stock but there is no holder transfer. These instruments are use in a convention with counterparties selected by the Management Company in accordance with its Best Execution/Best Selection policy</p> <p><b>Step 3: Portfolio monitoring</b></p> <p>Regular monitoring of the performance of underlying assets;</p> <p>Systematic monitoring of the trends in each sector and sub-sector (concentration of issuers, regulatory watch).</p> <p>Circumstances that are likely to affect the payment of dividends are closely monitored.</p>
<b>Term</b>	Undetermined duration
<b>Reference currency</b>	The reference currency of the Compartment is EUR.

<p><b>Benchmark</b></p>	<p>The Compartment is not managed relative to a benchmark index. However, the Compartment's performance may be compared retrospectively with that of the Stoxx Europe 600 Banks Net Return index (Bloomberg code SX7R) over an investment horizon of more than 5 years.</p> <p>This index is composed of European bank stocks. The base currency of the index is the Euro and it assumes reinvestment of any dividends. Further information is available from the website <a href="http://www.stoxx.com">http://www.stoxx.com</a></p> <p>The attention of the subscriber is drawn to the fact that the composition of the UCITS may be significantly different from that of its benchmark.</p>
<p><b>SFT</b></p>	<p>The Compartment may employ securities financing techniques ("SFTs") as described under 4.5 "Use of Technique and Instruments relating to Transferable Securities and Money Market Instruments" for reducing risks (hedging), generating additional capital or income or for cost reduction purposes. Any use of SFTs for investment purposes will be in line with the risk profile and risk diversification rules applicable to the Compartment.</p> <p>Total Return Swap or some others derivatives instruments that are the same characteristics (like Dynamic Portfolio Swap) and SFTs sin order to reach the management policy. These types of operation could increase the Compartment's risk profile. The extent of use of SFT, TRS or similar derivative instruments is detailed under "Assets Used".</p>
<p><b>Asset used</b></p>	<p><b>Equities:</b></p> <p>The Compartment is constantly exposed to equity markets. More specifically, a minimum 75% of the Compartment's net assets will be constantly invested in issuers from the financial industry of any market capitalization domiciled in any EU member state as well as the Norway and Iceland, and subject to the tax or in units or in shares or units from UCITS eligible for the PEA (equity savings scheme).</p> <p>The Compartment may invest up to a limit of 10% in emerging markets, complying with minimum liquidity requirements, regulated markets according to article 41 of the Law. Emerging countries generally include countries in Latin America, Asia, Africa, the former Soviet Union, the Middle East and the developing regions of Europe, especially Eastern Europe. In addition, within the limit of 10%, the sub-fund may invest in listed h shares on the Hong Kong market.</p> <p><b>Shares or units from other UCITS and/or UCIs:</b></p> <p>The exposure to funds classified as "bond and/or money market", which may not exceed 10%, will be aimed at helping to achieve the Compartment's objective. On an incidental basis, the Compartment may also invest its cash in money market funds.</p> <p>The Compartment may invest in UCITS as well as in other Luxembourg or foreign UCIs that comply with point 1 (e) of article 41 of the Law. The Compartment may invest in a mutual fund managed by AXIOM ALTERNATIVE INVESTMENTS</p> <p><b>Debt securities and money market instruments:</b></p> <p>During periods when the investment strategy leads the management team to trim the Compartment's exposure to stocks in order to attain the investment objective, the Compartment may be exposed up to treasury bills, certificates of deposit and euro commercial paper. These financial instruments may also be used on an incidental basis as cash investments.</p> <p>The Compartment may also invest in bonds, debt securities and other money market instruments issued in OECD countries (these may be fixed-, variable- or adjustable-rate securities, or indexed securities). These instruments may be government debt securities or private-sector securities. There is no predefined allocation between government and private-sector debt. These securities belong to the Investment Grade category corresponding to a minimum rating of BBB-/Baa3 in application of Basel rules. According to these regulations, in case of multiple ratings by the main existing rating agencies (currently Standard&amp;Poor's, Moody's, Fitch...), the Management Company should apply the lower of the two highest grades. If the security is only rated by two agencies, the lower grade will be applied. Finally, if the security is only rated by one agency, its grade is applied. Some of these securities may have speculative characteristics. Investments in non-listed securities may not exceed 10% of the Compartment's net assets. The Compartment will not invest in distressed or defaulted debt securities.</p> <p><b>Other instruments</b></p> <p>As part of its investment strategy, the Compartment may invest in non-listed securities of companies specialising in any sub-sector of the financial industry. Such instruments may be used by the</p>

Compartment as a way to invest in sub-sectors of the financial industry where companies are not listed yet.

This type of instruments may not exceed 10% of the Compartment's net assets.

### ***Derivative instruments***

The fund manager may invest in futures/forwards, options, swaps, CFDs (contracts for difference), DPSs (dynamic portfolio swaps) and funded TRSs (total return swaps) traded on eurozone and/or international markets, be they regulated or OTC markets. As part of such transactions, the fund manager may take positions to hedge and/or expose the portfolio against/to specific industries, geographic areas, interest rates, shares (all caps), currencies or financial indices in order to achieve the management objective.

Types of markets where the Compartment is invested:

- regulated: yes
- organised: yes
- OTC: yes

Risks to which the manager seeks exposure:

- equity: yes
- interest rate: yes
- currency: yes
- credit: yes
- index: yes

Purpose of the investments:

- hedging: yes
- exposure: yes
- arbitrage: no

Types of instruments used:

- futures: yes
- options: yes
- swaps: yes
- currency forwards: yes
- credit derivatives: yes, CDS

Exposure to all these markets may not exceed 100% of the net assets.

BC shares denominated in USD will be systematically hedged against the risk of fluctuation in the exchange rate between the USD and the Euro. The manager will use financial forwards in an effort to seek systematic and comprehensive hedging. This hedge will be primarily ensured through currency forwards.

M shares denominated in CHF will be systematically hedged against the risk of fluctuation in the exchange rate between the CHF and the Euro. The manager will use financial forwards in an effort to seek systematic and comprehensive hedging. This hedge will be primarily ensured through currency forwards.

Derivative contracts may be entered into with counterparties, which have a minimum BBB- rating, selected by the Management Company in accordance with its Best Execution/Best Selection policy and with the procedure for authorizing new counterparties. The latter may be large French or foreign counterparties such as credit institutions or banks. They are subject to exchanges of collateral. It should be noted that they do not have any discretion in the composition or management of the Fund's portfolio, and/or in the underlying assets of the financial derivatives. The counterparties comply with the article 3 of the SFT Regulation.

Such instruments are subject to various types of risks, including, for instance, market risk, liquidity risk, credit risk, counterparty risk, legal risk or operational risk. Securities financing transactions allow the build-up of leverage, pro-cyclicality and interconnectedness in the financial markets.

### ***Securities with embedded derivatives***

Up to 25% of the Compartment's net assets may be invested in securities with embedded derivatives. The underlyings are eligible assets as defined in the Law.

Risks to which the manager may seek exposure:

- equity: yes

- interest rate: yes
- currency: yes
- credit: yes
- index: yes

Purpose of the investments:

- hedging: yes
- exposure: yes
- arbitrage: no

Types of instruments used will include, for instance:

- Convertible bonds or any other fixed-income investment vehicle carrying a conversion or subscription right
- EMTN
- CLN
- Subscription rights
- Preferred stock: American Depositary Receipts (ADR) and Global Depositary Receipt (GDR) (certificate giving access to stocks on foreign markets)

All underlying instruments are eligible assets of the Law.

### ***Deposits***

The Compartment may make deposits limited to 20% of its NAV and for a maximum 12-months duration, with one or several European credit institutions.

### ***Cash borrowings***

Under normal operating conditions, the Compartment may also have a temporary debt balance and may use cash borrowings up to 10% of its NAV.

### ***Total Return Swap:***

- Maximum use: 100% of net assets
- Expected use: approximately 80% of net assets.

### ***SFT***

#### ***Securities Lending***

- Maximum use: 100% of net assets
- Expected use: under 10% of net assets.

#### ***Repurchase and reverse repurchase agreements***

- Maximum use: 100% of net assets
- Expected use: under 10% of net assets.

#### ***Sell/buy back and buy/sell backs***

- Maximum use: 100% of net assets
- Expected use: approximately 80% of net assets.

Purpose and impact of these transactions, which may only be intended to achieve the asset management objective:

- cash management: yes
- optimization of the Compartment' income: yes
- potential leveraging effect on the Compartment: yes

Types of assets that may be subject to such transactions:

- Negotiable debt securities
- Bonds
- Equities
- Derivatives



<b>Risk Management</b>	The method used to calculate overall exposure of the Compartment is the commitment calculation method.
<b>Profile of typical investor in the Compartment</b>	<p>This Compartment is intended for investors seeking capital growth through exposure to the financial industry using stock markets and who are prepared to bear the risks inherent to such investment.</p> <p>The recommended minimum investment horizon for the Compartment is more than 5 years.</p> <p>The amount considered reasonable to invest in the Compartment depends on each investor's individual situation. Any calculation of this amount must take into account their personal assets and financial projects as well as their level of risk aversion. It is also strongly recommended that investors diversify their investments sufficiently so that they are not solely exposed to the risks of this Compartment.</p>
<b>Compartment's Specific Risk Factors</b>	<p>The Compartment is exposed to the following risks which are more fully explained in the General Section under 6. "Risk Warnings":</p> <ul style="list-style-type: none"> <li>• Equity risk</li> <li>• Counterparty risk</li> <li>• Currency Risk</li> <li>• Risk inherent to sectoral concentration</li> <li>• Risk inherent to discretionary to discretionary management</li> <li>• Risk inherent to commitment on future contracts</li> <li>• Interest rate risk</li> <li>• Credit risk</li> <li>• Operational risk</li> <li>• Risks relating to the use of SFTs (counterparty risk, operational risk, liquidity risk, legal risk, custody risk)</li> </ul>

CHARACTERISTICS OF THE SHARES					
Share Classes	ISIN	Currency	Type of Shares	Target Investors	Minimum initial and subsequent subscription
C		EUR	Accumulation	All investors	1 Share
R		EUR	Accumulation	All investors for whom distribution, promotion and subscription to the Compartment is done primarily through the network of distribution platforms dedicated to wealth management advisors and financial advisors	1 Share
M		CHF	Accumulation	All investors wishing to have full and systematic hedging against currency risk	1 Share
BC		USD	Accumulation	All investors wishing to have full and systematic hedging against currency risk	1 Share
Z		CHF	Accumulation	UCIT, investment funds and accounts managed by Axiom and the staff of Axiom	1 Share
<b>Valuation Day</b>		Every Business Day, with the exception of days on which the Paris or the London stock exchanges are closed			
<b>Cut-off</b>		12.00 p.m. on the Business Day preceding the relevant Valuation Day			
<b>Subscription and Redemption Settlement Day</b>		3 Business Days following the Valuation Day			
<b>Minimum initial subscription amount</b>		Shares in EUR: 1,000 € Shares in USD: 1,000 \$ Shares in CHF: 1,000 CHF			
<b>Initial Subscription Period &amp; Launch Date</b>		The compartment will be launched through merger by absorption of the mutual fund of French law AXIOM EQUITY at a date that will be defined by circular resolutions of the Board of Directors.			

FEES AND EXPENSES RELATING TO SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS					
	C	R	M	BC	Z
Management Company Fee	Up to 2%	Up to 2.5%	Up to 2%	Up to 2%	Up to 0.05%
Other Fees	0.15% Max Calculated monthly on the basis of the average net assets of the SICAV. Include audit, custody, Administrative Agent, Paying Agent, lawyers and hedging, distribution, registration and regulatory costs, etc.				
Subscription Fee paid to the Management Company	Up to 2%	Up to 2%	Up to 2%	Up to 2%	Up to 10%
Redemption Fee paid to the Management Company	Up to 2%	Up to 2%	Up to 2%	Up to 2%	Up to 10%
Securities financing transactions fees	All income of the securities financing transactions are for the benefit of the Compartment.				
Performance fees *	Yes	Yes	Yes	Yes	None

**\* Performance fees**

Performance fees are based on a comparison between the performance of the Compartment and its benchmark index (defined hereafter) over the reference period.

The benchmark index is the Stoxx Europe 600 Banks Net Return.

Performance fees are calculated over a 12-month reference period coinciding with the financial year.

Performance is calculated by comparing the variation of the assets of the Compartment with that of a benchmark fund which has accurately tracked the benchmark index over the period and registered the same subscription and redemption variations as the actual Compartment.

- If, over the reference period, the performance of the Compartment performance (with coupons reinvested) exceeds that of the benchmark fund, then the performance fees shall amount to 20% of the differential between the Compartment's performance and that of its benchmark fund.
- If, over the reference period, the performance of the Compartment is lower than that of the benchmark fund, then the performance fees will be zero. Over the following reference period, performance fees will not be subject to a provision until the underperformance accumulated by the Compartment's net assets (relative to its benchmark fund) during the previous reference period is compensated for.
- If, over the reference period, the Compartment's performance since the beginning of the reference period is greater than that of the benchmark fund (calculated over the same period), this outperformance will be subject to a provision for potential performance fees at the time of NAV calculation

If the Compartment's momentarily underperforms the benchmark fund between two NAV calculation dates, then any provision previously made will be adjusted through a reversal of provision. Such reversals cannot exceed the amount of provisions previously accumulated.

The performance fees will be paid to the Management Company at the end of the reference period, only if, over that period, the Compartment's performance exceeds that of the benchmark fund. Any redemption made during the period will onset the advance payment of their contribution to the performance fees.

The performance fees will be charged directly to the Compartment's profit & loss account.

No performance fees for Class Z shares

## APPENDIX 6. AXIOM OPTIMAL FIX

<b>Investment objectives</b>	<p>The objective of this Compartment is to achieve, over a minimum 3-year investment horizon, a return net of management fees of 6%. In order to achieve this objective, the Compartment will mainly invest in perpetual bonds at fixed coupon or “preferred shares” via a totally discretionary management.</p>
<b>Management policy</b>	<p>The Management Company’s investment process aims to take advantage of major opportunities in the international bond and equity market. Its investment policy is to select equity, bonds or debt securities issued by financial institutions. The use of bonds at perpetual fixed coupon or “preferred shares”, will be at the core of the investment process, as these securities offer high yields in compensation for high risks, including:</p> <ul style="list-style-type: none"> <li>- risk of coupon cancellation: coupon payments are fully discretionary.</li> <li>- principal payment risk: these are perpetual bonds that can only be redeemed at the issuer’s discretion on predefined call dates.</li> </ul> <p>The debt security prospectus for a subordinated bond sets out the requirements and risks applicable to it as an instrument qualifying as capital for financial institutions.</p> <p>In order to optimize the portfolio’s return, the investment process is organized in several steps:</p> <p><b>Step 1: Assessment of the quality of securities</b></p> <p>The management team defines the criteria and stress situations that are likely to affect the credit risk of each issuer based on the information supplied by companies (reports, press releases, meetings), independent research and analysis by the research teams from leading investment banks.</p> <p>Only securities issued by companies with proven track records, strong market positions and known and measurable competitive advantages are taken into consideration.</p> <p>Detailed scenarios and stress tests are prepared with different interest rates and credit spreads, for each credit rating category for the main bond maturities.</p> <p>Securities are selected by the portfolio managers based on an in-depth analysis of prospectuses.</p> <p>The acquisition or disposal of bonds or debt securities is also based on an in-house analysis of each issuer’s credit risk. The Compartment may be fully invested in debt securities of any credit quality, with a High Yield rating – securities considered highly speculative – from the main rating agencies or a rating considered equivalent by the Management Company.</p> <p><b>Step 2: Portfolio construction</b></p> <p>The portfolio is then constructed based on the decisions made on risk allocation and securities as outlined above.</p> <p>Portfolio construction is intended to ensure efficient diversification through an allocation by type of issuer.</p> <p>However, exposure to each type of underlying assets may be as high as 100%.</p> <p>Portfolio managers may hedge currency and interest rate risks. Since part of the assets may be denominated in currencies other than the base currency, the Compartment will be systematically hedged against this risk. However, a residual risk remains.</p> <p><b>Step 3: Portfolio monitoring</b></p> <p>Regular monitoring of the performance of underlying assets through the publication of statistical data regarding the securities is carried out as well as systematic monitoring of the trends in each sub-sector (issuer concentration, regulatory watch).</p> <p>Circumstances that are likely to affect the payment of coupons or the repayment of the principal are closely monitored.</p> <p>Bonds issued by both public and private sector issuers may be selected. The minimum average rating (internal rating of the Management Company may be based on ratings of Standard and Poor’s, Moody’s and Fitch) is BB.</p> <p>The acquisition or disposal of bonds or debt securities is based on an in-house analysis of each issuer’s credit risk; the acquisition or disposal of a holding is not exclusively based on ratings assigned by rating agencies.</p>

	<p>The Compartment is managed within a -5 to 10 sensitivity scale.</p> <p>Geographic area of security issuers to which the Master Fund is exposed: OECD countries (all areas): 0-100%</p> <p>Non-OECD countries (all areas): 0-10%</p>
<b>Term</b>	Undetermined duration
<b>Reference currency</b>	The reference currency of the Compartment is EUR.
<b>Benchmark</b>	Any benchmark is intended to be used for the achievement of the performance of the Compartment, available benchmarks are not representative of the Compartment's management process.
<b>SFT</b>	<p>The Compartment may employ securities financing techniques ("SFTs") as described under 4.5 "Use of Technique and Instruments relating to Transferable Securities and Money Market Instruments" for reducing risks (hedging), generating additional capital or income or for cost reduction purposes. Any use of SFTs for investment purposes will be in line with the risk profile and risk diversification rules applicable to the Compartment.</p> <p>The Compartment could use Total Return Swap or some others derivatives instruments that are the same characteristics (like Dynamic Portfolio Swap) and SFTs in order to reach the management policy. These types of operation could increase the Compartment's risk profile. The extent of use of SFT, TRS or similar derivative instruments is detailed under "Assets Used".</p>
<b>Asset used</b>	<p><b>Equities:</b></p> <p>The Compartment could be exposed until 100% Compartment's net assets to equity markets. However, since the Compartment may invest in bonds of any seniority or in convertible bonds, there is a chance that such instruments may be converted into shares at the initiative of the regulator or, for instance, in the event that the solvency ratio falls below a contractually agreed minimum level. If the bonds held in portfolio are converted into shares, the Compartment may temporarily hold shares for up to 100% of its net assets and shall sell them as soon as possible in the best interests of the shareholders.</p> <p>The Compartment will be able to invest into "preferred shares" which are shares which give a priority and certain right to a dividend. If, a year, a company experiences financial difficulties, it can exceptionally not pay dividends to ordinary shareholders, but it is still forced to pay holders of the "preferred shares". This dividend is usually a percentage of the nominal value or priority payback of dividends or both. Thus, they offer the features and benefits of the debt, while being classified in accounting as equity.</p> <p><b>Bonds and debt securities:</b></p> <p>The Compartment may invest in bonds issued by sovereign states, industrial, commercial and financial companies, as well as convertible bonds, shares or debt securities. All financial instruments may be fixed-, variable- and/or adjustable-rate securities. These securities issued by international issuers may be secured, unsecured or subordinated. The Compartment may invest in securities whose issuers, or the entities that guarantee them, meet a minimum long-term "Investment Grade" rating at the time of acquisition and 20% with no limit of rating. The Compartment will not invest in distressed or defaulted debt securities.</p> <p><b>Shares or units from other UCITS and UCIs:</b></p> <p>The Compartment may invest, which may not exceed 10%, in Luxembourg – or European regulated UCITS and/or AIF.</p> <p>The Compartment may invest in UCITS as well as in other Luxembourg or foreign UCIs that comply with point 1 (e) of article 41 of the Law. The Compartment may invest in a mutual fund managed by AXIOM ALTERNATIVE INVESTMENTS.</p> <p><b>Money market instruments:</b></p> <p>During periods when the investment strategy leads the management team to trim the Compartment's exposure to bonds and/or other debt securities in order to achieve the investment objective, the Compartment may be exposed up to 100% to treasury bills, certificates of deposit and euro commercial paper. These financial instruments may also be used on an incidental basis as cash investments</p>

### ***Other instruments***

As part of its investment strategy, the Compartment may invest in non-listed securities of companies specialising in any sub-sector of the financial industry. Such instruments may be used by the Compartment as a way to invest in sub-sectors of the financial industry where companies are not listed yet.

This type of instruments may not exceed 10% of the Compartment's net assets.

### ***Derivative instruments***

For hedging or exposure purposes, the Compartment may trade any futures or options provided that their underlying assets have a direct financial relationship or correlation with an asset held in the portfolio.

Types of markets where the Compartment is invested:

- regulated: yes
- organised: yes
- OTC: yes

Risks to which the manager seeks exposure:

- equity: yes
- interest rate: yes
- currency: yes
- credit: yes
- index: yes

Purpose of the investments:

- hedging: yes
- exposure: yes
- arbitrage: no

Types of instruments used:

- futures: yes
- options: yes
- swaps: yes
- currency forwards: yes
- credit derivatives: yes, CDS

Exposure to all these markets may not exceed 100% of the net assets.

R USD and B shares denominated in USD will be systematically hedged against the risk of fluctuation in the exchange rate between the USD and the Euro. The manager will use financial forwards in an effort to seek systematic and comprehensive hedging. This hedge will be primarily ensured through currency forwards.

CHF shares denominated in CHF will be systematically hedged against the risk of fluctuation in the exchange rate between the CHF and the Euro. The manager will use financial forwards in an effort to seek systematic and comprehensive hedging. This hedge will be primarily ensured through currency forwards.

Derivative contracts may be entered into with counterparties, which have a minimum BBB- rating, selected by the Management Company in accordance with its Best Execution/Best Selection policy and with the procedure for authorizing new counterparties. The latter may be large French or foreign counterparties such as credit institutions or banks. They are subject to exchanges of collateral. It should be noted that they do not have any discretion in the composition or management of the Fund's portfolio, and/or in the underlying assets of the financial derivatives. The counterparties comply with the article 3 of the SFT Regulation.

Such instruments are subject to various types of risks, including, for instance, market risk, liquidity risk, credit risk, counterparty risk, legal risk or operational risk. Securities financing transactions allow the build-up of leverage, pro-cyclicality and interconnectedness in the financial markets.

### ***Securities with embedded derivatives***

The Compartment may be invested in securities with embedded derivatives. The underlyings are eligible assets as defined in the Law.

Risks to which the manager may seek exposure:

- equity: yes
- interest rate: yes
- currency: yes
- credit: yes
- index: yes

Purpose of the investments:

- hedging: yes
- exposure: yes
- arbitrage: no

Types of instruments used will include, for instance:

- Convertible bonds or any other fixed-income investment vehicle carrying a conversion or subscription right
- EMTN
- CLN
- Subscription rights
- Preferred stock: American Depositary Receipts (ADR) and Global Depositary Receipt (GDR) (certificate giving access to stocks on foreign markets)

All underlying instruments are eligible assets of the Law.

### ***Deposits***

The Compartment may make deposits limited to 20% of its NAV and for a maximum 12-months duration, with one or several European credit institutions.

### ***Cash borrowings***

Under normal operating conditions, the Compartment may also have a temporary debt balance and may use cash borrowings up to 10% of its NAV.

### ***Total Return Swap:***

- Maximum use: 100% of net assets
- Expected use: approximately under 10% of net assets.

### ***SFT***

#### ***Securities Lending***

- Maximum use: 100% of net assets
- Expected use: under 10% of net assets.

#### ***Repurchase and reverse repurchase agreements***

- Maximum use: 100% of net assets
- Expected use: under 10% of net assets.

#### ***Sell/buy back and buy/sell backs***

- Maximum use: 100% of net assets
- Expected use: under 10% of net assets.

Purpose and impact of these transactions, which may only be intended to achieve the asset management objective:

- cash management: yes
- optimization of the Compartment' income: yes
- potential leveraging effect on the Compartment: yes

Types of assets that may be subject to such transactions:

- Negotiable debt securities
- Bonds
- Equities
- Derivatives



<b>Risk Management</b>	<p>The method used to calculate overall exposure of the Compartment is the commitment calculation method.</p>
<b>Profile of typical investor in the Compartment</b>	<p>This Compartment is intended for investors seeking capital growth through exposure to the financial industry using stock markets and who are prepared to bear the risks inherent to such investment.</p> <p>The recommended minimum investment horizon for the Compartment is more than 5 years.</p> <p>The amount considered reasonable to invest in the Compartment depends on each investor's individual situation. Any calculation of this amount must take into account their personal assets and financial projects as well as their level of risk aversion. It is also strongly recommended that investors diversify their investments sufficiently so that they are not solely exposed to the risks of this Compartment.</p>
<b>Compartment's Specific Risk Factors</b>	<p>The Compartment is exposed to the following risks which are more fully explained in the General Section under 6. "Risk Warnings":</p> <ul style="list-style-type: none"> <li>• Risk inherent to perpetual bonds</li> <li>• Risk of capital loss</li> <li>• Interest rate risk</li> </ul> <p><i>This risk is measured as interest rate sensitivity, which ranges between -5 and 10 for this Compartment.</i></p> <ul style="list-style-type: none"> <li>• Credit risk</li> <li>• High Yield risk</li> <li>• Liquidity risk</li> <li>• Counterparty risk</li> <li>• Risk inherent to sectoral concentration</li> <li>• Risk inherent to discretionary management</li> <li>• Risk inherent to commitments on futures contracts</li> <li>• Equity risk</li> <li>• Currency risk</li> <li>• Operational risk</li> <li>• Risks relating to the use of SFTs (counterparty risk, operational risk, liquidity risk, legal risk, custody risk)</li> </ul>

CHARACTERISTICS OF THE SHARES					
Share Classes	ISIN	Currency	Type of Shares	Target Investors	Minimum initial and subsequent subscription
C		EUR	Accumulation	All investors	1 Share
R EUR		EUR	Accumulation	All investors for whom distribution, promotion and subscription to the Compartment is done primarily through the network of distribution platforms dedicated to wealth management advisors and financial advisors	1 Share
R USD		USD	Accumulation	All investors for whom distribution, promotion and subscription to the Compartment is done primarily through the network of distribution platforms dedicated to wealth management advisors and financial advisors	1 Share
CHF		CHF	Accumulation	All investors wishing to have full and systematic hedging against currency risk	1 Share
D		EUR	Distribution *	All investors	1 Share
B		USD	Accumulation	All investors wishing to have full and systematic hedging against currency risk	1 Share
Z		CHF	Accumulation	UCITS, investment funds and accounts managed by Axiom and the staff of Axiom	1 Share
<i>Valuation Day</i>		Every Business Day, with the exception of days on which the Paris or the London stock exchanges are closed			
<i>Distribution</i>		Allocation of net income: Distribution or postponement decision of the management company Allocation more or less net capital gains realized: Distribution or postponement decision of the management company			
<i>Cut-off</i>		12.00 p.m. on the Business Day preceding the relevant Valuation Day			
<i>Subscription and Redemption Settlement Day</i>		3 Business Days following the Valuation Day			
<i>Minimum initial subscription amount</i>		Shares in EUR: 1,000 € Shares in USD: 1,000 \$ Shares in CHF: 1,000 CHF			
<i>Initial Subscription Period &amp; Launch Date</i>		The compartment will be launched through merger by absorption of the mutual fund of French law AXIOM OPTIMAL FIX at a date that will be defined by circular resolutions of the Board of Directors.			

FEES AND EXPENSES RELATING TO SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS							
	C	R EUR	R USD	CHF	D	B	Z
Management Company Fee	Up to 1%	Up to 1.5%	Up to 1.5%	Up to 1%	Up to 1%	Up to 1%	Up to 0.05%
Other Fees	0.15% Max Calculated monthly on the basis of the average net assets of the SICAV. Include audit, custody, Administrative Agent, Paying Agent, lawyers and hedging, distribution, registration and regulatory costs, etc.						
Subscription Fee paid to the Management Company	None	Up to 2%	Up to 2%	Up to 2%	Up to 2%	None	Up to 10%
Redemption Fee paid to the Management Company	None	None	None	None	None	None	None
Securities financing transactions fees	All income of the securities financing transactions are for the benefit of the Compartment.						
Performance fees *	Yes	Yes	Yes	Yes	Yes	Yes	None

**\* Performance fees**

Each year, performance fees are calculated, by comparing on exercise, the evolution of the assets of the Compartment (excluding performance fees and reinvested dividends) to the assets of a benchmark fund realizing an increase equal to 6%, and recording the same variations of subscriptions and redemptions as the Compartment. Performance fees are calculated over a 12-month reference period coinciding with the financial year.

Performance is calculated by comparing the variation of the assets of the Compartment with that of a benchmark fund which has accurately tracked the benchmark index over the period and registered the same subscription and redemption variations as the actual Compartment.

- If, over the reference period, the performance of the Compartment performance (with coupons reinvested) exceeds that of the benchmark fund, then the performance fees shall amount to 20% of the differential between the Compartment's performance and that of its benchmark fund.
- If, over the reference period, the performance of the Compartment is lower than that of the benchmark fund, then the performance fees will be zero. Over the following reference period, performance fees will not be subject to a provision until the underperformance accumulated by the Compartment's net assets (relative to its benchmark fund) during the previous reference period is compensated for.
- If, over the reference period, the Compartment's performance since the beginning of the reference period is greater than that of the benchmark fund (calculated over the same period), this outperformance will be subject to a provision for potential performance fees at the time of NAV calculation

If the Compartment's momentarily underperforms the benchmark fund between two NAV calculation dates, then any provision previously made will be adjusted through a reversal of provision. Such reversals cannot exceed the amount of provisions previously accumulated.

The performance fees will be paid to the Management Company at the end of the reference period, only if, over that period, the Compartment's performance exceeds that of the benchmark fund. Any redemption made during the period will onset the advance payment of their contribution to the performance fees.

The performance fees will be charged directly to the Compartment's profit & loss account.

No performance fees for Class Z shares

## APPENDIX 7. AXIOM OBLIGATAIRE

<b>Investment objectives</b>	<p>The objective of this Compartment is to achieve, over a minimum 3-year investment horizon, a return (net of management fees) similar to or greater than that of its benchmarks (ICE BofAML Euro Financial Index (40%), ICE BofAML Euro Corporate Index (40%) and ICE BofAML Contingent Capital Index (20%))</p>
<b>Management policy</b>	<p>The Management Company's investment process aims to take advantage of major opportunities in the international bond market. In order to optimize the portfolio's return, the investment process is organized in several steps:</p> <p><b>Step 1: Quality of securities</b></p> <p>The portfolio management team defines the criteria likely to affect the credit risk of each issuer based on the information supplied by companies (reports, press releases, meetings), supervisory authorities (regulatory rules, transparency data, stress tests), independent research and analysis by external research teams.</p> <p>Only securities issued by companies with proven track records, strong market positions and known and measurable competitive advantages are taken into consideration.</p> <p>Detailed scenarios and stress tests are prepared with different interest rates and credit spreads, for each credit rating category, against different redemption dates.</p> <p>Securities are selected based on an in-depth analysis of prospectuses.</p> <p>The acquisition or disposal of bonds or debt securities is also based on an in-house analysis of each issuer's credit risk.</p> <p><b>Step 2: Portfolio construction</b></p> <p>The portfolio is then constructed based on the decisions made on risk allocation and securities as outlined above.</p> <p>Portfolio construction is intended to ensure efficient diversification through an allocation by type of issuer.</p> <p>However, exposure to each sector and/or type of underlying asset may be as high as 100%.</p> <p>The portfolio managers may hedge the currency and interest rate risks.</p> <p><b>Step 3: Portfolio monitoring</b></p> <p>Regular monitoring of the performance of underlying assets through the publication of statistical data regarding the securities is carried out as well as systematic monitoring of the trends in each sub-sector (issuer concentration, regulatory intelligence).</p> <p>Circumstances that are likely to affect the payment of coupons or the repayment of the principal are closely monitored.</p> <p>Within the limit of 20% of the NAV, the Compartment invests in contingent convertible bonds, hybrid debt securities designated to absorb the loss of capital for issuers, this implies that this bonds are slightly different to regular convertible bonds in that the likelihood of the bonds converting into equity when a certain trigger CET1 (common equity tier 1) relative to risk weighted assets is reached. Further, an AT1 (additional tier 1) CoCo must be issued as a perpetual instrument whose coupon payments (distributions) are discretionary and may be cancelled at any time, for any reason.</p> <p>There exists a tension between the prudential needs of an issuer to optimize its capital structure with affordable loss absorption funding that maintains the entity as a going concern, and the needs of investors to properly price the risk of loss of coupon or capital, which are particular challenges for CoCos.</p> <p>Moreover, there exists uncertainty in the context of a supervisory decision establishing when the point of non-viability has been reached as well as in the context of a statutory bail-in set up under the new Bank Recovery and Resolution Directive.</p> <p>The use of subordinated bonds, especially "Additional Tier 1" bonds, will be at the core of the investment process, as these securities offer high yields in compensation for high risks, including:</p>

	<ul style="list-style-type: none"> <li>- risk of coupon cancellation: coupon payments are fully discretionary.</li> <li>- risk of a trigger event: if a certain capital level is reached, these bonds are either converted into shares or partially or totally written down.</li> <li>- principal payment risk: these are perpetual bonds that can only be redeemed at the issuer's discretion on predefined call dates.</li> </ul> <p>The debt security prospectus for a subordinated bond sets out the requirements and risks applicable to it as an instrument qualifying as capital for financial institutions.</p> <p>This Compartment is constantly exposed to the interest rate markets of OECD countries.</p> <p>The exposure to non-OECD markets may be as high as 20%</p> <p>This Compartment is not sector-specific. The selection process may lead to 100% exposure of this compartment to a given business sector.</p> <p>Bonds issued by both public and private sector issuers may be selected. The minimum average rating (internal rating of the Management Company may be based on ratings of Standard and Poor's, Moody's and Fitch) is BB.</p> <p>The acquisition or disposal of bonds or debt securities is based on an in-house analysis of each issuer's credit risk; the acquisition or disposal of a holding is not based exclusively on ratings assigned by rating agencies.</p> <p>Transferable debt securities and bonds rated below B- by Standard and Poor's, or B3 by Moody's, or B- by Fitch Ratings, or B Low by DBRS (the highest rating will be applied), or a rating considered equivalent by the management company, or which have no rating, shall not exceed 20% of the Compartment's net asset value.</p> <p>This Compartment is managed within a 0 to 10 sensitivity scale (see risk profile – interest rate risk).</p> <p>Currency of denomination of the securities in which this Compartment is invested : International</p> <p>Currency risk borne by this Compartment: residual due to imperfect hedge</p>
<b>Term</b>	Undetermined duration
<b>Reference currency</b>	The reference currency of this Compartment is EUR.
<b>Benchmark</b>	<p>This Compartment is not managed relative to a benchmark index. However, the Compartment's performance may be compared retrospectively with that of the following benchmarks: ICE BofAML Euro Financial Index (40%), ICE BofAML Euro Corporate Index (40%) and ICE BofAML Contingent Capital Index (20%).</p> <p>ICE BofAML Euro Financial Index tracks the performance of EUR denominated investment grade debt publicly issued by financial institutions in the eurobond or Euro member domestic markets. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&amp;P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity, at least 18 months to final maturity at point of issuance, a fixed coupon schedule and a minimum amount outstanding of EUR 250 million. Guide, which can be accessed on our public website (<a href="http://www.mlindex.ml.com">www.mlindex.ml.com</a>). Ticker Bloomberg : EB00 Index</p> <p>ICE BofAML Euro Corporate Index tracks the performance of EUR denominated investment grade corporate debt publicly issued in the eurobond or Euro member domestic markets. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&amp;P and Fitch) and at least 18 months to final maturity at the time of issuance. In addition, qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of EUR 250 million. Guide, which can be accessed on our public website (<a href="http://www.mlindex.ml.com">www.mlindex.ml.com</a>). Ticker Bloomberg : ER00 Index</p> <p>ICE BofAML Contingent Capital Index tracks the performance of investment grade and below investment grade contingent capital debt publicly issued in the major domestic and eurobond markets. Qualifying securities must have a capital-dependent conversion feature and must be rated by either Moody's, S&amp;P or Fitch. In addition, qualifying securities must have at least one month remaining term to final maturity and at least 18 months to maturity at point of issuance. Guide, which can be accessed on our public website (<a href="http://www.mlindex.ml.com">www.mlindex.ml.com</a>). Ticker Bloomberg : COCO Index</p>

<p><b>SFT</b></p>	<p>The Compartment may employ securities financing techniques (“SFTs”) as described under 4.5 “Use of Technique and Instruments relating to Transferable Securities and Money Market Instruments” for reducing risks (hedging), generating additional capital or income or for cost reduction purposes. Any use of SFTs for investment purposes will be in line with the risk profile and risk diversification rules applicable to the Compartment.</p> <p>The Compartment could use Total Return Swap or some others derivatives instruments that are the same characteristics (like Dynamic Portfolio Swap) and SFTs in order to reach the management policy. These types of operation could increase the Compartment’s risk profile. The extent of use of SFT, TRS or similar derivative instruments is detailed under “Assets Used”.</p>
<p><b>Assets used</b></p>	<p><b>Equities:</b></p> <p>The Compartment’s exposure to equity risk may not exceed 10%.</p> <p>The Compartment may invest in preferred shares, which give their holders a preferred and unconditional right to receive a dividend. If, in any given year, a company finds itself in financial difficulty, it may, exceptionally, decide not to pay dividends to its ordinary shareholders; however, it must in any case pay dividends to preferred shareholders. This dividend is usually equal to a fixed percentage of the nominal value or to a priority dividend repayment, or both. Therefore, preferred shares offer the features and benefits of debt securities while being considered equity from an accounting perspective.</p> <p><b>Bonds and debt securities:</b></p> <p>The Compartment shall invest in bonds issued by sovereign states, industrial, commercial and financial companies, as well as convertible bonds, shares or debt securities. All financial instruments may be fixed-, variable- and/or adjustable-rate securities. These securities, issued by international issuers, may be secured, unsecured or subordinated.</p> <p>The Compartment invests up to 20% in contingent convertible bonds, hybrid debt securities designated to absorb the loss of capital for issuers, this implies that these bonds are slightly different to regular convertible bonds in that the likelihood of the bonds converting into equity when a certain trigger CET1 (common equity tier 1) relative to risk weighted assets is reached. Further an AT1 (additional tier 1) CoCo must be issued as a perpetual instrument whose coupon payments (distributions) are discretionary and may be cancelled at any time, for any reason.</p> <p>There exists a tension between the prudential needs of an issuer to optimize its capital structure with affordable loss absorption funding that maintains the entity as a going concern, and the needs of investors to properly price the risk of loss of coupon or capital, which are particular challenges for CoCos.</p> <p>Moreover, there exists uncertainty in the context of a supervisory decision establishing when the point of non-viability has been reached as well as in the context of a statutory bail-in set up under the new Bank Recovery and Resolution Directive. The Compartment will not invest in distressed or defaulted debt securities.</p> <p><b>Shares or units from other UCITS and/or UCIs:</b></p> <p>The Compartment may invest, which may not exceed 10%, in Luxembourg – or European regulated UCITS and/or AIF.</p> <p>The Compartment may invest in UCITS as well as in other Luxembourg or foreign UCIs that comply with point 1 (e) of article 41 of the Law. The Compartment may invest in a mutual fund managed by AXIOM ALTERNATIVE INVESTMENTS.</p> <p><b>Money market instruments:</b></p> <p>During periods when the investment strategy leads the management team to trim the Compartment’s exposure to bonds and/or other debt securities in order to attain the investment objective, the Compartment may be exposed up to 100% to treasury bills, certificates of deposit and euro commercial paper. These financial instruments may also be used on an incidental basis as cash investments.</p> <p><b>Securitisation</b></p> <p>On an incidental basis, the Compartment may also be invested in securitised products via the UCITS or AIF in which it invests.</p>

### ***Derivative instruments***

For hedging or exposure purposes, the Compartment may trade any futures or options provided that their underlying assets have a direct financial relationship or correlation with an asset held in the portfolio.

The fund manager may invest in futures/forwards, options, swaps, CFDs (contracts for difference), DPSs (dynamic portfolio swaps) and funded TRSs (total return swaps) traded on eurozone and/or international markets, be they regulated or OTC markets. As part of such transactions, the fund manager may take positions to hedge and/or expose the portfolio against/to specific industries, geographic areas, interest rates, shares (all caps), currencies or financial indices in order to achieve the management objective.

Types of markets where the Compartment is invested:

- regulated: yes
- organised: yes
- OTC: yes

Risks to which the manager seeks exposure:

- equity: yes
- interest rate: yes
- currency: yes
- credit: yes
- index: yes
- dividend: yes

Purpose of the investments:

- hedging: yes
- exposure: yes
- arbitrage: no

Types of instruments used:

- futures: yes
- options: yes
- swaps: yes
- currency forwards: yes
- credit derivatives: yes, CDS

BC shares denominated in USD, M shares denominated in CHF and E shares denominated in GBP, will be systematically hedged against the risk of fluctuation in the exchange rate between such currencies and the Euro. The Management Company will use financial forwards in an effort to seek systematic and comprehensive hedging. This hedge will be ensured through financial instruments having a minimum impact on other shares, most of these being currency forwards.

Derivative contracts may be entered into with counterparties selected, which have a minimum BBB-rating, by the Management Company in accordance with its Best Execution/Best Selection policy and with the procedure for authorizing new counterparties. The latter may be large French or foreign counterparties such as credit institutions or banks. They are subject to exchanges of collateral. It should be noted that they do not have any discretion in the composition or management of the Fund's portfolio, and/or in the underlying assets of the financial derivatives. The counterparties comply with the article 3 of the SFT Regulation.

Such instruments are subject to various types of risks, including, for instance, market risk, liquidity risk, credit risk, counterparty risk, legal risk or operational risk. Securities financing transactions allow the build-up of leverage, pro-cyclicality and interconnectedness in the financial markets.

### ***Securities with funded embedded derivatives***

The Compartment may be invested in securities with funded embedded derivatives. The underlyings are eligible assets as defined in the Law.

Risks to which the manager may seek exposure:

- equity: yes
- interest rate: yes
- currency: yes
- credit: yes
- index: yes



Purpose of the investments:

- hedging: yes
- exposure: yes
- arbitrage: no

Types of instruments used will include, for instance:

- Convertible bonds or any other fixed-income investment vehicle carrying a conversion or subscription right
- EMTN
- CLN
- Subscription rights
- Preferred Shared

All underlying instruments are eligible assets of the Law.

### ***Deposits***

The Compartment may make deposits limited to 20% of its NAV and for a maximum 12-month duration, with one or several European credit institutions.

### ***Cash borrowings***

Under normal operating conditions, the Compartment may also have a temporary debt balance and may use cash borrowings up to 10% of its NAV.

### ***Total Return Swap:***

- Maximum use: 100% of net assets
- Expected use: approximately under 10% of net assets.

### ***SFT***

#### ***Securities Lending***

- Maximum use: 100% of net assets
- Expected use: under 10% of net assets.

#### ***Repurchase and reverse repurchase agreements***

- Maximum use: 100% of net assets
- Expected use: under 10% of net assets.

#### ***Sell/buy back and buy/sell backs***

- Maximum use: 100% of net assets
- Expected use: under 10% of net assets.

Purpose and impact of these transactions, which may only be intended to achieve the asset management objective:

- cash management: yes
- optimization of the Compartment' income: yes
- potential leveraging effect on the Compartment: yes

Types of assets that may be subject to such transactions:

- Negotiable debt securities
- Bonds
- Equities
- Derivatives

<p><b>Profile of typical investor in the Compartment</b></p>	<p>The Compartment is intended for all investors seeking a return net management fees similar to or greater than the performance of the ICE BofAML Euro Financial Index, the ICE BofAML Euro Corporate Index and the ICE BofAML Contingent Capital Index. .</p> <p>For this Compartment, the recommended investment horizon is at least three years.</p> <p>The amount considered reasonable to invest in the Compartment depends on each investor's individual situation. Any calculation of this amount must take into account their personal assets and financial projects as well as their level of risk aversion. It is also strongly recommended that investors diversify their investments sufficiently so that they are not solely exposed to the risks of this Compartment.</p>
<p><b>Compartment's Specific Risk Factors</b></p>	<p>The Compartment is exposed to the following risks which are more fully explained in the General Section under 6. "Risk Warnings":</p> <ul style="list-style-type: none"> <li>• Risk of capital loss</li> <li>• Interest rate risk</li> </ul> <p><i>The risk is measured as the Compartment's interest rate sensitivity, which ranges between 0 and 10.</i></p> <ul style="list-style-type: none"> <li>• Credit risk</li> <li>• High Yield risk</li> <li>• Counterparty risk</li> <li>• Risk inherent to subordinated bonds</li> <li>• Risk inherent to perpetual bonds</li> <li>• Liquidity risk</li> <li>• Currency risk</li> <li>• Discretionary management risk</li> <li>• Risk inherent to non-OECD countries (below 20%).</li> <li>• Risk related to securitised products</li> <li>• Risks relating to the use of SFTs ( counterparty risk, operational risk, liquidity risk, legal risk, custody risk)</li> </ul>

CHARACTERISTICS OF THE SHARES					
Share Classes	ISIN	Currency	Type of Shares	Target Investors	Minimum initial and subsequent subscription
C		EUR	Accumulation	All investors	1 Share
D		EUR	Distribution *	All investors	1 Share
R		EUR	Accumulation	All investors for whom distribution, promotion and subscription to the Compartment is done primarily through the network of distribution platforms dedicated to wealth management advisors and financial advisors	1 Share
BC		USD	Accumulation	All investors wishing to have full and systematic hedging against currency risk	1 Share
M		CHF	Accumulation	All investors wishing to have full and systematic hedging against currency risk	1 Share
E		GBP	Accumulation	All investors wishing to have full and systematic hedging against currency risk	1 Share
Z		EUR	Accumulation	UCITS, investment funds and accounts managed by Axiom and the staff of Axiom	1 Share
I		EUR	Accumulation	All investors	5 000 000 €
J		EUR	Accumulation	All investors	15 000 000 €
G		EUR	Accumulation	All investors	15 000 000 €
<b>Valuation Day</b>	Every Business Day, with the exception of days on which the Paris or the London stock exchanges are closed				
<b>Distribution</b>	Allocation of net income: Distribution or postponement decision of the management company. Allocation more or less net capital gains realized: Distribution or postponement decision of the management company.				
<b>Cut-off</b>	12.00 p.m. on the Business Day preceding the relevant Valuation Day				
<b>Subscription and Redemption Settlement Day</b>	3 Business Days following the Valuation Day				
<b>Minimum initial subscription amount</b>	Shares in EUR : 1,000 € Shares in USD : 1,000 \$ Shares in GBP : 1,000 £ Shares in CHF : 1,000 CHF				
<b>Initial Subscription Period &amp; Launch Date</b>	The compartment will be launched through merger by absorption of the mutual fund of French law AXIOM OBLIGATAIRE at a date that will be defined by circular resolution of the Board of Directors.				

FEES AND EXPENSES RELATING TO SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS										
	C	D	R	BC	M	E	Z	I	J	G
Management Company Fee	Up to 2.00%	Up to 2.00%	Up to 2.50%	Up to 2.00%	Up to 2.00%	Up to 2.00%	Up to 0.05%	Up to 1.20%	Up to 1.20%	Up to 1.20%
Other Fees	0.15% Max Calculated monthly on the basis of the average net assets of the SICAV. Include audit, custody, Administrative Agent, Paying Agent, lawyers and hedging, distribution, registration and regulatory costs, etc.									
Subscription Fee paid to the Management Company	Up to 2%	Up to 2%	Up to 2%	Up to 2%	Up to 2%	Up to 2%	Up to 10%	Up to 2%	Up to 2%	Up to 2%
Redemption Fee paid to the Management Company	Up to 2%	Up to 2%	Up to 2%	Up to 2%	Up to 2%	Up to 2%	None	NONE	NONE	NONE
Securities financing transactions fees	All income of the securities financing transactions are for the benefit of the Compartment.									
Performance fees *	Yes	Yes	Yes	Yes	Yes	Yes	None	Yes	Yes	Yes

**\* Performance fees**

Performance fees are based on a comparison between the performance of the Compartment and its benchmark index (defined hereafter) over the reference period.

The composite index : 40% of ICE BofAML Euro Financial Index, 40% of ICE BofAML Euro Corporate Index and 20% of ICE BofAML Contingent Capital Index

Performance fees are calculated over a 12-month reference period coinciding with the financial year.

Performance is calculated by comparing the variation of the assets of the Compartment with that of a benchmark fund which has accurately tracked the benchmark indices over the reference period and registered the same subscription and redemption variations as the actual Compartment.

- If, over the reference period, the performance of the Compartment (with coupons reinvested) exceeds that of the benchmark fund, then the performance fees shall amount to 20% of the differential between the Compartment's performance and that of its benchmark fund.
- If, over the reference period, the performance of the Compartment is lower than that of the benchmark fund, then the performance fees will be zero. Over the following reference period, performance fees will not be subject to a provision until the underperformance accumulated by the Compartment's net assets (relative to benchmark fund) during the previous reference period is compensated for.
- If, over the reference period, the Compartment's performance since the beginning of the reference period is greater than that of the benchmark fund (calculated over the same period), this outperformance will be subject to a provision for potential performance fees at the time of NAV calculation

If the Compartment's momentarily underperforms the benchmark fund between two NAV calculation dates, then any provision previously made will be adjusted through a reversal of provision. Such reversals cannot exceed the amount of provisions previously accumulated.

The performance fees will be paid to the Management Company at the end of the reference period, only if, over that period, the Compartment's performance exceeds that of the benchmark fund. Any redemption made during the period will onset the advance payment of their contribution to the performance fees.

The performance fees will be charged directly to the Compartment's profit & loss account.