

DNB FUND

Prospectus

DNB



10 December 2019

## **DNB FUND**

*Société d'Investissement à Capital Variable*

*A Luxembourg Collective Investment Fund*

*organised under the part I of the law dated 17 December 2010  
on undertakings for collective investment*

### **Prospectus**

**10 December 2019**

This Prospectus will only be valid if distributed together with the latest annual report and the latest semi-annual report if published thereafter. These reports form an integral part of this Prospectus.

This Prospectus may not be distributed in the United-States of America.

No one may refer to information other than that appearing in this Prospectus and in the documents referred to herein.

The distribution of this Prospectus in certain countries may require that this Prospectus be translated into the languages specified by the regulatory authorities of those countries. Should any inconsistency arise between the translated and the English version of this Prospectus, the English version shall always prevail.

## INTRODUCTION

**DNB FUND** (the "**Company**") is registered under part I of the UCI Law. The Company qualifies as a UCITS under the UCITS Directive (as such terms are defined below). The Company has appointed DNB Asset Management S.A., a Luxembourg public limited company ("*société anonyme*") authorised under chapter 15 of the UCI Law as its management company.

The Company has initially been set-up as a mutual investment fund ("*fonds commun de placement*") under the name of DNB FUND and in accordance with the management regulations signed first in Luxembourg on 27 August 1990 (the "**Management Regulations**"). A copy of these Management Regulations was deposited with the Chief Registrar of the District Court of and in Luxembourg on 31 August 1990 and published in the *Mémorial, Recueil des Sociétés et Associations* (the "**Mémorial**"), n° 398 as of 25 October 1990. The Management Regulations were amended for the last time on 26 September 2014 and effective as of 10 November 2014. Such amendment was deposited with the Luxembourg companies' register and a notice regarding such deposit was published in the *Mémorial* on 17 November 2014.

The Company was converted from a mutual investment fund ("*fonds commun de placement*") into an investment company with variable capital ("*société d'investissement à capital variable*") through a resolution of the unitholders dated 2 October 2017.

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 (USA) (including its territories and possessions) to nationals or residents (including Green Card holders) 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. Moreover, the Shares may not be offered directly or indirectly to persons having a place of birth, and/or a telephone number and/or a standing instruction to an account and/or a mailing address/post office box in the USA.

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 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.

All references herein to EUR are to Euro.

## DIRECTORY

### **DNB FUND**

*Société d'Investissement à Capital Variable*

5, allée Scheffer  
L-2520 Luxembourg  
LUXEMBOURG

### **MANAGEMENT COMPANY**

DNB Asset Management S.A.  
5, allée Scheffer  
L - 2520 Luxembourg  
LUXEMBOURG

### **BOARD OF DIRECTORS OF THE COMPANY**

#### **Magnus EHLIN, Chairman**

Investment Director  
DNB Luxembourg S.A.  
13, rue Goethe  
L-1637 Luxembourg  
LUXEMBOURG

#### **Torkild VARRAN**

Director Product Development & Projects  
DNB Asset Management S.A.  
5, allée Scheffer  
L-2520 Luxembourg  
LUXEMBOURG

#### **Eggert HILMARSSON**

Head of Business Support  
DNB Luxembourg S.A.  
13, rue Goethe  
L-1637 Luxembourg  
LUXEMBOURG

### **BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

#### **Olivier HUMBLET**

Head of Operations  
DNB Luxembourg S.A.  
13, rue Goethe  
L-1637 Luxembourg  
LUXEMBOURG

#### **Eskild STENHAUG, Chairman**

Managing Director  
DNB Luxembourg S.A.  
13, rue Goethe  
L-1637 Luxembourg  
LUXEMBOURG

**Torkild VARRAN**

Director Product Development & Projects  
DNB Asset Management S.A.  
5, allée Scheffer  
L-2520 Luxembourg  
LUXEMBOURG

**INVESTMENT MANAGER**

DNB ASSET MANAGEMENT AS  
Dronning Eufemias gate 30  
Bygg M-12N  
0191 Oslo  
NORWAY

**DEPOSITARY BANK**

CACEIS Bank, Luxembourg Branch  
5, allée Scheffer  
L-2520 Luxembourg  
LUXEMBOURG

**ADMINISTRATION AGENT AND DOMICILIARY AGENT**

CACEIS Bank, Luxembourg Branch  
5, allée Scheffer  
L-2520 Luxembourg  
LUXEMBOURG

**AUDITORS**

Ernst & Young  
35E, Avenue John F. Kennedy  
L- 1855 Luxembourg  
LUXEMBOURG

## CONTENTS

1.	DEFINITIONS.....	9
2.	THE COMPANY .....	13
3.	ELIGIBLE INVESTOR.....	14
4.	LISTING .....	17
5.	INFORMATION ON SHARES ON OFFER .....	18
5.1	General information on Shares on offer .....	18
5.2	Hedged and non-hedged Classes .....	18
5.3	Distribution and capitalization Classes .....	19
5.4	Institutional and retail Classes .....	19
5.5	Net Fee Classes.....	19
5.6	Types of available Classes.....	20
6.	INVESTMENT POLICIES AND RESTRICTIONS .....	21
6.1	General Investment Policies for all Sub-Funds.....	21
6.2	Investment and Borrowing Restrictions .....	21
6.3	Financial Derivative Instruments.....	27
6.4	Securities Financing Transactions.....	28
6.5	Management of Collateral for Securities Financing Transactions and OTC Derivative Transactions .....	29
7.	RISK-MANAGEMENT PROCESS.....	33
7.1	Commitment approach .....	33
7.2	VaR Approach .....	33
8.	RISK WARNINGS.....	35
9.	RIGHTS OF THE SHAREHOLDERS.....	49
10.	SUBSCRIPTION, REDEMPTION, CONVERSION AND TRANSFER OF SHARES .....	50
10.1	Subscription .....	50
10.2	Redemption .....	52
10.3	Conversion of Shares .....	53
10.4	Transfer of Shares .....	54
10.5	Settlements.....	54
10.6	Minimum Subscription and Holding Amounts .....	54

10.7	Placement and financial servicing .....	55
10.8	Prevention of Market Timing, Frequent Trading and Late Trading ....	56
10.9	Anti-Money Laundering Procedures .....	56
11.	NET ASSET VALUE .....	58
12.	SUSPENSION OF CALCULATION OF NET ASSET VALUE, REDEMPTIONS, SUBSCRIPTIONS, CONVERSIONS .....	61
13.	DISTRIBUTION POLICY.....	62
14.	MANAGEMENT AND ADMINISTRATION .....	63
14.1	Board of Directors.....	63
14.2	Management Company.....	63
14.3	Investment Manager and investment sub-managers .....	65
14.4	Subsidiaries of the Company.....	65
14.5	Co-Managing .....	65
14.6	Depository Bank.....	67
14.7	Administration Agent.....	69
15.	CHARGES & EXPENSES .....	70
16.	TAXATION .....	73
16.1	The Company .....	73
16.2	Shareholders .....	73
17.	GENERAL INFORMATION.....	78
17.1	Data Protection.....	78
17.2	Meetings.....	80
17.3	Voting Rights.....	81
17.4	Financial Year.....	81
17.5	Reports and Accounts.....	81
17.6	Publications.....	81
17.7	Merger or Liquidation of Sub-Funds .....	81
17.8	Duration and Liquidation of the Company .....	82
17.9	Conflicts of Interest .....	82
17.10	Complaints Handling .....	83
17.11	Status of Limitations.....	83
17.12	Best Execution .....	83

17.13	Applicable law, jurisdiction and governing language .....	84
17.14	Documents available for inspection.....	84
<b>APPENDIX</b> .....		<b>85</b>
<b>LIST OF SUB-FUNDS</b> .....		<b>85</b>
1.	<b>EQUITY SUB-FUNDS</b> .....	<b>86</b>
1.1	<b>SPECIFICITIES OF EQUITY SUB-FUNDS</b> .....	<b>86</b>
1.2	<b>LIST OF EQUITY SUB-FUNDS</b> .....	<b>88</b>
2.	<b>ALTERNATIVE INVESTMENT SUB-FUNDS</b> .....	<b>100</b>
2.1	<b>SPECIFICITIES OF ALTERNATIVE INVESTMENT SUB-FUNDS</b> .....	<b>100</b>
2.2	<b>LIST OF ALTERNATIVE INVESTMENT SUB-FUNDS</b> .....	<b>103</b>
3.	<b>BOND SUB-FUNDS</b> .....	<b>107</b>
3.1	<b>SPECIFICITIES OF BOND SUB-FUNDS</b> .....	<b>107</b>
3.2	<b>LIST OF BOND SUB-FUNDS</b> .....	<b>110</b>
4.	<b>MULTI ASSET SUB-FUNDS</b> .....	<b>116</b>
4.1	<b>SPECIFICITIES OF MULTI ASSET SUB-FUNDS</b> .....	<b>116</b>
4.2	<b>LIST OF MULTI-ASSET SUB-FUNDS</b> .....	<b>119</b>



## 1. DEFINITIONS

<b>Administration Agent</b>	CACEIS Bank, Luxembourg Branch, acting as registrar and transfer agent and administration as further described below
<b>Actively Managed</b>	when the Investment Manager has discretion over the composition of a Sub-Fund, subject to the stated investment objective and policy even though a benchmark may be used by a Sub-Fund but only as a point of reference from which its investments can be selected but whose composition is not replicated
<b>AML Regulations</b>	the law of 12 November 2004 on the fight against money laundering and terrorist financing (as amended from time to time), and associated Grand Ducal, Ministerial and CSSF Regulations and the circulars of the CSSF applicable as amended from time to time
<b>Appendix</b>	an appendix to this Prospectus
<b>Articles</b>	the articles of association of the Company
<b>Benchmarks Regulation</b>	the regulation (EU) No 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 and amending Directives 2008/48/EC and 2014/17/EU and regulation (EU) No 596/2014, as amended from time to time
<b>Board of Directors</b>	the board of directors of the Company
<b>Business Day</b>	a full business day on which banks are fully open in Luxembourg
<b>Class(es)</b>	within each Sub-Fund, 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>CSSF</b>	the <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg authority supervising the financial sector
<b>Cut-off Time</b>	being a deadline (as further specified in chapter 10 ("Subscription, Redemption, Conversion and Transfer of Shares")), before which applications for subscription, redemption, or conversion of Shares of any Class in any Sub-Fund must be received by the Administration Agent in relation to a Valuation Day
<b>Depositary Bank</b>	CACEIS Bank, Luxembourg Branch, acting as depositary bank in the meaning of the UCI Law
<b>Emerging Countries</b>	includes in particular the following countries: Argentina, Brazil, Bulgaria, Chile, China, Colombia, Czech Republic, Egypt, Estonia, Hungary, Greece, India, Indonesia, Kenya, Korea, Latvia, Lithuania, Malaysia, Mexico, Morocco, Nigeria, Pakistan, Peru, Philippines, Poland, Qatar, Romania, Russia, South Africa, Taiwan, Thailand, Turkey, Ukraine, UAE, Vietnam and Venezuela as well as such

	other countries as determined from time to time by the Company as being “Emerging Countries”
<b>EU</b>	the European Union
<b>FATCA Rules</b>	the regulations relating to Information Reporting by Foreign Financial Institutions and Other Foreign Entities released by the IRS on 28 January 2013 (the “ <b>FATCA Regulations</b> ”), all subsequently published FATCA announcements and as the case may be, the provisions of the intergovernmental agreement (IGA) entered between Luxembourg and the United States and/or between the country of each investor and the US
<b>Group of Companies</b>	companies belonging to the same body of undertakings and which must draw up consolidated accounts in accordance with Council Directive 83/349/EEC of 13 June 1983 on consolidated accounts or according to recognized international accounting rules, as amended from time to time
<b>Institutional Investor</b>	an institutional investor as defined for the purposes of the UCI Law and by the administrative practice of the CSSF, such as financial institutions and professionals of the financial sector subscribing on their own behalf, insurance and reinsurance companies, social security institutions and pension funds, industrial and financial groups and the structures which they put in place to manage their funds
<b>Investment Manager</b>	DNB Asset Management AS, a Norway appointed to act as investment manager of the Company
<b>Issue Price</b>	the net asset value per Share of Class of a Sub-Fund 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 UCI Law and applicable laws and regulations
<b>Management Company</b>	DNB Asset Management S.A., a Luxembourg public limited company appointed to act as the management company of the Company pursuant to Chapter 15 of the UCI Law
<b>Member State</b>	a member state as defined in the UCI Law
<b>MiFID</b>	the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended from time to time
<b>Money Market Instruments</b>	instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time, and instruments eligible as Money Market Instruments, as defined by regulations or guidelines issued by the CSSF from time to time
<b>OECD</b>	means the Organization for Economic Cooperation and Development

<b><i>Other Regulated Market</i></b>	market which is regulated, operates regularly and is recognized and open to the public, namely a market (i) that meets the following cumulative criteria: liquidity; multilateral order matching (general matching of bid and ask prices in order to establish a single price); transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed on current conditions); (ii) on which the securities are dealt in at a certain fixed frequency, (iii) which is recognized by a state or by a public authority which has been delegated by that state or by another entity which is recognized by that state or by that public authority such as a professional association and (iv) on which the securities dealt are accessible to the public
<b><i>Other State</i></b>	any state in the world which is not a Member State
<b><i>Prohibited Person</i></b>	means any legal or natural person, including any trust, partnership, estate or other corporate body, if in the sole opinion of the Management Company, the holding of Shares may be detrimental to the interests of existing Shareholders or the relevant Sub-Fund, if it may result in a breach of applicable law (whether in Luxembourg or abroad), or if as a result thereof the relevant Sub-Fund, the Company or the Management Company may become subject to tax or other legal, administrative or regulatory disadvantages, fines or penalties that it would not have otherwise incurred, or may become required to comply with a registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply
<b><i>Prospectus</i></b>	means this prospectus of the Company
<b><i>Regulated Market</i></b>	a market within the meaning of MiFID
<b><i>Settlement Day</i></b>	the Business Day on which the consideration for subscription, or redemption is fully paid, which is to occur at the latest two Business Days following the Valuation Day, unless otherwise provided in chapter 10 ("Subscription, Redemption, Conversion and Transfer of Shares")
<b><i>Shares</i></b>	shares of each sub-fund of the Company, which details are specified in the Appendix as well as on the website <a href="https://www.dnbam.com">https://www.dnbam.com</a>
<b><i>Sub-Fund</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 Sub-Fund are described in the Appendix
<b><i>Shareholders</i></b>	holders of Shares
<b><i>Transferable Securities</i></b>	- shares and other securities equivalent to shares;  - bonds and other debt instruments;

- any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchanges, with the exclusion of techniques and instruments

<b>UCI</b>	undertaking for collective investment within the meaning of the first and second indent of Article 1 (2) of the UCITS Directive, whether situated in a Member State or not
<b>UCI Law</b>	the law of 17 December 2010 concerning undertakings for collective investments, as may be amended from time to time
<b>UCITS</b>	undertaking for collective investment in transferable securities as defined in the UCITS Directive and the UCI Law
<b>UCITS 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 amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as regards depositary functions, remuneration policies and sanctions, as amended from time to time
<b>U.S. Person</b>	means any person as defined in chapter 3 ("Eligible Investor")
<b>Valuation Day</b>	each Business Day unless (i) during any period when any of the principal markets or other markets on which at least 25% of the investments of a Sub-Fund, on an aggregated basis, are quoted or dealt in is closed, regardless of the number of closed markets, otherwise than for ordinary holidays, or (ii) otherwise is detailed for in the relevant Appendix. A current Valuation Day calendar for all Sub-Funds is available on <a href="https://www.dnbam.com">https://www.dnbam.com</a>

## 2. THE COMPANY

**DNB FUND** is an open-ended UCITS organized as a public limited company ("*société anonyme*") in the legal form of an investment company with variable capital ("*société d'investissement à capital variable*") subject to part I of the UCI Law.

The Company was converted from a common fund ("*fonds commun de placement*") into an investment company with variable capital ("*société d'investissement à capital variable*") through a resolution of the unitholders dated 2 October 2017 and is registered with the Trade and Companies Register of Luxembourg ("*Registre de Commerce et des Sociétés à Luxembourg*" – the "**RCS**") under number 218389. Its Articles were published in the *Recueil Electronique des Sociétés et Associations* (the "**RESA**") on 10 October 2017. All amendments of the Articles will become legally binding for all Shareholders subsequent to their approval by the general meeting of Shareholders. The initial capital of the Company amounted to EUR 30,000 and thereafter will correspond to the total net asset value of the Company. The minimum capital of the Company amounts to EUR 1,250,000. The capital of the Company shall be expressed in EUR.

The Company has an umbrella structure and therefore consists of at least one Sub-Fund. The individual Sub-Funds are further described in the Appendix. Each Sub-Fund represents a portfolio containing different assets and liabilities and is considered to be a separate entity in relation to the Shareholders and third parties. The rights of Shareholders and creditors concerning a Sub-Fund or which have arisen in relation to the establishment, operation or liquidation of a Sub-Fund are limited to the assets of that Sub-Fund. No Sub-Fund will be liable with its assets for the liabilities of another Sub-Fund.

The Board of Directors may, at any time, decide on the creation of further Sub-Funds and in such case the Appendix will be updated. Each Sub-Fund may have one or more Classes of Shares as disclosed on the website <https://www.dnbam.com>.

### 3. ELIGIBLE INVESTOR

The Board of Directors may at any time and if it considers it necessary, temporarily suspend or finally halt or limit the issuing of Shares in one or several Sub-Funds to individuals or legal entities residing or domiciled in certain countries and territories, or exclude them from purchasing Shares, should such a measure prove necessary to protect the Company and existing Shareholders as a whole.

The Shares are not being offered in the United States, and may be so offered only pursuant to an exemption from registration under the Securities Act of 1933 (the "**1933 Act**"), and have not been registered with the Securities and Exchange Commission or any state securities commission nor has the Company been registered under the Investment Company Act of 1940, as amended (the "**1940 Act**"). No transfer or sale of the Shares shall be made unless, among other things, such transfer or sale is exempt from the registration requirement of the 1933 Act and any applicable state securities laws or is made pursuant to an effective registration statement under the 1933 Act and such state securities laws and which would not result in the Company becoming subject to registration or regulation under the 1940 Act.

Furthermore, the Shares shall not be offered neither directly nor indirectly to citizens of the United States which fall within the scope of the FATCA Rules.

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

The term "U.S. Person" means with respect to individuals, any U.S. citizen (and certain former U.S. citizens as set out in relevant U.S. income tax laws) or "resident alien" within the meaning of U.S. income tax laws and in effect from time to time.

With respect to persons other than individuals, the term "U.S. Person" means (i) a corporation or partnership or other entity created or organised in the United States or under the laws of the United States or any state thereof; (ii) a trust where (a) a U.S. court is able to exercise primary jurisdiction over the trust and (b) one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust and (iii) an estate (a) which is subject to U.S. tax on this worldwide income from all sources; or (b) for which any U.S. Person acting as executor or administrator has sole investment discretion with respect to the assets of the estate and which is not governed by foreign law. The term "U.S. Person" also means any entity organised principally for passive investment such as a commodity pool, investment company or other similar entity (other than a pension plan for the employees, officers or principals of any entity organised and with its principal place of business outside the United States) which has as a principal purpose the facilitating of investment by a United States person in a commodity pool with respect to which the operator is exempt from certain requirements of part 4 of the United States Commodity Futures Trading Commission by virtue of its participants being non United States persons. "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and any other areas subject to its jurisdiction.

On 28 March 2014, Luxembourg has signed an intergovernmental agreement with the United States (the "**Luxembourg IGA**") in order to facilitate compliance of entities like the Company with FATCA Rules and avoid the above-described US withholding tax. Under the Luxembourg IGA, some Luxembourg entities like the Company will have to provide the Luxembourg tax authorities with information on the identity, the investments and the income received by their investors. The

Luxembourg tax authorities will then automatically pass the information on to the United States Internal Revenue Service (“IRS”). Under the Luxembourg IGA, the Company is required to obtain information on the Shareholders and, if applicable, inter alia, disclose the name, address and taxpayer identification number of a U.S. Person that owns, directly or indirectly, Shares of a Sub-Fund of the Company, as well as information on the balance or value of the investment.

The Company may therefore face a 30% withholding tax on payments of U.S. source income and proceeds from the sale of property that could give rise to U.S. source interest or dividends when it is not able to satisfy its obligation vis-à-vis the U.S. tax authorities. This ability will depend on each Shareholder providing the Company with the requested necessary information.

A Shareholder that fails to comply with such documentation requests may be charged with any taxes imposed on the Management Company or the Company attributable to such Shareholder’s non-compliance under the FATCA Rules.

To prevent the Company from incurring any liability, loss, taxation or any other constraint or disadvantage, Shares must not be offered or sold to or held by (i) Specified U.S. Persons as defined in the Luxembourg IGA, (ii) financial institutions that qualify as nonparticipating Financial Institutions (“NPFI”), *i.e.* financial institutions that are nonparticipating foreign financial institutions (“FFI”) established in a non-IGA model 1 country (“NPFFI” as defined in the relevant U.S. Treasury Regulations) or financial institutions established in an IGA model 1 country that are considered by the United States as NPFI after a significant period of non-compliance, or (iii) passive non-financial foreign entities with one or more substantial U.S. owners as defined by the FATCA Rules.

Each Shareholder or intermediary acting for a Shareholder agrees to provide the Company with any information that would affect its chapter 4 status within ninety days after such change of status. In particular, if a Shareholder or intermediary acting for a Shareholder becomes a NPFI after investing into the Company, its Shares may be compulsorily redeemed by the Company.

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

- (i) Withhold any taxes or similar charges that it is legally required to withhold, whether by law or otherwise, in respect of any shareholding in the Company;
- (ii) Require any Shareholder or beneficial owner of the Shares to promptly furnish such personal data as may be required by the Company in its discretion in order to comply with any law and/or to promptly determine the amount of withholding to be retained;
- (iii) Divulge any such personal information to any tax or regulatory authority, as may be required by law or such authority;
- (iv) Withhold the payment of any dividend or redemption proceeds to a Shareholder until the Company holds sufficient information to enable it to determine the correct amount to be withheld;
- (v) Reject at its discretion any subscription for Shares;
- (vi) Compulsorily redeem at any time the Shares held by Prohibited Person, in particular (i) U.S. Persons, (ii) persons that do not provide necessary information requested by the Company (or any third party appointed by the Company to do so) in order to comply with legal and regulatory provisions, (iii) persons that are deemed to cause potential financial risks for the Company;
- (vii) Decline to register the transfer of Shares to any Prohibited Person;
- (viii) Decline to accept the vote of any Prohibited Person at any meeting of Shareholders.

All prospective investors and Shareholders should consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Company.



#### **4. LISTING**

Unless specifically provided for a given Sub-Fund or for a given Class of a Sub-Fund, none of the Shares of any Sub-Fund and of any category of the Company will be listed on any stock-exchange.

## **5. INFORMATION ON SHARES ON OFFER**

### **5.1 General information on Shares on offer**

Shares will be issued in registered form only. Fractional entitlements to Shares will be rounded to four (4) decimal places. Subject to the restrictions described herein, Shares in each Sub-Fund are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to the respective Class of the relevant Sub-Fund.

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

### **5.2 Hedged and non-hedged Classes**

Where explicitly mentioned in the Sub-Fund related section of the Appendix and/or in the list of Classes for each Sub-Fund published on the website <https://www.dnbam.com>, the Company enters into certain currency related transactions aimed at hedging the exchange rate risk between the reference currency of such Sub-Fund and the currency in which Shares of such Class are designated. Any financial instruments used to implement such strategies with respect to one or more Class(es) shall be assets and liabilities of a Sub-Fund as a whole but will be attributable to the relevant Class and the gains and losses on and the costs of the relevant financial instrument will accrue solely to the relevant Class.

Transactions will be clearly attributable to a specific Class, therefore any currency exposure of a Class may not be combined with, or offset against, that of any other Class of a Sub-Fund. The currency exposure of the assets attributable to a Class may not be allocated to other Classes.

Where there is more than one hedged Class in a Sub-Fund denominated in the same currency and it is intended to hedge the foreign currency exposure of such Classes into another currency, the Sub-Fund may aggregate the foreign exchange transactions entered into on behalf of such hedged Classes and apportion the gains/losses on and the costs of the relevant financial instruments pro rata to each such hedged Class in the relevant Sub-Fund.

Where the Company seeks to hedge against currency fluctuations at Class level, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Company. However, over-hedged positions will not exceed 105% of the net asset value of the Class and under-hedged positions shall not fall short of 95% of the portion of the net asset value of the Class which is to be hedged against currency risk. Hedged positions will be reviewed daily to ensure that over-hedged or under-hedged positions do not fall short of the permitted levels outlined above and are not carried forward from month to month.

To the extent that hedging is successful for a particular Class, the performance of the Class is likely to move directionally with the performance of the underlying assets with the result that investors in that Class will not gain if the Class currency falls against the currency in which the assets of the particular Sub-Fund are denominated.

The currency hedging strategy will not be monitored and adjusted in line with the valuation cycle at which investors are able to subscribe to and redeem from the relevant Sub-Fund. Investors' attention is drawn to the risk factor below entitled "Share Currency Designation Risk".

### 5.3 Distribution and capitalization Classes

For each Sub-Fund, the Board of Directors may decide to issue different Classes that either pay out a dividend to their Shareholders ("B" Shares) or that capitalize income ("A" Shares) with the result that their value will constantly be greater than that of the "B" Shares, in the proportion of the dividends paid to "B" Shares.

Regarding the B Shares, dividends are paid annually, except for those Sub-Funds where the Board of Directors decides a monthly, quarterly or semi-annual dividend payment. The periodicity of the dividend payments can be found on the website <https://www.dnbam.com>. Shareholders have the right to convert their Shares of one class into Shares of another Class pursuant to the principles described in the chapter 10 ("Subscription, Redemption, Conversion and Transfer of Shares").

### 5.4 Institutional and retail Classes

A further distinction is made regarding the potential investors in the Classes.

The Shares may either be distributed to retail investors (Classes "retail A" and "retail B") (the "**Retail Classes**") or Institutional Investors (Classes "institutional A", "institutional B" and "institutional C") (the "**Institutional Classes**").

The Board of Directors in its sole discretion shall refuse to issue or transfer Shares of Institutional Classes, if there is not sufficient evidence that the legal entity to which such Shares are sold qualifies as an Institutional Investor.

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

Institutional Investors subscribing in their own name, but on behalf of a third party, must ensure that such subscription is made on behalf of an Institutional Investor as aforesaid and the Board of Directors may require evidence that the beneficial owner of the Shares is an Institutional Investor. The foregoing shall however not apply to credit institutions or other professionals of the financial sector established in Luxembourg or abroad, which invest in their own name but on behalf of their non-institutional clients on the basis of a discretionary management mandate.

### 5.5 Net Fee Classes

In addition, Shares may also be offered as "Net Fee Classes", either distributing or accumulating their income and they will be differentiated with a "(N)" in their name (e.g., "A (N)" Shares or "B (N)" Shares).

Net Fee Classes are exclusively reserved for the following investors:

- (a) investors being clients of financial intermediaries prohibited from retaining inducements, or
- (b) distributors providing the following services within the meaning of MiFID: (i) portfolio management and/or investment advice on an independent basis and (ii) non-independent investment advice and which, according to individual fee arrangements with their clients are not allowed to receive and retain any commissions.

Furthermore, the Management Company does not remit any commission-based payments for these Shares even in case the financial intermediaries or distribution partners are not legally prohibited from receiving such payments.

## 5.6 Types of available Classes

The information above describes all types of Classes that could be issued by the Board of Directors, at their own discretion. Not all Classes are currently available for all Sub-Funds.

Investors are asked to refer to the website <https://www.dnbam.com> for the most updated information on Classes that are available for subscription and their features. Investors may also contact the Management Company directly.

The Classes may be offered in different currencies such as EUR, GBP, USD, CHF, NOK and SEK.

Please find below an overview of the different types of Classes offered.

Type of Class	Target investor
Retail A	Retail A Classes are available for any type of investor.  Retail A Classes capitalize income.
Retail A (N)	Net Fee Classes are exclusively reserved for the investors referred to under section 5.5 ("Net Fee Classes") of chapter 5 ("Information on Share on Offer").  Retail A (N) Classes capitalize income.
Retail B	Retail B Classes are available for any type of investor.  Retail B Classes may distribute income.
Retail B (N)	Net fee Classes are exclusively reserved for the investors referred to under section 5.5 ("Net Fee Classes") of chapter 5 ("Information on Share on Offer").  Retail B (N) Classes may distribute income.
Institutional A	Institutional A Classes are only available for Institutional Investors.  Institutional A Classes capitalize income.
Institutional B	Institutional B Classes are only available for Institutional Investors.  Institutional B Classes may distribute income.
Institutional C	Institutional C Classes are only available for Institutional Investors.  Institutional C Classes capitalize income.

## **6. INVESTMENT POLICIES AND RESTRICTIONS**

### **6.1 General Investment Policies for all Sub-Funds**

The investment objective of the Company is to manage the assets of each Sub-Fund for the benefit of its Shareholders within the limits set forth under section 6.2 “Investment and Borrowing Restrictions”. In order to achieve the investment objective, the assets of the Company will be invested in transferable securities or other assets permitted by the UCI Law.

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

The investment policies and structure applicable to the various Sub-Funds are described in the Appendix. If further Sub-Funds are created, the Prospectus will be updated accordingly.

### **6.2 Investment and Borrowing Restrictions**

#### **A. Investments in the Sub-Funds may consist solely of:**

(1) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;

(2) Transferable Securities and Money Market Instruments dealt in on an Other Regulated Market in a Member State;

(3) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in an Other State or dealt in on an Other Regulated Market in an Other State;

(4) recently issued Transferable Securities and Money Market Instruments, provided that:

- the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market, stock exchange or on an Other Regulated Market as described under (1)-(3) above;
- such admission is secured within one year of issue;

(5) units or shares of UCITS and/or other UCIs within the meaning of Article 1 (2) points (a) and (b) of the UCITS Directive, whether or not established in a Member State, provided that:

- such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Regulatory Authority to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured (currently the United States of America, Canada, Switzerland, Hong Kong and Japan);
- the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
- the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
- no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;

(6) 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 an Other State, provided that it is subject to prudential rules considered by the Regulatory Authority as equivalent to those laid down in European Union law;

(7) financial derivative instruments, in particular options and futures, including equivalent cash-settled instruments, dealt in on a Regulated Market or on an Other Regulated Market referred to in (1), (2) and (3) above, and/or financial derivative instruments dealt in over-the-counter ("**OTC derivatives**"), provided that:

- (i) - the underlying consists of instruments covered by this section A, financial indices, interest rates, foreign exchange rates or currencies, in which a Sub-Fund may invest according to its investment objectives;
- the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Regulatory Authority, and
- 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 Sub-Fund's initiative;
- (ii) Under no circumstances shall these operations cause a Sub-Fund to diverge from its investment objectives.

(8) Money Market Instruments other than those dealt in on a Regulated Market or on an Other Regulated Market and which fall within the definition given in the above glossary of terms of the investment restrictions, to the extent that the issuer or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, an Other State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more member states of the European Union belong, or
- issued by an undertaking any securities of which are dealt in on Regulated Markets or on Other Regulated Markets referred to in (1), (2) or (3) above, or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the Regulatory Authority to be at least as stringent as those laid down by Community law; or
- issued by other bodies belonging to the categories approved by the Regulatory Authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (10,000,000 euro) and which presents and publishes its annual accounts in accordance with the European 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.

(9) to the extent permissible by the UCI Law, securities issued by one or several other Sub-Funds (the "**Target Sub-Fund**"), under the following conditions:

- the Target Sub-Fund does not invest in the investing Sub-Fund;
- not more than 10% of the assets of the Target Sub-Fund may be invested in other Sub-Funds;
- the voting rights linked to the transferable securities of the Target Sub-Fund are suspended during the period of investment;
- in any event, for as long as these securities are held by the Company their value will not be taken into consideration for the calculation of the net asset value for the purposes of verifying the minimum threshold of the net assets imposed by the UCI Law; and
- there is no duplication of management/subscription or repurchase fees between those at the level of the Sub-Fund having invested in the Target Sub-Fund and this Target Sub-Fund.

**B. Each Sub-Fund may however:**

- (1) Invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to above under A (1) through A (4) and A (8).
- (2) Hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Company considers this to be in the best interest of the Shareholders.
- (3) Borrow up to 10% of its net assets, provided that such borrowings are made only on a temporary basis. Collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed to constitute "borrowings" for the purpose of this restriction.
- (4) Acquire foreign currency by means of a back-to-back loan.

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

**(a) Risk Diversification rules**

For the purpose of calculating the restrictions described in 1 to 5 and 8 to 14 hereunder, companies which are included in the same Group of Companies are regarded as a single issuer.

To the extent an issuer is a legal entity with multiple sub-funds where the assets of a sub-fund are exclusively reserved to the investors in such sub-fund and to those creditors whose claim has arisen in connection with the creation, operation and liquidation of that sub-fund, each sub-fund is to be considered as a separate issuer for the purpose of the application of the risk diversification rules.

- ***Transferable Securities and Money Market Instruments***

- (1) No Sub-Fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:
  - (i) upon such purchase more than 10% of its net assets would consist of Transferable Securities and Money Market Instruments of such single issuer; or
  - (ii) the total value of all Transferable Securities and Money Market Instruments of issuers in which it invests more than 5% of its net assets would exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- (2) A Sub-Fund may invest on a cumulative basis up to 20% of its net assets in Transferable Securities and Money Market Instruments issued by the same Group of Companies.

- (3) The limit of 10% set forth above under (1)(i) is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any Other State or by a public international body of which one or more Member State(s) are member(s).
- (4) The limit of 10% set forth above under (1)(i) is increased up to 25% in respect of qualifying debt securities issued by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities. For the purposes hereof, "qualifying debt securities" are securities the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Sub-Fund invests more than 5% of its net assets in debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Sub-Fund.
- (5) The securities specified above under (3) and (4) are not to be included for purposes of computing the ceiling of 40% set forth above under (1)(ii).
- (6) **Notwithstanding the ceilings set forth above, each Sub-Fund is authorized to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a member state of the European Union, by its local authorities, by any other member state of the OECD such as the U.S., by a member state of the Group of Twenty (G20), or by a public international body of which one or more member state(s) of the European Union are member(s), provided that (i) such securities are part of at least six different issues and (ii) the securities from any such issue do not account for more than 30% of the net assets of such Sub-Fund.**
- (7) Without prejudice to the limits set forth hereunder under (b) below, the limits set forth in (1) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when the aim of the Sub-Fund's investment policy is to replicate the composition of a certain stock or debt securities index which is recognised by the Regulatory Authority, on the following basis:
- the composition of the index is sufficiently diversified,
  - the index represents an adequate benchmark for the market to which it refers,
  - it is published in an appropriate manner; and
  - the index complies with the requirements set out under the Grand-Ducal Regulation of 8 February 2008 relating to certain definitions of the UCI Law and implementing Commission Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as regards the clarification of certain definitions.

The limit of 20% is raised to 35% where that proves to be justified by exceptional market conditions in particular in Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant, provided that the investment up to this 35% limit is only permitted for a single issuer.



- **Bank Deposits**

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

- **Derivative Instruments**

- (9) The risk exposure to a counterparty in an OTC derivative transaction may not exceed 10% of the Sub-Fund's net assets when the counterparty is a credit institution referred to in A (6) above or 5% of its net assets in other cases.
- (10) Investment in financial derivative instruments shall only be made provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in (1) to (5), (8), (9), (14) and (15). When the Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits set forth in (1) to (5), (8), (9), (14) and (15).
- (11) When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of (A) (7) (ii), and (D) (1) above, as well as with the risk exposure and information requirements laid down in the present Prospectus.

- **Units or shares of Open-Ended Funds**

- (12) No Sub-Fund may invest more than 20% of its assets in the units or shares, respectively, of a single UCITS or other UCI.

- **Master- Feeder structures**

- (13) To the extent permissible under the UCI Law, a Sub-Fund may act as a feeder fund (the "**Feeder**"), *i.e.* invest its assets in another UCITS or the sub-funds thereof.

The following conditions apply: the Feeder must invest at least 85% of its assets in shares/units of another UCITS or of a sub-fund of such UCITS (the "**Master**"), which is not itself a Feeder nor holds units/shares of a Feeder. The Sub-Fund, as Feeder, may not invest more than 15% of its assets in one or more of the following:

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

When a Sub-Fund qualifying as a Feeder invests in the shares/units of a Master, the Master may not charge subscription or redemption fees on account of the Sub-Fund's investment in the shares/units of the Master.

Should a Sub-Fund qualify as a Feeder, a description of all remuneration and reimbursement of costs payable by the Feeder by virtue of its investments in shares/units of the Master, as well as the aggregate charges of both the Feeder and the Master, shall be disclosed in the Sub-Fund's description in this Prospectus. In its annual report, the Company shall include a statement on the aggregate charges of both the Feeder and the Master.

Should a Sub-Fund qualify as a Master, the Feeder UCITS will not be charged any subscription fees, redemption fees or contingent deferred sales charges, conversion

fees, from the Master.

- **Combined limits**

- (14) Notwithstanding the individual limits laid down in C (a) (1), (8) and (9) above, a Sub-Fund shall not combine, where this would lead to investing more than 20% of its assets in a single body, any of the following:
- investments in Transferable Securities or Money Market Instruments issued by that body,
  - deposits made with that body, and/or
  - exposures arising from OTC derivative transactions undertaken with that body.
- (15) The limits set out in C (a) (1), (3), (4), (8), (9) and (14) above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with C (a) (1), (3), (4), (8), (9) and (14) above may not exceed a total of 35% of the net assets of each Sub-Fund.

**(b) Limitations on Control**

- (16) The Company may not invest in voting shares of companies allowing it to exercise a significant influence on the management of the issuer.
- (17) The Company may not acquire (i) more than 10% of the outstanding non-voting units or shares of any one issuer; (ii) more than 10% of the outstanding debt securities of any one issuer; (iii) more than 10% of the Money Market Instruments of any one issuer; or (iv) more than 25% of the outstanding units/shares or units/shares of any one UCI.

The limits set forth in (ii) to (iv) may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

The ceilings set forth above under (16) and (17) do not apply in respect of:

- Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;
- Transferable Securities and Money Market Instruments issued or guaranteed by any Other State;
- Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member State(s) are member(s); and
- shares in the capital of a company which is incorporated under or organized pursuant to the laws of an Other State provided that (i) such company invests its assets principally in securities issued by issuers having their registered office in that state, (ii) pursuant to the laws of that State a participation by the relevant Sub-Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that state, and (iii) such company observes in its investments policy the restrictions set forth under C, items (1) to (5), (8), (9), (12) and (14) to (16).
- shares in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of units at the request of unitholders.

**D. In addition, the Company shall comply in respect of its net assets with the following investment restrictions per instrument:**

(1) Each Sub-Fund shall ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio.

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

(2) Investments made in units or shares of UCIs other than UCITS may not in aggregate exceed 30% of the net assets of a Sub-Fund.

**E. Finally, the Company shall comply in respect of the assets of each Sub-Fund with the following investment restrictions:**

- (1) No Sub-Fund may acquire commodities or precious metals or certificates representative thereof, provided that transactions in foreign currencies, financial instruments, indices or Transferable Securities as well as futures and forward contracts, options and swaps thereon are not considered to be transactions in commodities for the purposes of this restriction.
- (2) No Sub-Fund may invest in real estate, or any option, right or interest therein, provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (3) No Sub-Fund may use its assets to underwrite any securities.
- (4) No Sub-Fund may issue warrants or other rights to subscribe for Shares in such Sub-Fund.
- (5) A Sub-Fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent each Sub-Fund from investing in none fully paid-up Transferable Securities, Money Market Instruments or other financial instruments, as mentioned under A, items (5), (7) and (8).
- (6) The Company may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments as listed under A, items (5), (7) and (8).

**F. Notwithstanding anything to the contrary herein contained:**

- (1) The ceilings set forth above may be disregarded by each Sub-Fund when exercising subscription rights attaching to securities in such Sub-Fund's portfolio.
- (2) If such ceilings are exceeded for reasons beyond the control of a Sub-Fund or as a result of the exercise of subscription rights, such Sub-Fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its Unitholders.

The Company has the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Shares are offered or sold.

### **6.3 Financial Derivative Instruments**

In addition to direct investments, financial derivatives may be used for investment or hedging purposes and include, but are not limited to, financial futures contracts, options (on equities, interest rates, indices, bonds, currencies, commodity indices or other instruments), forward contracts

(including foreign exchange contracts), swaps (including foreign exchange swaps, commodity index swaps, interest rate swaps, and swaps on baskets of equities, volatility swaps and variance swaps), credit derivatives (including credit default derivatives, credit default swaps and credit spread derivatives), warrants, and structured financial derivative instruments such as credit-linked and equity-linked securities. These financial derivative instruments may include derivatives which are traded over-the-counter (“OTC”).

When employing of derivative instruments, the provisions laid down in section 6.2 (“Investment and Borrowing Restrictions”) of chapter 6 (“Investment Policies and Restrictions”) must be adhered to.

Under no circumstances shall these operations cause a Sub-Fund to diverge from its investment objectives as laid down in the Appendix.

## **6.4 Securities Financing Transactions**

### (1) Securities Lending Transactions

Securities lending 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.

The Company and its Sub-Funds may enter into securities lending transactions provided that they comply with the following rules in addition to the above mentioned conditions:

- (i) Each Sub-Fund may only lend transferable securities from its portfolio to a borrower either directly or through a standardised lending system organised by a recognised clearing institution or through a lending system organized by a first class financial institution, which is subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and which is specialised in this type of transaction. In the context of lending operations, each Sub-Fund must, in principle, receive collateral which complies with the requirements of applicable law as well as CSSF circulars.
- (ii) Under normal circumstances, it is generally expected that the actual percentage of the assets held by a Sub-Fund that may be subject to securities lending transactions at any time will not exceed 50% of such Sub-Fund’s net assets. In exceptional circumstances, such percentage may be increased up to a maximum of 100% of the Sub-Fund’s net assets. The actual percentage depends on factors including, but not limited to the amount of relevant transferable securities held within a Sub-Fund and the market demand for such securities at any given time.
- (iii) Securities lending transactions may not be entered into for a period exceeding 30 days. The Company has to ensure 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.

In respect to securities lending transactions, the income generated by the transactions is credited for 80% to the participating Sub-Fund and for 20% to the counterparty in these transactions. The Management Company does not receive any of the revenues of securities lending transactions.

The risk exposure to a counterparty generated through securities lending transactions and OTC financial derivatives must be combined when calculating counterparty risk limits referred to under

section 6.2 (“Investment and Borrowing Restrictions”) of chapter 6 (“Investment Policies and Restrictions”).

All assets subject to securities lending transactions (including the collateral received by the Company) will be safe-kept with the Depositary or any of its correspondents.

## (2) Other Securities Financing Transactions and Total Return Swaps

With the exception of securities lending transactions, the Company does neither use other securities financing transactions as described in article 3 (11) of Regulation (EU) 2015/2365 on transparency on securities financing transactions and of reuse and amending Regulation (EU) No 648/2012, *i.e.* repurchase transactions, buy-sell back transactions or sell-buy back transactions, margin lending transactions, securities or commodities borrowing nor total return swaps.

## (3) Criteria used to select Counterparties

The counterparties of the Company as regards securities lending transactions are selected according to the following criteria:

A counterparty selected must either be an investment firm authorised in accordance with MiFID or a group company of an entity issued with a bank holding company licence from the Federal Reserve of the United States of America where that group company is subject to bank holding company consolidated supervision by the Federal Reserve or an “Approved Credit Institution”. An Approved Credit Institution is:

- (i) A credit institution authorised in the European Economic Area;
- (ii) A credit institution authorised within a signatory state, other than a Member State, to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, the United States); or
- (iii) A credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

Counterparties must be approved by the internal Counterparty Approval Committee of the DNB group which examines, among others, the counterparties’ regulatory authorisation, financial condition of such counterparties, including best execution principles applicable, and settlement system used by the counterparties.

The counterparties used must have a minimum rating of A- (S&P) or equivalent.

The counterparties used are not affiliated with the Investment Manager.

## **6.5 Management of Collateral for Securities Financing Transactions and OTC Derivative Transactions**

### General

In the context of OTC financial derivative transactions and securities lending transactions, the Company may receive in accordance with CSSF-Circulars 08/356 and 14/592 as well as ESMA Guidelines 2014/937 collateral with a view to reduce its counterparty risk. This section sets out the collateral policy applied by the Company in such case. All assets received by the Company in the context of efficient portfolio management techniques shall be considered as collateral for the purpose of this section.

### Eligible Collateral

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

- (1) Any collateral received other than cash should be of high quality, highly liquid and traded on a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
- (2) It 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;
- (3) It should 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;
- (4) It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the respective Sub-Fund's net asset value to any single issuer on an aggregate basis, taking into account all collateral received; deviating from the aforementioned diversification requirement, a Sub-Fund may be fully collateralised in different transferable securities and Money Market Instruments issued or guaranteed by a Member State, one or more of its local authorities, by any other state which is a member of the OECD, or a public international body to which one or more Member States belong. Such Sub-Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 20% of the Sub-Fund's net asset value.
- (5) It should be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.
- (6) The issuer of debt obligations accepted as collateral must have a minimum rating of AA-.

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

- (1) Cash and cash equivalents, including short-term bank certificates and Money Market Instruments;
- (2) Bonds with a minimum rating of AA- or comparable 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; there is no restriction or minimum requirement for bonds as regards their maturity to be accepted as collateral.

### Level of Collateral

The Board of Directors will determine the required level of collateral for OTC financial derivatives transactions and securities lending transactions by reference to the applicable counterparty risk limits set out in this Prospectus and taking into account the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions. At least the following level of collateral may be required by the Company for the different types of transactions:

Type of Transaction	Level of collateral (in relation to volume of transaction concerned)
OTC financial derivative transactions	At least 0%
Securities lending transactions	At least 105%

#### Haircut Policy

Collateral will be valued mark-to-market on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the Company for each asset class based on its haircut policy. Collateral received by the Company will be adjusted on a daily basis. The haircut 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 by the Company under normal and exceptional liquidity conditions. Collateral received by the Company will be safe-kept by the Depository in a separate collateral account and thus segregated from the other assets of the respective Sub-Fund.

According to the Company's haircut policy the following discounts will be made:

Type of Collateral	Discount
Cash and cash equivalents, including short-term bank certificates and Money Market Instruments	Up to 5%
Bonds with a minimum rating of AA- or comparable 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	Up to 5%

#### Reinvestment of Collateral

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

Cash collateral received by the Company can only be:

- (1) placed on deposit with credit institutions which have their registered office in an EU Member State or, if their registered office is located in a third-country, are subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (2) invested in high-quality government bonds;
- (3) used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis; and/or
- (4) invested in short-term money market funds as defined in the ESMA-Guidelines 2010/049 on a Common Definition of European Money Market Funds (in accordance with the opinion issued by ESMA in relation thereto on 22 August 2014 (ESMA/2014/1103)).

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out under the section "Eligible Collateral".

The Sub-Fund concerned may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received. A decline in the value of such investment of the cash collateral would reduce the amount of collateral

available to be returned by the Company to the counterparty at the conclusion of the transaction. The respective Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to such Sub-Fund.



## 7. RISK-MANAGEMENT PROCESS

In accordance with the UCI Law and the applicable regulations, in particular the CSSF Circular 11/512, as may be updated from time to time, the Company will employ a risk-management process, which enables it (i) to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the individual Sub-Fund portfolio, and (ii) to assess the exposure of the Sub-Fund to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material for the Sub-Fund. Furthermore, the Board of Directors or the Investment Manager will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

**Upon request of investors, the Management Company will provide supplementary information relating to the risk management process.**

Each Sub-Fund shall ensure that its global exposure relating to derivative instruments does not exceed the total net asset value of its portfolio.

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. This shall also apply to the following paragraphs.

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

When a Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in section 6.2 "Investment and Borrowing Restrictions".

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 section.

### 7.1 Commitment approach

As part of the risk management process, certain Sub-Funds use the commitment approach to monitor and measure the global exposure. This approach measures the global exposure related to positions in financial derivative instruments ("FDIs") which may not exceed the total net value (*i.e.* 100%) of the portfolio of each Sub-Fund (the "**Commitment Approach**"). Rules governing netting and hedging arrangements are taken into account, as well as any leverage generated through reinvestment of collateral.

Under the standard commitment approach, each FDI position is converted into the market value of an equivalent position in the underlying asset of that FDI.

### 7.2 VaR Approach

As part of the risk-management process, the global exposure of certain Sub-Funds is measured and controlled by the absolute Value at Risk (VaR) approach ("**VaR Approach**").

The calculation of the VaR is conducted on the basis of a one-sided confidence interval of 99%, as well as a holding period of 20 business days.

The VaR Approach is limited by an absolute VaR calculated on the basis of the net asset value of the Sub-Fund and not exceeding a maximum VaR limit of 20%.

The method used for the determination of the level of leverage of relevant Sub-Funds is the “sum of the notional”-approach. The expected level of leverage is explicitly stated under the description of the specific Sub-Fund in the Appendix.

## **8. RISK WARNINGS**

### **Issuers**

The ability of some issuers to repay principal and interest may be uncertain and there is no assurance that any particular issuer(s) will not default.

Investments in unrated corporate securities normally have a higher risk than investments in governmental or bank debt.

### **Investing in Equity Securities**

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

### **Investment in Debt Securities / Fixed Income Securities**

Debt securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

Investments in debt securities may include investments in debt securities paying principal or interest, the amount of which is determined by reference to equity indices, variation of currency exchange rates, variation or differences between interest rates, insurance losses, credit risk, etc. and may therefore be subject to a higher volatility or risk other than interest rate risk. Investments may also be effected in reversed convertible debt securities, *i.e.* securities offering to the issuer of such securities the option, subject to certain conditions being complied with, to redeem such securities by delivering equity securities of the issuer or another company; such exchange will normally only take place when the equity securities have a market value lower than the repayment amount of the debt securities.

The net asset value of the Shares invested in fixed income securities may change in response to fluctuations in interest rates and currency exchange rates.

### **Investments in convertible bonds**

Convertible bonds are subject to credit, interest rate and market risks associated with both debt and equities securities, and to risks specific to convertible securities.

As with all debt securities, the market value of convertible securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. Convertible securities, including convertible bonds, generally offer lower interest or dividend yields than non-convertible securities of similar quality. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the price of the convertible security tends to reflect the value of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis, and thus may not depreciate to the same extent as the underlying common stock. Convertible securities generally rank senior to common stocks in an issuer's capital structure and are consequently of higher quality and entail less risk than the issuer's common stock. However, the extent to which such risk is reduced depends in large

measure upon the degree to which the convertible security sells above its value as a fixed income security. In evaluating a convertible security, the Investment Manager will give primary emphasis to the attractiveness of the underlying common stock.

### **Investments in Asset Backed Securities and Mortgage Backed Securities**

The Company may have exposure to asset backed securities (“**ABS**”) and mortgage backed securities (“**MBS**”). ABS and MBS are debt securities issued by a special purpose vehicle (SPV) and which are secured by an asset pool (mortgages in the case of MBS and various types of assets in the case of ABS). Compared to other traditional fixed income securities such as corporate or government issued bonds, the obligations associated with these securities may be subject to greater counterparty, liquidity and interest rate risks as well as other types of risks, such as reinvestment risk (arising from included termination rights, prepayment options), credit risks on the underlying assets and advance repayments of principal resulting in a lower total return (especially, if repayment of the debt is not concurrent with redemption of the assets underlying the claims). ABS and MBS assets may be highly illiquid and therefore prone to substantial price volatility.

### **Unrated securities**

Unrated securities are subject to the increased risk of an issuer's ability to meet principal and interest obligations. These securities may be subject to greater price volatility due to factors such as specific corporate developments and interest rate sensitivity.

### **Liquidity Risk**

Liquidity refers to the speed and ease with which investments can be sold or liquidated or a position closed. On the asset side, liquidity risk refers to the inability of a Sub-Fund to dispose of investments at a price equal or close to their estimated value within a reasonable period of time. On the liability side, liquidity risk refers to the inability of a Sub-Fund to raise sufficient cash to meet a redemption request due to its inability to dispose of investments. In principle, each Sub-Fund will only make investments for which a liquid market exists or which can otherwise be sold, liquidated or closed at any time within a reasonable period of time. However, in certain circumstances, investments may become less liquid or illiquid due to a variety of factors including adverse conditions affecting a particular issuer, counterparty, or the market generally, and legal, regulatory or contractual restrictions on the sale of certain instruments. In addition, a Sub-Fund may invest in financial instruments traded over-the-counter or OTC, which generally tend to be less liquid than instruments that are listed and traded on exchanges. Market quotations for less liquid or illiquid instruments may be more volatile than for liquid instruments and/or subject to larger spreads between bid and ask prices. Difficulties in disposing of investments may result in a loss for a Sub-Fund and/or compromise the ability of Sub-Fund to meet a redemption request.

### **EU Bank Recovery and Resolution Directive**

Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (the “**BRRD**”) was published in the Official Journal of the European Union on 12 June 2014 and entered into force on July 2, 2014. The stated aim of the BRRD is to provide resolution authorities, including the relevant Luxembourg resolution authority, with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers' exposure to losses.

In accordance with the BRRD and relevant implementing laws, national prudential supervisory authorities can assert certain powers over credit institutions and certain investment firms which are failing or are likely to fail and where normal insolvency would cause financial instability. These powers comprise write-down, conversion, transfer, modification, or suspension powers existing from time to time under, and exercised in compliance with any laws, regulations, rules or requirements in effect in

the relevant EU Member State relating to the implementation of BRRD (the “**Bank Resolution Tools**”).

The use of any such Bank Resolution Tools may affect or restrain the ability of counterparties subject to BRRD to honour their obligations towards the Sub-Funds, thereby exposing the Sub-Funds to potential losses.

The exercise of Bank Resolution Tools against investors of a Sub-Fund may also lead to the mandatory sale of part of the assets of these investors, including their Shares in that Sub-Fund. Accordingly, there is a risk that a Sub-Fund may experience reduced or even insufficient liquidity because of such an unusually high volume of redemption requests. In such case the Company may not be able to pay redemption proceeds within the time period stated in this Prospectus. Furthermore, exercising certain Bank Resolution Tools in respect of a particular type of securities may, under certain circumstances, trigger a drying-up of liquidity in specific securities markets, thereby causing potential liquidity problems for the Sub-Funds.

### **Laws and Regulations**

The Company may be subject to a number of legal and regulatory risks, including contradictory interpretations or applications of laws, incomplete, unclear and changing laws, restrictions on general public access to regulations, practices and customs, ignorance or breaches of laws on the part of counterparties and other market participants, incomplete or incorrect transaction documents, lack of established or effective avenues for legal redress, inadequate investor protection, or lack of enforcement of existing laws. Difficulties in asserting, protecting and enforcing rights may have a material adverse effect on the Sub-Funds and their operations. The Company may rely on complex agreements, including but not limited to ISDA master agreements, confirmations, collateral arrangements, securities lending agreements. Such agreements may be subject to foreign laws, which may imply an additional legal risk and it cannot be excluded that such complex legal agreements, whether subject to Luxembourg or foreign law, may be held unenforceable by a competent court due to legal or regulatory developments or for any other reason.

### **Operational Risk**

Operational risk means the risk of loss for a Sub-Fund resulting from inadequate internal processes and failures in relation to people and systems of the Company, the Management Company and/or its agents and service providers, or from external events, and includes legal and documentation risk and risk resulting from the trading, settlement and valuation procedures operated on behalf of the Company.

### **Securities Lending Transactions**

The principal risk when engaging in securities lending transactions is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations to return securities or cash to the Company as required by the terms of the transaction. Counterparty risk is mitigated by the transfer or pledge of collateral in favour of the Company. However, securities lending transactions may not be fully collateralised. Fees and returns due to the Company under securities lending transactions may not be collateralised. In addition, the value of collateral may decline between collateral rebalancing dates or may be incorrectly determined or monitored. In such a case, if a counterparty defaults, the Company and the Sub-Fund concerned may need to sell non-cash collateral received at prevailing market prices, thereby resulting in a loss to the respective Sub-Fund.

A Sub-Fund may also incur a loss in reinvesting cash collateral received. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Company to the counterparty as

required by the terms of the transaction. The Company would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the respective Sub-Fund.

Securities lending transactions also entail operational risks such as the non-settlement or delay in settlement of instructions and legal risks related to the documentation used in respect of such transactions.

The Company and its Sub-Funds may enter into securities lending transactions with other companies in the DNB group. Affiliated counterparties, if any, will perform their obligations under any securities lending transactions concluded with the Company and its Sub-Funds in a commercially reasonable manner. In addition, the Company will select counterparties and enter into transactions in accordance with best execution and at all times in the best interests of the Company and its Shareholders. However, Shareholders should be aware that the Company may face conflicts between its role and its own interests or that of affiliated counterparties.

### **Special Investment Techniques**

The general use of techniques and instruments, compared to traditional forms of investment, involves greater risks for investors. These additional risks may arise as a result of any or all of the following: (i) leverage factors associated with derivative transactions; and/or (ii) the creditworthiness of the counterparties to such derivative transactions; and/or (iii) the potential illiquidity of the markets for derivative instruments. To the extent that derivative instruments are utilised for speculative purposes, the overall risk of loss to the Sub-Funds may be increased. To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to the Sub-Funds may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated.

### **Financial Derivative Risks**

#### **Volatility**

Due to the low margin deposits normally required in trading derivative instruments, an extremely high degree of leverage is typical for trading in derivatives instruments. As a result, a relatively small price movement in a derivative contract may result in substantial losses to the investor. Investment in derivative transactions may result in losses in excess of the amount invested.

#### **Swaps Agreements**

The Company and its Sub-Funds may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease each Sub-Fund's exposure to long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Company and its Sub-Funds are not limited to any particular form of swap agreements if consistent with a Sub-Fund's investment objective and policies.

Swap agreements tend to shift each Sub-Fund's investment exposure from one type of investment to another. For example, if a Sub-Fund agrees to exchange payments in dollars for payments in non-U.S. currency, the swap agreement would tend to decrease such Sub-Fund's exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Fund's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of

payments due to and from a Sub-Fund. If a swap agreement calls for payments by a Sub-Fund, such Sub-Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by a Sub-Fund.

### **Particular Risks of OTC Derivative Transactions**

#### **Absence of regulation; counterparty default**

In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps and certain options on currencies are generally traded) than of transactions entered into on organised exchanges.

OTC derivatives are executed directly with the counterparty rather than through a recognised exchange and clearing house. Counterparties to OTC derivatives are not afforded the same protections as may apply to those trading on recognised exchanges, such as the performance guarantee of a clearing house.

The principal risk when engaging in OTC derivatives (such as non-exchange traded options, forwards, swaps or contracts for difference) is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations as required by the terms of the instrument. OTC derivatives may expose a Sub-Fund to the risk that the counterparty will not settle a transaction in accordance with its terms, or will delay the settlement of the transaction, because of a dispute over the terms of the contract (whether or not bona fide) or because of the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. Counterparty risk is generally mitigated by the transfer or pledge of collateral in favour of the Sub-Fund. The value of the collateral may fluctuate, however, and it may be difficult to sell, so there are no assurances that the value of collateral held will be sufficient to cover the amount owed to a Sub-Fund.

The Company may enter into OTC derivatives cleared through a clearinghouse that serves as a central counterparty. Central clearing is designed to reduce counterparty risk and increase liquidity compared to bilaterally-cleared OTC derivatives, but it does not eliminate those risks completely. The central counterparty will require margin from the clearing broker which will in turn require margin from the Company. There is a risk of loss by a Sub-Fund of its initial and variation margin deposits in the event of default of the clearing broker with which the Sub-Fund has an open position or if margin is not identified and correctly report to the particular Sub-Fund, in particular where margin is held in an omnibus account maintained by the clearing broker with the central counterparty. In the event that the clearing broker becomes insolvent, the Sub-Fund may not be able to transfer or "port" its positions to another clearing broker.

EU Regulation 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation or EMIR) requires certain eligible OTC derivatives to be submitted for clearing to regulated central clearing counterparties and the reporting of certain details to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty risk in respect of OTC derivatives which are not subject to mandatory clearing. Ultimately, these requirements are likely to include the exchange and segregation of collateral by the parties, including by the Company. Complying with the EMIR obligations may lead to an increase in the overall costs of entering into and maintaining OTC derivatives for the Company.

Investors should be aware that the regulatory changes arising from EMIR and other applicable laws requiring central clearing of OTC derivatives may in due course adversely affect the ability of the Sub-Funds to adhere to their respective investment policies and achieve their investment objective.

Investments in OTC derivatives may be subject to the risk of differing valuations arising out of different permitted valuation methods. Although the Company has implemented appropriate valuation procedures to determine and verify the value of OTC derivatives, certain transactions are complex and valuation may only be provided by a limited number of market participants who may also be acting as the counterparty to the transactions. Inaccurate valuation can result in inaccurate recognition of gains or losses and counterparty exposure.

Unlike exchange-traded derivatives, which are standardised with respect to their terms and conditions, OTC derivatives are generally established through negotiation with the other party to the instrument. While this type of arrangement allows greater flexibility to tailor the instrument to the needs of the parties, OTC derivatives may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if the agreement is deemed not to be legally enforceable or not documented correctly. There also may be a legal or documentation risk that the parties may disagree as to the proper interpretation of the terms of the agreement. However, these risks are generally mitigated, to a certain extent, by the use of industry-standard agreements such as those published by the International Swaps and Derivatives Association (ISDA).

### **Counterparty Risk**

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

Participants in OTC markets are typically not subject to the credit evaluation and regulatory oversight to which members of 'exchange-based' markets are subject. Unless otherwise indicated in the Prospectus for a specific Sub-Fund, the Company will not be restricted from dealing with any particular counterparties. The Company's evaluation of the creditworthiness of its counterparties may not prove sufficient. The lack of a complete and fool proof evaluation of the financial capabilities of the counterparties and the absence of a Regulated Market to facilitate settlement may increase the potential for losses.

The Investment Manager may select counterparties located in various jurisdictions. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Sub-Fund and its assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of counterparty, it is impossible to generalize the effect of their insolvency on the Sub-Fund and its assets. Shareholders should assume that the insolvency of any counterparty would generally result in a loss to the Sub-Fund, which could be material.

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



the recovery of securities and other assets under OTC derivatives may be delayed and the securities and other assets recovered by the Company may have declined in value.

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

Counterparty risk may also arise when a Sub-Fund enters into securities lending transactions, as further described above.

### **Collateral Management**

Risks linked to the management of collateral will be identified, managed and mitigated in accordance with the risk management policy applied by the Management Company.

Counterparty risk arising from investments in OTC financial derivative instruments and securities lending transactions is generally mitigated by the transfer or pledge of collateral in favour of the Sub-Fund concerned. However, transactions may not be fully collateralised. Fees and returns due to the respective Sub-Fund may not be collateralised.

In addition, the exchange of collateral involves further risks, such as operational risk relating to the actual exchange, transfer and booking of the collateral. Collateral received under a title transfer will be held by the Depositary in accordance with the terms and provisions of the Depositary Agreement. Collateral may also be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral. The use of a third party custodian may involve additional operational, clearing, settlement and counterparty risks.

Collateral received in form of transferable securities is subject to market risk. Although the Company tries to reduce his risk by applying appropriate haircuts, daily collateral valuation and requesting high quality collateral, such risk cannot be entirely avoided. If a counterparty defaults, the Sub-Fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Sub-Fund could realise a loss due, inter alia, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the ability of the Sub-Fund to meet redemption requests.

A Sub-Fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty as required by the terms of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thus resulting in a loss to the Sub-Fund.

### **Interest Rates**

The values of fixed income securities held by the portfolios generally will vary inversely with changes in interest rates and such variation may affect Share prices accordingly.

### **Exchange Rates**

Some of the underlying investments in which the Sub-Funds invest may be denominated in a different currency than the reference currency in which such Sub-Funds are denominated; changes in foreign currency exchange rates will affect the value of Shares held in such Sub-Funds.

### **Share Currency Designation Risk**

A Class of a Sub-Fund may be designated in a currency other than the base currency of the Sub-Fund and/or the designated currencies in which the Sub-Fund's assets are denominated. Redemption proceeds and any distributions to Shareholders will normally be made in the currency of denomination of the relevant Class. Changes in the exchange rate between the base currency and such designated currency or changes in the exchange rate between the designated currencies in which the Sub-Fund's assets are denominated and the designated currency of a Class may lead to a depreciation of the value of such Shares as expressed in the designated currency. If specifically mentioned in the Sub-Fund related sections of the Appendix, the Investment Manager will try to hedge this risk. Investors should be aware that this strategy may substantially limit Shareholders of the relevant Class from benefiting if the designated currency falls against the base currency of the Sub-Fund and/or the currency/currencies in which the assets of the Sub-Fund are denominated. In such circumstances Shareholders of the relevant Class may be exposed to fluctuations in the net asset value per Share reflecting the gains/losses on and the costs of the relevant assets. Assets used to implement such strategies shall be assets/liabilities of the Sub-Fund as a whole. However, the gains/losses on, and the costs of, the relevant assets will accrue solely to the relevant Class.

### **Risk Factors Relating to Small Cap Companies**

Some of the portfolios invest in the securities of small capitalized companies. There are certain risks associated with investing in securities of these types of companies, including greater market price volatility, less publicly available information, and greater vulnerability to fluctuations in the economic cycle. Because small and middle capitalized companies normally have fewer shares outstanding than larger companies, it may be more difficult to buy or sell significant amounts of such shares without affecting prevailing market prices.

### **Performance Risk**

The investment performance of certain Sub-Funds is directly related to the investment performance of the underlying investments held by such Sub-Fund. The ability of a Sub-Fund to meet its investment objective depends upon the allocation of the Sub-Fund's assets among the underlying investments and the ability of an underlying investment to meet its own investment objective. It is possible that an underlying investment will fail to execute its investment strategies effectively. As a result, an underlying investment may not meet its investment objective, which would affect Sub-Fund's investment performance. There can be no assurance that the investment objective of any Sub-Fund or any underlying investment will be achieved.

### **Risk Relating To High Transaction Costs**

The investment approach of some Sub-Funds may involve a high level of investment activity and turnover of investments which may generate substantial transaction costs to be borne by the relevant Sub-Fund and hence potentially resulting in a substantial negative impact on its performance.

Further, the issue of Shares may lead, at Sub-Fund level, to the investment of the cash inflow. Redemptions of Shares may lead, at Sub-Fund level, to the disposal of investments in order to achieve liquidity. Such transactions give rise to costs that could have a substantial negative effect on the performance of the Sub-Fund concerned if Shares issued and redeemed on a single day do not approximately offset one another.

### **Use of a Benchmark**

When determining the portfolio composition, the performance objectives or measures, such as but not limited to the calculation of Performance Fee payable to the Investment Manager, certain Sub-Funds of the Company are using benchmarks within the meaning of the Benchmarks Regulation.

Pursuant to the Benchmarks Regulation, the providers of benchmarks will have to apply for authorization/registration with their national competent authority by 1 January 2020 so that supervised entity such, as the Company, can continue to make use of the benchmarks they provide.

In addition, to comply with its legal obligations, the Company has adopted written plans (the “**Contingency Plans**”) setting out actions, which it will take with respect to the relevant Fund, in the event that any of the benchmarks listed in the table below materially changes or ceases to be provided, as required by article 28(2) of the Benchmarks Regulation. Shareholders may access the Contingency Plans via the following website: <http://www.dnbam.com>.

The benchmarks listed in the table below are being provided by the entity specified next to the name of the relevant benchmark in the table below, in its capacity as administrator, as defined in the Benchmarks Regulation (each a “**Benchmark Administrator**”). The status of each 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 is set out next to the name of the relevant Benchmark Administrator in the table below.

<b>Benchmark(s)</b>	<b>Benchmark Administrator</b>	<b>Status of the Benchmark Administrator</b>
<ul style="list-style-type: none"> <li>- MSCI Daily TR Net Emerging Markets India</li> <li>- MSCI World Health Care Index</li> <li>- MSCI World Index</li> <li>- MSCI Communication Services &amp; Information Technology</li> <li>- MSCI AC Asia Pacific ex Japan Index Net</li> <li>- MSCI Emerging Markets Index Net</li> </ul>	MSCI Limited	Listed in the register referred to in article 36 of the Benchmarks Regulation as an administrator authorised pursuant to article 34 of the Benchmarks Regulation.
WilderHill New Energy Global Innovation Index (NEXUST)	WilderHill New Energy Finance	Not 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.

<ul style="list-style-type: none"> <li>- Norway Government Bond 0.25Y</li> <li>- Norway Government Index 1Y (Hedged)</li> <li>- Norway Government Index 6M (Hedged)</li> </ul>	Oslo Børs	Not yet listed in the register referred to in article 36 of the Benchmarks Regulation.
<ul style="list-style-type: none"> <li>- NBP Norwegian High Yield Index (Hedged)</li> <li>- NBP Norwegian RM Floating Rate Index (Hedged)</li> <li>- NBP Norwegian RM1-RM3 Duration 3 Index (Hedged)</li> </ul>	Nordic Bond Pricing	Not yet listed in the register referred to in article 36 of the Benchmarks Regulation.
OMRX Treasury Bill Index	NASDAQ OMX	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.
BNP Paribas Money Market TR Index CHF	BNP Paribas	Not yet listed in the register referred to in article 36 of the Benchmarks Regulation.
<ul style="list-style-type: none"> <li>- VINX Small Cap NI</li> <li>- VINX Capped Index Net</li> </ul>	Nasdaq	Not 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.

Certain Sub-Funds of the Company are also using benchmarks which do not fall within the scope of the Benchmarks Regulation.

These benchmarks are listed in the table below.

<b>Benchmark(s)</b>
Custom benchmark based on German 3 mth Bubill*
Custom benchmark based on USGG3M*

\*The custom benchmarks are calculated based on published yields. However, a conversion from yield to index series is done based on the following methodology. The quoted yield at the end of month is used to calculate return / index on a daily basis for the following month. For example, if the yield is 0.36% on 31 August, then during the month of September the index would change by a factor of  $(1 + (0.36\% * 1/360))$  each day.

The index series are taken as the Classes' benchmarks which are used to measure relative performance of a Sub-Fund and where appropriate performance fees based on outperformance.

### **Emerging Countries**

Investments in Emerging Countries may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries, and securities markets that trade only a limited number of securities. Many Emerging Countries do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets.

The risk of expropriation, confiscatory taxation, nationalization and social, political and economic instability are greater in Emerging Countries than in developed markets. In addition to withholding taxes on investment income, some Emerging Countries may impose different capital gains taxes on foreign investors.

A number of attractive Emerging Countries restrict, to varying degrees, foreign investment in securities. Further, some attractive equity securities may not be available to one or more of the Sub-Funds because foreign shareholders hold the maximum amount permissible under current law. Repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration and/or approval in some Emerging Countries and may be subject to currency exchange control restrictions. Such restrictions may increase the risks of investing in certain of the Emerging Countries. Unless otherwise specified, a Sub-Fund will only invest in markets where these restrictions are considered acceptable by the Company.

Generally accepted accounting, auditing and financial reporting practices in Emerging Countries may be significantly different from those in developed markets. Compared to mature markets, some Emerging Countries may have a low level of regulation, enforcement of regulations and monitoring of investors' activities, including trading on material non-public information.

The securities markets of Emerging Countries have substantially less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries. These factors may adversely affect the timing and pricing of a Sub-Fund's acquisition or disposal of securities.

Practices in relation to settlement of securities transactions in Emerging Countries involve higher risks than those in developed countries because brokers and counterparties in such countries may be less well capitalized and custody and registration of assets in some countries may be unreliable. Delays in settlement could result in investment opportunities being missed if a Sub-Fund is unable to acquire or dispose of a security.

Emerging country debt will be subject to high risk and will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognized credit rating organization. The issuer or governmental authority that controls the repayment of an emerging country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. As a result of the foregoing, a government obligor may default on its obligations. If such an event occurs, the Company may have limited legal recourse against the issuer and/or guarantor.

### **Investments in Specific Sectors**

Certain Sub-Funds will concentrate their investments in companies of certain sectors of the economy and therefore will be subject to the risks associated with concentrating investment in such sectors. More specially, investments in specific sectors of the economy such as global property, private equity, renewable energy, technology, etc. involve greater risks which may lead to adverse consequences when such sectors become less valued.

### **U.S. Foreign account Tax Compliance Requirements**

FATCA Rules being particularly complex, the Company cannot accurately assess the extent of the requirements that FATCA Rules will place upon it.

Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the 30% 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 as a result of FATCA Rules, the value of Shares held by all Shareholders may be materially affected.

The Company and/or its Shareholders may also be indirectly affected by the fact that a non U.S. financial entity does not comply with FATCA Rules even if the Company satisfies with its own obligations deriving from FATCA Rules.

### **Investments in China**

#### *Political and economic considerations*

The investments of the Sub-Funds may include shares in companies incorporated in Mainland China which are listed on the Stock Exchange of Hong Kong Limited and primarily traded in Hong Kong ("H-Shares"). Investors should be aware that the economy of Mainland China differs from the economies of most developed countries in many respects, including the government involvement in its economy, the level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in Mainland China is not well developed compared with those of developed countries.

By investing in H-Shares the Sub-Funds are subject to the risks of investing in emerging markets generally and the risks specific to Mainland China in particular. These may include, but are not limited to:

- Less liquid and less efficient securities markets;
- Greater price volatility;
- Exchange rate fluctuations and exchange controls;
- Less publicly available information about issuers;
- The imposition of restrictions on the repatriation of funds or other assets out of the country;
- Higher transaction and custody costs and higher settlement risks;
- Difficulties in enforcing contractual obligations,
- Lesser levels of regulation of the securities markets;
- Different accounting, disclosure and reporting requirements;
- More substantial government involvement in the economy;

- Higher rates of inflation,
- Social, political and economic instability; and
- Risk of nationalization or expropriation of assets and risk of war or terrorism.

Investors should be aware that, the Mainland China government has adopted a planned economic system in the past. Since 1978, the Mainland China government has implemented economic reform measures which emphasize decentralization and the utilization of market forces and social progress. However, many of the economic reforms in Mainland China are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on securities markets. Also, many laws and regulations in Mainland China are new and therefore untested and there is no certainty as to how they will be applied. They may also be varied in the future.

The economy of Mainland China has experienced significant growth in the past few years, but such growth has been uneven both geographically and among the various sectors of the economy. Moreover, there can be no assurance that such growth can be sustained.

Investments associated with Mainland China will be sensitive to any significant change in political, social or economic policy. Such sensitivity may adversely affect the capital growth and thus the performance of these investments.

*Mainland China government's control of currency conversion and future movements in exchange rates*

On 21 July 2005, the Mainland China government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of Renminbi ("**RMB**") is no longer pegged to the US dollar, resulting in a more flexible RMB exchange rate system. China Foreign Exchange Trading System, authorized by the People's Bank of China, promulgates the central parity rate of RMB against US dollar, Euro, Yen, pound sterling and Hong Kong dollar at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of RMB against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future.

Since July 2005, the appreciation of RMB has begun to accelerate notably. Although the Mainland China government has constantly reiterated its intention to maintain the stability of the RMB, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the Mainland China's trading partners. Therefore, the possibility that the appreciation of RMB will be further accelerated cannot be excluded. On the other hand, there can be no assurance that the RMB will not be subject to devaluation. Any devaluation of the RMB could adversely affect the net asset value of the Sub-Fund concerned.

*Accounting, auditing and financial reporting standards and practices*

Accounting, auditing and financial reporting standards and practices applicable to companies in Mainland China may be different to those standards and practices applicable in other countries. For example, there may be differences in the valuation methods for properties and assets and in the requirements for disclosure of information to investors.

### *Legal system*

The legal system of Mainland China in general and for securities markets in particular has been undergoing a period of rapid change over recent years which may lead to difficulties in interpreting and applying newly evolving regulations. The revised securities law which came into force on 1 January 2006 has made a comprehensive revision to the previous regulatory framework relating to the issuing, listing and trading systems of securities.

The Mainland China government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not be revised or amended in future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of companies in Mainland China.



## **9. RIGHTS OF THE SHAREHOLDERS**

The Company is open-ended, that is to say, new Shareholders may join the Company and existing Shareholders may leave it at any time. By acquiring Shares, the Shareholders accepts all the terms and conditions of the Prospectus and Articles.

The assets of each Sub-Fund constitute the joint and undivided property of the Shareholders of that Sub-Fund. Each Shareholder has in the portion of assets relating to a Sub-Fund, an undivided interest in proportion to the Shares he/she/it owns in that Sub-Fund.

As stated in chapter 10 ("Subscription, Redemption, Conversion and Transfer of Shares", and in accordance with the Articles, the Shareholder has the right to obtain repayment of his/her Shares at the redemption price on each Valuation Day.

The Board of Directors draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Company if the investor is registered himself and in his own name in the Shareholder's 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.

## 10. SUBSCRIPTION, REDEMPTION, CONVERSION AND TRANSFER OF SHARES

### 10.1 Subscription

Shares are issued daily on each Valuation Day

Concerning the following Sub-Funds:

- DNB Fund - Asian Small Cap
- DNB Fund - Global Emerging Markets ESG
- DNB Fund - India

If a subscription order is to be carried out on a Valuation Day, written instructions must have reached the Administration Agent before 11:59 pm (Luxembourg time) on the Valuation Day preceding the relevant Valuation Day; otherwise the order will be executed on the next Valuation Day. Payment for the subscription must be received at the latest two Business Days after the corresponding Valuation Day.

Concerning the following Sub-Funds:

- DNB Fund – Global ESG
- DNB Fund – Disruptive Opportunities
- DNB Fund – Health Care
- DNB Fund – Health Care Absolute Return
- DNB Fund – Low Volatility Equities
- DNB Fund – Nordic Absolute Return
- DNB Fund – Nordic Equities
- DNB Fund – Nordic Small Cap
- DNB Fund – Private Equity
- DNB Fund – Renewable Energy
- DNB Fund – Technology
- DNB Fund – ECO Absolute Return
- DNB Fund – TMT Absolute Return
- DNB Fund – High Yield
- DNB Fund – Nordic Flexible Bonds
- DNB Fund – Nordic Investment Grade ESG
- DNB Fund – Norway Investment Grade
- DNB Fund – Multi Asset

If a subscription order is to be carried out on a Valuation Day, written instructions must have reached the Administration Agent before 1:00 pm (Luxembourg time) on the Valuation Day; otherwise the order will be executed on the next Valuation Day. Payment for the subscription must be received at the latest two Business Days after the corresponding Valuation Day.

The Company reserves the right to allot Shares only after receipt of the cleared monies or a document evidencing irrevocable payment of the subscription proceeds.

The issue price of Shares in a Sub-Fund (“**Issue Price**”) is equal to the net asset value of a Share in that Sub-Fund, increased by an issue commission of maximum 5% of the subscribed amount (excluding Institutional Classes (if any)). This Issue Price includes all commissions payable to banks and financial institutions taking part in the placement of Shares.

If an investor fails to pay the subscription proceeds within two (2) Business Days after the corresponding Valuation Day, the Company may cancel the relevant subscription order. In such case, the Company will notify the relevant investor of the cancellation. To subscribe for Shares, the investor

must submit in a new subscription order, which will be executed on such Valuation Day as determined in accordance with the above provisions.

An investor may be required to indemnify the Company or any of its agents against any losses, costs or expenses incurred directly or indirectly as a result of the investor's failure to timely pay for Shares applied for.

The Company, the Management Company, the Administration Agent, the Depositary Bank, any distributor and their officers are subject to the provisions of legislation and regulations currently in force in Luxembourg, notably the law of 12 November 2004, as amended, in particular by the law dated 17 July 2008, the CSSF Circular 13/556, the CSSF Circular 18/698 and the CSSF Regulation 12-02 on the fight against money laundering and terrorist financing, as they may be amended from time to time and, where appropriate, to the provisions of similar legislation in force in any other relevant country.

Potential new investors in the Company may be required to provide independent documentary evidence of their identity, a permanent address and information relating to the source of the monies to be invested. Failure to provide such information or documentation in a timely manner could result in delay in the allotment of Shares or in a refusal to allot Shares.

Payments will be made in the reference currency of each Class; at the request of the Shareholders, payments may however be made in any other freely convertible major currency as may be decided from time to time by the Company. If the Company determines such other currencies, the net asset value of the relevant Shares will be rounded up or down to the next smallest customary currency unit. Any currency conversion costs arising in this respect shall be borne by the relevant Sub-Fund. The value of these payments in the reference currency of the Class will then be determined on basis of the exchange rates used for the net asset value calculation of that same Valuation Day.

Payment for subscriptions may also be made in kind if the Board of Directors accept so, subject to a valuation report made out by the independent auditor of the Company in conformity with the Article 26-1(2) of the Luxembourg law of 10 August 1915 on commercial companies, as amended (the "**1915 Law**"). The securities have to comply with the investment policy of the Sub-Fund for which subscription is requested. The evaluation of these securities has to be in conformity with the rules of evaluation as stated in the Articles. The charges incurred by these evaluations and control of the auditor shall be borne by the contributing investor.

In case of a merger with another collective investment undertaking, the subscription price may be paid by contribution in kind of all assets and liabilities of the absorbed fund, valued pursuant to the rules described in the chapter 11 ("Net Asset Value"). A report may be drawn up by the independent auditor in conformity with the applicable laws.

Shares of the respective Classes will be issued at their respective net asset value against the contribution in kind valued this way.

Subscriptions are accepted by the Company, as well as by the Management Company, the Depositary Bank and any distributors, which will transmit the orders to the Administration Agent for execution, provided that the required subscription form has been completed and signed in duplicate by the investor.

Confirmation of execution of a subscription is provided by an advice specifying the number and Class subscribed for and the name of the relevant Sub-Fund.

## 10.2 Redemption

Owners of Shares may request redemption of their Shares at any time. In order to do so, they must send an irrevocable request in writing for redemption to the Administration Agent.

Concerning the following Sub-Funds:

- DNB Fund - Asian Small Cap
- DNB Fund - Global Emerging Markets ESG
- DNB Fund - India

If a redemption order is to be executed at the redemption price ruling on a Valuation Day, the application for the redemption of Shares must reach the Administration Agent before 11:59 pm (Luxembourg time) on the Valuation Day preceding the relevant Valuation Day, or as provided for each Sub-Fund in the Appendix.

Concerning the following Sub-Funds:

- DNB Fund – Global ESG
- DNB Fund – Disruptive Opportunities
- DNB Fund – Health Care
- DNB Fund – Health Care Absolute Return
- DNB Fund – Low Volatility Equities
- DNB Fund – Nordic Absolute Return
- DNB Fund – Nordic Equities
- DNB Fund – Nordic Small Cap
- DNB Fund – Private Equity
- DNB Fund – Renewable Energy
- DNB Fund – Technology
- DNB Fund – ECO Absolute Return
- DNB Fund – TMT Absolute Return
- DNB Fund – High Yield
- DNB Fund – Nordic Flexible Bonds
- DNB Fund – Nordic Investment Grade ESG
- DNB Fund – Norway Investment Grade
- DNB Fund – Multi Asset

If a redemption order is to be executed at the redemption price ruling on a Valuation Day, the application for the redemption of Shares must reach the Administration Agent before 1:00 pm (Luxembourg time) on the Valuation Day.

All orders reaching the Administration Agent after the above mentioned deadlines will be held over until the next following Valuation Day for execution at the redemption price then ruling.

The redemption price of Shares in a Sub-Fund is equal to their net asset value, no redemption fee is levied.

The Board of Directors reserves the right to reduce proportionally all requests for redemption in a Sub-Fund to be executed on one Valuation Day whenever the total proceeds to be paid for the Shares so tendered for redemption exceeds 5% of the total net assets of that specific Sub-Fund. The portion of the redemptions not executed on that Valuation Day will then be executed by priority on the next Valuation Day. Confirmation of the execution of redemption will be made by the dispatch to the Shareholder of an advice.

Payments will be made in the reference currency of each Class; at the request of the Shareholders, payments may however be made in any other freely convertible major currency as may be decided from time to time by the Company. If the Company determines such other currencies, the net asset value of the relevant Shares will be rounded up or down to the next smallest customary currency unit. Any currency conversion costs arising in this respect shall be borne by the relevant Sub-Fund. Payments will be made with a value date within two Business Days following the corresponding Valuation Day.

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 Shareholder investments from the portfolio of assets of the respective Sub-Fund or Class equal in value as of the 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 Shareholders of the relevant Class or Sub-Fund 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.

The Depositary Bank is only obliged to make payments for redemptions where legal provisions, particularly exchange control regulations or other cases of *force majeure* do not prohibit it from transferring or paying the redemption proceeds in the country where the redemption is requested.

### 10.3 Conversion of Shares

Subject to any provision in this Prospectus and its Appendix, a Shareholder may convert all or part of the Shares held in a Sub-Fund or Class into Shares in another Class of the same or another Sub-Fund, against delivery of the Share certificate(s) if any. Conversions between Sub-Funds are subject to a commission of maximum 1% of the net asset value of the Shares to be converted. Such conversion fee shall be payable to banks and financial institutions taking part in the conversion of Shares.

To apply for conversion, the Shareholder must send an irrevocable request in writing, accompanied by the Share certificate, if any, to the Administration Agent.

If received before 1:00 pm (Luxembourg time) on a Valuation Day, requests for conversion are executed on the basis of the net asset value per Share of the relevant Sub-Fund and the relevant Class, ruling on the relevant Valuation Day.

Requests for conversion received after that deadline will be held over to the next Valuation Day to be executed at the prices ruling on that day.

Conversions may not be executed if the calculation of the net asset value, or subscriptions or redemptions is suspended in one of the concerned Sub-Funds.

When the valuations of two Sub-Funds do not have the same frequency, conversion shall be made on the next Valuation Day common to both Sub-Funds following the conversion request.

The number of Shares allotted in the new Sub-Fund or in the new Class is determined by means of the following formula:

$$\frac{(A \times B \times C) - \text{fee}}{D} = N$$

where:

- A is the number of Shares presented for conversion,
- B is the net asset value of one Share in that Sub-Fund and/or of that Class of which the Shares are presented for conversion, on the day the conversion is executed,
- C is the conversion factor between the base currencies of the two Sub-Funds on the day of execution. If the Sub-Funds or the two Classes have the same base currency, this factor is one,
- D is the net asset value per Share of the new Sub-Fund and /or Class on the day of execution,
- N is the number of Shares allotted in the new Sub-Fund and/or Class.

#### **10.4 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 set out in the Prospectus for each Sub-Fund.

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.

#### **10.5 Settlements**

If, on the Settlement Day 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 payments will be 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.

#### **10.6 Minimum Subscription and Holding Amounts**

A minimum initial and subsequent subscription amount and minimum holding amounts for each Class may be set forth. 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 (if any) or who fail to satisfy any other applicable eligibility requirements set out in this Prospectus. In such case the Shareholder concerned will receive one (1) 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.

Shareholders are required to notify the Company immediately in the event that they are or become U.S. Persons or hold Shares for the account or benefit of U.S. 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. 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 U.S. Person, the Company may, in its sole discretion, redeem the Shares of the Shareholder in accordance with the provisions of the Articles.

## **10.7 Placement and financial servicing**

### Nominees

The Company may appoint banks and financial institutions as placement agents, and in certain countries may be forced to do so in order to comply with local law. Subject to local law in countries where Shares are offered, such placement agents can, with the agreement of the Company and the respective Shareholders, agree to act as nominee for the investors. In this capacity, the placement agent shall, in its name but as nominee for the investor, purchase or sell Shares for the investor and request registration of such operations in the Company's register.

The Company will endeavour to enter into appropriate arrangements with the placement agents to ensure their compliance with their chapter 4 status as participating FFI, registered deemed compliant FFI, non-registering local bank or restricted distributor, respectively. When investors are using a nominee service, the Company strongly encourages the investors to check the qualification of their intermediary as set out in the list provided for in the preceding sentence. The Company draws the Shareholders' attention to the fact that it will monitor on a regular basis the activities of the placement agents and the maintenance of their chapter 4 status and that it may withdraw their mandate with immediate effect in case such withdrawal is deemed by the Company to be in the interests of the Company and the Shareholders.

However, unless otherwise provided by local law, the investor may invest directly in the Company without using the nominee service, and if the investor does invest through a nominee he will still retain a direct claim to his Shares subscribed through the nominee.

However, the provisions above are not applicable for Shareholders solicited in countries where the use of the services of a nominee is necessary or compulsory for legal, regulatory or compelling practical reasons.

The Company may, at any time, require placement agents to make representations to comply with applicable laws and requirements.

Financial servicing for the Company is provided by the Depositary Bank in Luxembourg and by other financial institutions appointed from time to time by the Company in appropriate countries.

### **10.8 Prevention of Market Timing, Frequent Trading and Late Trading**

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

The Company considers that the practice of late trading is not acceptable as it violates the provisions of the Prospectus which provide that an order received after the Cut-off Time is dealt with at a price based on the next applicable net asset value. As a result, subscriptions, conversions and redemptions of Shares shall be dealt with at an unknown net asset value. The Cut-off Time for subscriptions, conversions and redemptions is set out under chapter 10 ("Subscription, Redemption, Conversion and Transfer of Shares").

Market timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same undertaking for collective investment within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the net asset value of the undertaking for collective investment.

The Company considers that the practice of market timing and frequent trading, *i.e.* trades understood to be in conflict with the long term nature of investing in the Company, are not acceptable as it may affect the Company's performance through an increase of the costs and/or entail a dilution of the profit. As a result, the Company reserves the right to refuse any application for subscription or conversion of Shares which might be related to market timing or frequent trading practices and to take any appropriate measures in order to protect investors against such practice.

### **10.9 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, CSSF Regulation 12-02 and circulars of the supervising authority, 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 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 Rules.

This identification procedure must be complied with by the Administration 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 in equivalent manner 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 Rules, 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.

## 11. NET ASSET VALUE

The Management Company has delegated the calculation of the net asset value to the Administration Agent. This calculation is done on each Valuation Day. The days which are not Valuation Days in respect of all Sub-Funds will be available at the beginning of each year in advance at the registered office of the Management Company and on the following website: <https://www.dnbam.com>.

For a Sub-Fund which has issued only one Class, the net asset value of a Share is determined by dividing the net assets of the relevant Sub-Fund by the total number of Shares in that Sub-Fund outstanding at that time.

For a Sub-Fund which has issued two Classes, the net asset value of one Share for each Class will be determined by dividing the net assets of the Sub-Fund attributed to this Class by the total number of Shares of that same class outstanding at that time.

From the date of creation of a Sub-Fund to the date of the payment of the first dividend, the percentage of the total net assets of the Sub-Fund to be attributed to each Class will be equal to the percentage of the total number of Shares of each Class.

As a consequence of each dividend payment to the "B" Shares, the total of the net assets corresponding to the "B" Shares will be reduced by an amount equivalent to the dividend payment (thus entailing a reduction of the percentage of the total net assets of the Sub-Fund to be attributed to the "B" Shares) and the total net assets corresponding to the "A" Shares will remain the same (thus entailing an increase of the percentage of the total net assets of the Sub-Fund to be attributed to the "A" Shares).

The Sub-Fund's assets include the securities in the portfolio, possible time deposits and other liquid assets and coupons already cashed, interest and coupons that have fallen due and have not yet been cashed and interest accrued, and, if there are two Classes, the dividend regularisation account.

For the valuation of each Sub-Fund's assets, the following principles are observed:

- a) The value of any cash on hand or on deposit, bills and demand notes payable and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.
- b) The value of assets which are listed or dealt in on any stock exchange is based on the last available price on the stock exchange which is normally the principal market for such assets.
- c) The value of assets dealt in on any Other Regulated Market is based on the last available price.
- d) In the event that any assets are not listed or dealt in on any stock exchange or on any Other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange, or Other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (b) or (c) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.

- e) The liquidating value of futures, forward or options contracts not traded on exchanges or on Other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward or options contracts traded on exchanges or on Other Regulated Markets shall be based upon the last available settlement prices of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded by the Company provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable.
- f) The value of Money Market Instruments not listed or dealt in on any stock exchange or any Other Regulated Market and with remaining maturity of less than 12 months and of more than 90 days is deemed to be the nominal value thereof, increased by any interest accrued thereon. Money Market Instruments with a remaining maturity of 90 days or less will be valued by the amortized cost method, which approximates market value.
- g) Interest rate swaps will be valued at their market value established by reference to the applicable interest rate curve.
- h) Units or shares of open-ended UCI will be valued at their last determined and available net asset value or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors on a fair and equitable basis. Units or shares of a closed-ended UCI will be valued at their last available stock market value.
- i) All other securities and other assets will be valued at fair market value, as determined in good faith pursuant to procedures established by the Board of Directors or a committee appointed to that effect by the Board of Directors.

Assets and liabilities of the Company will be allocated to each Sub-Fund and Class in accordance with the provisions of the Articles.

- 1) The proceeds from the issue of Shares of a Sub-Fund or Class, all assets in which such proceeds are invested or reinvested and all income, earnings, profits or assets attributable to or deriving from such investments, as well as all increase or decrease in the value thereof, will be allocated to that Sub-Fund or Class and recorded in its books. The assets allocated to each Class of the same Sub-Fund will be invested together in accordance with the investment objective, policy, and strategy of that Sub-Fund, subject to the specific features and terms of issue of each Class of that Sub-Fund, as specified in the Appendix as well as on the website <https://www.dnbam.com>.
- 2) All liabilities of the Company attributable to the assets allocated to a Sub-Fund or Class or incurred in connection with the creation, operation or liquidation of a Sub-Fund or Class will be charged to that Sub-Fund or Class and, together with any increase or decrease in the value thereof, will be allocated to that Sub-Fund or Class and recorded in its books. In particular and without limitation, the costs and any benefit of any Class specific feature will be allocated solely to the Class to which the specific feature relates.
- 3) Any assets or liabilities not attributable to a particular Sub-Fund or Class may be allocated by the Board of Directors in good faith and in a manner which is fair to Shareholders generally and will normally be allocated to all Sub-Funds or Classes *pro rata* to their net asset value.

Subject to the above, the Board of Directors may at any time vary the allocation of assets and liabilities previously allocated to a Sub-Fund or Class.

Assets denominated in other currencies than the base currency of the Sub-Fund will be converted into that base currency at the average rate of the last known bid and offer rates of these currencies.

The Board of Directors is authorised to approve other realistic valuation principles for assets of the Company where circumstances make the determination of values according to the criteria specified above non-realistic, impossible or inadequate. Especially in case of major changes in market conditions, the valuation basis of the different investments may be adjusted to the new market yields.

The annual (and semi-annual) financial reports of the Company will include a consolidation of all the Sub-Funds. These consolidated figures will be expressed in EUR.

For this purpose, all figures expressed in another currency than the EUR will be converted into EUR on basis of the average rate of the last known bid and offer rates.

## **12. SUSPENSION OF CALCULATION OF NET ASSET VALUE, REDEMPTIONS, SUBSCRIPTIONS, CONVERSIONS**

The Board of Directors is authorised to suspend temporarily the calculation of the net asset value and/or the issue, redemption and conversion of Shares in one or several Sub-Funds in the following cases:

- where one or several securities or exchange markets forming the basis of the valuation of a major part of the Sub-Fund's assets are closed for periods other than legal holidays, or where transactions are suspended thereon or subject to restrictions;
- where political, economic, military, monetary or social circumstances or any cases of force majeure, beyond the responsibility or power of the Company, make it impossible to dispose of a Sub-Fund's assets by reasonable and normal means, without causing serious prejudice to Shareholders;
- in case of an interruption of the means of communication normally used to determine the value of any investment of a Sub-Fund or where, for any reason, the value of any investment of a Sub-Fund cannot be known with sufficient speed or accuracy;
- where restrictions on exchange or capital movements prevent the execution of transactions on behalf of a Sub-Fund or where purchase or sales transactions of a Sub-Fund's assets cannot be carried out at normal exchange rates;
- during the process of establishing exchange ratios in the context of a merger, a contribution of assets, an asset or share split or any other restructuring transaction;
- following the suspension of the calculation of the net asset value per share/unit, the issue, the redemption and/or the conversion of the shares/units issued within a Master in which the Sub-Fund invests in its quality as a Feeder of such Master;
- the Board of Directors may, at any time, if it considers it necessary, temporarily suspend or finally halt or limit issuing of Shares of one or several Sub-Funds to individuals or companies residing or domiciled in certain countries and territories, or exclude them from acquiring Shares, if such measure is necessary to protect existing Shareholders and the Company.

In case of a suspension for reasons as stated above for a period of more than six days, a notice to Shareholders will be published in conformity to the stipulations of the section 17.6 "Publications" hereafter.

In addition, the Board of Directors is entitled:

- to refuse, at its discretion, a request for acquisition of Shares,
- to redeem, at any time, Shares that might have been acquired in violation of an exclusion measure adopted in virtue of this Prospectus.

### **13. DISTRIBUTION POLICY**

Results of operations of the Sub-Fund include all cost and other income such as dividends and interest contributing proceeds of the assets of the Sub-Fund, net realized and unrealized capital gains proceeds of sales of subscription rights and any other proceeds not to be defined as income.

Distributions may either be made in cash or in kind. The Board of Directors may at the request of a holder of "B"-Shares of a specific Sub-Fund decide to distribute dividends to such Shareholder in whole or in part by way of transfer in specie of the assets of such Sub-Fund. The Board of Directors will ensure that the transfer of assets in specie in case of such distributions will (i) not be detrimental to the remaining Shareholders of such Sub-Fund and (ii) not result in a breach of applicable investment restrictions by pro-rating the distribution as far as possible across the entire portfolio of the Sub-Fund in question. Such distribution in specie will be subject to a specific audit report of the Auditor confirming the number, the denomination and the value of the assets which the Board of Directors will have determined to be transferred to such Shareholder. This audit report will also confirm the way of determining the value of these assets which will have to be identical to the procedure for determining the net asset value per Share. The costs for such distributions of dividends in specie, in particular the costs of the specific audit report will be borne by the Shareholder requesting a distribution of dividends in kind.

The equalization account is operated in relation with subscriptions and redemptions in all Sub-Funds where dividend Shares are in existence.

The "A"-Shares are not entitled to the dividend payments.

No dividends will be distributed if as a result thereof the capital of the Company became less than EUR 1,250,000; in such case potential dividends 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 Sub-Fund.

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

## 14. MANAGEMENT AND ADMINISTRATION

### 14.1 Board of Directors

The Board of Directors is vested with the widest powers to act in any circumstances in the name of the Company, subject to any powers explicitly granted by law or by the Articles to its general meeting of Shareholders.

The Board of Directors is responsible for managing the business of the Sub-Funds in issue, for the control of the Company's operations as well as specifying and implementing the Company's investment policy. The Board of Directors may delegate, under its control and responsibility, the day-to-day management of the Company.

### 14.2 Management Company

The Company has appointed DNB Asset Management S.A. to serve as its designated management company in accordance with the UCI Law pursuant to a management company services agreement dated 2 October 2017 (the "**Management Company Services Agreement**"). Under the Management Company Service Agreement, the Management Company provides investment management services, administrative agency and marketing, principal distribution and sales services to the Company, subject to the overall supervision and control of the Board of Directors.

The Management Company was incorporated as a public limited company ("*société anonyme*") under the laws of Luxembourg on 14 August 1990. The Management Company is registered with the RCS under number B 34.518. The Management Company's purpose of business is the provision of management under the meaning of Chapter 15 of the UCI Law. The capital of the Management Company is EUR 425.000,- fully paid up, represented by 5000 nominal shares.

The Management Company has been set up for an unlimited period. Its financial year starts on the 1 January and ends on the 31 December.

The accounts of the Management Company are audited by an auditor. This task has been entrusted to Ernst & Young Luxembourg.

The Management Company Services Agreement has been entered into with the Company for an indefinite period of time and may be terminated by either party upon three (3) months' prior written notice or forthwith by notice in writing in the specific circumstances provided in such agreement.

In fulfilling its responsibilities set forth by the UCI 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 requires any third party to whom it intends to delegate its duties to comply with the provisions of the Prospectus, the Articles and any applicable laws and regulations.

The Management Company will be diligent in the selection and monitoring of the third parties to whom functions and duties may be delegated and ensure that the relevant third parties have sufficient experience and knowledge as well as the necessary authorisations required to carry out the delegated functions. 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 has delegated the execution of the following duties to the following third parties:

- DNB Asset Management AS has been appointed as Investment Manager; and
- CACEIS Bank, Luxembourg Branch has been appointed as Administration Agent.

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

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.

#### Remuneration Policy

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

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Company and the Shareholders and includes measures to avoid conflicts of interest.

It is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles and rules of the investment funds managed by the Management Company (including the Company and its Sub-Funds) as well as the constitutive documents thereof (such as the Prospectus and the Articles).

In particular, the Remuneration Policy will ensure that:

- the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the 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; and
- the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

Details of the Remuneration Policy, including the persons in charge of determining the fixed and variable remunerations of staffs, a description of the key remuneration elements and an overview of



how remuneration is determined, is available on the website <https://www.dnbam.com>. A paper copy of the summarised Remuneration Policy is available free of charge to the Shareholders upon request.

#### **14.3 Investment Manager and investment sub-managers**

Pursuant to an Investment Management Agreement dated 2 October 2017, DNB Asset Management AS (the "**Investment Manager**") has been appointed as investment manager of the assets of the Sub-Funds.

The Investment Manager is a company incorporated under the laws of Norway, with registered office at Dronning Eufemias gate 30, N-0191 Oslo. As of 30 April 2019, its shareholder's equity amounted to NOK 109.680.400,-.

Under the terms of the Investment Management Agreement, the Investment Manager, subject to the supervision and ultimate responsibility of the Board of Directors, shall have discretion to invest and reinvest the assets of the Sub-Funds in accordance with the investment policies and restrictions set forth herein. The Management Company shall pay the Investment Manager, out of its own remuneration, a fee as determined from time to time in the Investment Management Agreement. The Investment Management Agreement may be terminated by either the Management Company or the Investment Manager upon ninety (90) days' prior written notice.

#### **14.4 Subsidiaries of the Company**

For the purposes of efficient portfolio management, the Company may incorporate fully owned subsidiaries carrying on the business of management exclusively on behalf of the Company.

Investments of the Company may be made either directly or indirectly through subsidiaries, as the Company may, from time to time, decide.

The Prospectus will be amended if a subsidiary is added.

#### **14.5 Co-Managing**

In order to reduce operational and administrative charges while allowing a wider diversification of the investments, the Company may decide that part or all of the assets of any Sub-Fund will be co-managed with assets belonging to other Luxembourg collective investment schemes or that part or all of the assets of any Sub-Fund will be co-managed among themselves.

In the following paragraphs, the words "co-managed entities" shall refer to any Sub-Fund and all entities with and between which there would exist any given co-management arrangement and the words "co-managed Assets" shall refer to the entire assets of these co-managed entities and co-managed pursuant to the same co-management arrangement. The word "Manager" shall refer to the manager of the co-managed Assets.

Under the co-management arrangement, the Manager will be entitled to take, on a consolidated basis for the relevant co-managed entities, investment, disinvestment and portfolio readjustment decisions which will influence the composition of the Sub-Fund's portfolio. Each co-managed entity shall hold a portion of the co-managed Assets corresponding to the proportion of its net assets to the total value of the co-managed Assets. This proportional holding shall be applicable to each and every line of investment held or acquired under co-management.

In case of investment and/or disinvestment decisions these proportions shall not be affected and additional investments shall be allotted to the co-managed entities pursuant to the same proportion

and assets sold shall be levied proportionately on the co-managed Assets held by each co-managed entity.

In case of new subscriptions in one of the co-managed entities, the subscription proceeds shall be allotted to the co-managed entities pursuant to the modified proportions resulting from the net asset increase of the co-managed entity which has benefited from the subscriptions and all lines of investment shall be modified by a transfer of assets from one co-managed entity to the other in order to be adjusted to the modified proportions. In a similar manner, in case of redemptions in one of the co-managed entities, the cash required may be levied on the cash held by the co-managed entities pursuant to the modified proportions resulting from the net asset reduction of the co-managed entity which has suffered from the redemptions and, in such case, all lines of investment shall be adjusted to the modified proportions.

Shareholders should be aware that, in the absence of any specific action by the Management Company or its appointed agents, the co-management arrangement may cause the composition of assets of a Sub-Fund to be influenced by events attributable to other co-managed entities such as subscriptions and redemptions. Thus, all other things being equal, subscriptions received in one entity with which any Sub-Fund is co-managed will lead to an increase of this Sub-Fund's reserve of cash.

Conversely, redemptions made in one entity with which any Sub-Fund is co-managed will lead to a reduction of this Sub-Fund's reserve of cash. Subscriptions and redemptions may however be kept in the specific account opened for each co-managed entity outside the co-management arrangement and through which subscriptions and redemptions must pass.

The possibility to allocate substantial subscriptions and redemptions to these specific accounts together with the possibility for the Management Company or its appointed agents to decide at any time to terminate a Sub-Fund's participation in the co-management arrangement permit the Sub-Fund to avoid the readjustments of its portfolio if these readjustments are likely to affect the interest of the Company and of its Shareholders.

If a modification of the composition of the Sub-Fund's portfolio resulting from redemptions or payments of charges and expenses peculiar to another co-managed entity (*i.e.* not attributable to the Sub-Fund) is likely to result in a breach of the investment restrictions applicable to this Sub-Fund, the relevant assets shall be excluded from the co-management arrangement before the implementation of the modification in order for it not to be affected by the ensuing adjustments.

Co-managed Assets of any Sub-Fund shall only be co-managed with assets intended to be invested pursuant to investment objectives identical to those applicable to co-managed Assets of such Sub-Fund in order to assure that investment decisions are fully compatible with the investment policy of the Sub-Fund.

Co-managed Assets of any Sub-Fund shall only be co-managed with assets for which the Depositary Bank is also acting as depositary in order to assure that the Depositary Bank is able, with respect to the Company, to fully carry out its functions and responsibilities pursuant to the UCI Law.

The Depositary Bank shall at all times keep the Company's assets segregated from the assets of other co-managed entities, and shall therefore be able at all times to identify the assets of the Company.

Since co-managed entities may have investment policies which are not strictly identical to the investment policy of one of the Sub-Fund's, it is possible that as a result the common policy implemented may be more restrictive than that of the Sub-Fund.

The Management Company may decide at any time and without notice to terminate the co-management arrangement.

Shareholders may at all times contact the registered office of the Management Company to be informed of the percentage of assets which are co-managed and of the entities with which there is such a co-management arrangement at the time of their request. Annual and half-yearly reports shall state the co-managed Assets' composition and percentages.

#### **14.6 Depositary Bank**

CACEIS Bank, Luxembourg Branch (the "**Depositary Bank**") has been appointed for an indefinite period as depositary bank under the terms of the depositary agreement signed on 2 October 2017 (the "**Depositary Agreement**").

Investors 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 Bank.

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.

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

In due compliance with the UCI Law, the Depositary Bank shall:

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

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

However, the Depositary Bank may delegate its safe-keeping duties with respect to the Company's financial assets held in custody or any other assets to delegates, subject to the conditions laid down in the UCI Law and applicable regulations and in order to effectively conduct its duties. The

Depository Bank shall exercise all due skill, care and diligence in the selection and the appointment of any sub-custodian or other delegate. The Depository Bank's liability shall not be affected by any such delegation.

A list of these correspondents/third party custodians is available on the website of the Depository Bank, using the following link: [www.caceis.com](http://www.caceis.com), in the section "*veille réglementaire*". Such list may be updated from time to time.

In order to provide settlement, clearing and correspondent bank services in the Eastern Europe countries, Latin America countries and other Emerging Countries, the Depository Bank shall appoint local correspondent agents.

Brokerage, correspondent bank, settlement and clearing services in those countries are not as highly developed as those that exist in Western countries or in the US, and the banking institutions that fulfil correspondent bank functions are not subject to the same degree of supervision, or supervision by personnel which need the same skill standard as their counterparts in the United States and Western European countries. Although the Company intends to restrict investments in these countries to securities for which it believes adequate correspondent bank, settlement, clearing, tax and corporate services are available and for which it believes that the issuer, counterparty, broker, clearance system or depository agent are reputable and competent, there can be no assurance that these services will prove adequate to protect the interests of the Company and that these intermediaries will not be in default. Neither the Company, nor the Depository Bank makes any representation or warranty about the operations or practices of any local correspondent bank or any agents and investors should be aware that the recourse against such local correspondent bank and agents may be limited.

A complete list of all correspondents /third party custodians may be obtained, free of charge and upon request, from the Depository Bank. Up-to-date information regarding the identity of the Depository Bank, the description of its duties and of conflicts of interest that may arise, the safekeeping functions delegated by the Depository Bank and any conflicts of interest that may arise from such a delegation are also made available to investors on the website of the Depository Bank, as mentioned above, and upon request.

#### Conflicts of Interest Policy

There are many situations in which a conflict of interest may arise, notably when the Depository Bank delegates its safekeeping functions or when the Depository Bank also performs other tasks on behalf of the Company, such as administrative agency and registrar agency services. These situations and the conflicts of interest related thereto have been identified by the Depository Bank. In order to protect the Company's and its Shareholders' interests and to 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 Depository Bank, 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, or (ii) refuse to carry out the activity giving rise to the conflict of interest.

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

The Depositary Bank has neither decision-making discretion nor any advice duty relating to the Company's investments. The Depositary Bank 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.

The Depositary Bank is liable to the Company and the Shareholders for the loss of financial instruments held in custody by the Depositary Bank or any sub-custodian. In case of loss of a financial instrument held in custody, the Depositary Bank has to return a financial instrument of an identical type or the corresponding amount to the Company without undue delay. According to the UCI Law, the Depositary Bank will not be liable for such a loss if the loss is a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary Bank is also liable to the Company and the Shareholders for all other losses due to the Depositary Bank's negligence or intentional failure to properly fulfil its duties as regards the UCI Law and/or the Depositary Agreement.

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

#### **14.7 Administration Agent**

With the Company's consent, the Management Company has concluded an agreement (the "**Services Agreement**") dated 2 October 2017 and in which CACEIS Bank, Luxembourg Branch has been appointed as Administration Agent.

This Service 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 Administration Agent, CACEIS Bank, Luxembourg Branch shall notably perform the calculation of the net asset value of Shares for each existing Class and Sub-Fund, management of accounts, the preparation of the annual and semi-annual financial statements, the book-keeping, the provision and supervision of the mailing of statements, reports, notices and other documents to the Board of Directors and the Shareholders and execute all tasks required as central administration.

In its capacity as the transfer and registration agent, CACEIS Bank, Luxembourg Branch shall in particular reconcile 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 be entitled to receive a percentage based remuneration on a monthly basis which shall be paid by the Management Company out of its own fees.

## 15. CHARGES & EXPENSES

The Company bears the following costs:

- (i) Management fee paid to the Management Company.

In payment of its services, the Management Company receives a management fee computed and reserved on each Valuation Day based on the value of the net assets of each Sub-Fund and paid out on a monthly basis. Please refer to the Appendix as well as on the website <https://www.dnbam.com> for the specific management fee rates for each Sub-Fund and Class.

The fee shall cover charges for the Administration Agent, the Depositary Bank, the Investment Manager, the risk manager and the appointed distributors.

- (ii) Performance fee, if any, paid to the Management Company.

### *Performance fee applicable to Equity Sub-Funds*

A performance fee calculation is carried out for each Class and this accrues on each Valuation Day *i.e.* it is included in the net asset value of the Sub-Fund, based on the cumulative net excess return for that particular Class, *i.e.* after fees and expenses and above the benchmark hurdle. Only where there is a positive cumulative net excess return at the accounting year-end or the end of the Shareholder holding period (if shorter) will a performance fee become payable to the Management Company.

The performance fee calculation is subject to a benchmark hurdle, *i.e.* the highest cumulative net excess return that a Class has had since its inception/reset. This benchmark hurdle must be exceeded before a performance fee is accrued. A performance fee could therefore be paid even if the net asset value per Share has decreased, as the performance fee is calculated based on relative return, and not absolute return. The performance fee calculation is designed to ensure that a performance fee is not charged until the net excess return of the Class exceeds the reference benchmark return.

Where there is a positive cumulative net excess return at the end of the accounting year and a performance fee becomes payable to the Management Company, the new benchmark hurdle will be the cumulative net excess return on the last business day of the accounting year. However where the Class has underperformed over the full accounting year, no performance fee will be charged and the benchmark hurdle will remain unchanged from the prior accounting year.

Where the relevant Class underperforms the benchmark hurdle, any underperformance is tracked and has to be recovered by any subsequent outperformance before a performance fee can be accrued. Where there is already a performance fee accrual during the accounting year, the accrual will be reduced to reflect any subsequent underperformance, although this will not be reduced below zero. However, investors should be aware that, where there is outperformance over the full accounting year which results in a performance fee being charged, and this is followed by underperformance in subsequent accounting years, there will be no refund of prior year performance fees.

The performance fee is accrued on each Valuation Day and deducted as an expense from the net asset value of the relevant Class. At the end of the accounting year, any accrued performance fee will crystallise and become payable to the Management Company. Accrued performance fee payable to the Management Company at the end of the accounting year may

not exceed five per cent (5%) of the accounting year average net asset value of the relevant Class.

Where a Shareholder redeems or switches his/her/its Shares during the accounting year, any performance fee accrual in respect of those Shares will crystallise on that Valuation Day and become immediately payable to the Management Company. This is designed to ensure that each Shareholder pays the correct performance fee for his/her/its respective holding period.

*Performance fee applicable to Alternative Investment Sub-Funds and Multi-Asset Sub-Funds*

A performance fee calculation is carried out for each Class and this accrues on each Valuation Day, *i.e.* it is included in the net asset value of the Sub-Fund, based on the cumulative net excess return for that particular Class, *i.e.* after fees and expenses and above the benchmark hurdle. Only where there is a positive cumulative net excess return at the accounting year-end or the end of the Shareholder holding period (if shorter) will a performance fee become payable to the Management Company.

The performance fee calculation is subject to a high water mark, *i.e.* the highest cumulative net excess return that a Class has had since its inception/reset, which must be exceeded before a performance fee is accrued. This is designed to ensure that a performance fee is not charged until any previous losses have been recovered. The high water mark for each Class will initially be set equal to the value of the Class at launch.

In addition to the high water mark, the performance fee calculation is also subject to a benchmark hurdle based on the reference benchmark rate. This benchmark hurdle is applied to the high water mark to calculate an adjusted high water mark, which must be exceeded before a performance fee is accrued. This is designed to ensure that a performance fee is not charged until the net excess return of the Class exceeds the reference benchmark return.

Where there is a positive cumulative net excess return at the end of the accounting year and a performance fee becomes payable to the Management Company, the high water mark will be reset to the net asset value per share on the last business day of the accounting year. However where the Class has underperformed over the full accounting year, no performance fee will be charged and the high water mark will remain unchanged from the prior accounting year.

Where the relevant Class underperforms the adjusted high water mark, any underperformance is tracked and has to be recovered by any subsequent outperformance before a performance fee can be accrued. Where there is already a performance fee accrual during the accounting year, the accrual will be reduced to reflect any subsequent underperformance, although this will not be reduced below zero. However, Shareholders should be aware that, where there is outperformance over the full accounting year which results in a performance fee being charged, and this is followed by underperformance in subsequent accounting years, there will be no refund of prior year performance fees.

The performance fee is accrued on each Valuation Day and deducted as an expense from the net asset value of the relevant Class. At the end of the accounting year, any accrued performance fee will crystallise and become payable to the Management Company. Accrued performance fee payable to the Management Company at the end of the accounting year may not exceed five per cent (5%) of the accounting year average net asset value of the relevant Class.

Where a Shareholder redeems or switches his/her/its shares during the accounting year, any performance fee accrual in respect of those shares will crystallise on that Valuation Day and become immediately payable to the Management Company. This is designed to ensure that each Shareholder pays the correct performance fee for his/her/its respective holding period.

- (iii) Costs directly related to the portfolio's transactions and holdings (e.g. brokerage, costs for foreign payments, taxes and thereby associated costs).
- (iv) Interest on permitted borrowings including negative interest cost on cash positions.
- (v) Transaction driven costs for trading in financial derivatives including the fee for calling of collateral.
- (vi) The cost of extraordinary measures such as legal opinions or lawsuits necessary to protect the interests of the Shareholders; for example costs for reclaiming taxes under the condition that the benefit for the Sub-Funds and its Shareholders is higher than the cost.
- (vii) CSSF fees.
- (viii) Fund audit fees.
- (ix) Regulatory, fiscal and legal fees related to the establishment and maintenance of the funds.
- (x) Fees related to production and dissemination of legal documents such as for example prospectuses, key information documents, annual and semi-annual reports.
- (xi) All other costs will be charged to the Management Company.

The specific fees and expenses of each Sub-Fund are payable by that Sub-Fund's Classes in proportion to their net assets at that time. All other fees and expenses shall be shared between all Classes in the Company in proportion to their net assets at that time.

#### **Administration Agent Fees**

The Administration Agent shall be entitled to receive percentage remuneration for services rendered on a monthly basis. This remuneration is calculated on the basis of the average value of the net assets of each Sub-Fund during the month concerned and paid by the Management Company (*i.e.* the Administration Agent fee is bundled with the management fee).

#### **Depositary Bank Fees**

The Depositary Bank shall be entitled to receive percentage remuneration for services rendered on a monthly basis. This remuneration is calculated on the basis of the average value of the net assets of each Sub-Fund during the month concerned and paid by the Management Company (*i.e.* the Depositary Bank fee is bundled with the management fee).



## 16. TAXATION

### 16.1 The Company

Under current law and practice, the Company is not liable to any Luxembourg income tax, nor are dividends paid by the Company liable to any Luxembourg withholding tax.

However, any Class reserved to retail investors is liable in Luxembourg to a "*taxe d'abonnement*" of 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the total net asset value of each Class at the end of the relevant quarter.

Any Class reserved to institutional investors is liable in Luxembourg to a "*taxe d'abonnement*" of 0.01% per annum of their net assets. Such tax being payable quarterly and calculated on the total net asset value of each Class at the end of the relevant quarter.

For Sub-Funds whose exclusive policy is the investment in Money Market Instruments, qualify for the reduced "*taxe d'abonnement*" of 0.01% per annum.

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.

As a result of recent developments in EU law concerning the scope of the VAT exemption for management services rendered to investment funds, VAT on some of the fees paid out of the assets of the Company to remunerate service providers might be applied.

### 16.2 Shareholders

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

##### (i) Individual shareholders

Dividends and other payments derived from the Shares by resident individuals 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 rate with a top effective marginal rate for the year 2013 of 40% per cent for a taxable income of more than EUR 100.000 (class 1 and 1a taxpayers) / EUR 200.000 (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 ranging from EUR 100,000 to EUR 150,000 for class 1 and 1a taxpayers (or EUR 200,000 to EUR 300,000 for class 2 taxpayers) and 43.6% (including the solidarity surcharge of 9%) for a taxable income exceeding EUR 150,000 for class 1 and 1a taxpayers (or EUR 300,000 for class 2 taxpayers). Under current Luxembourg tax laws, 50 per cent of the gross amount of dividends received by resident individuals from (i) a fully-taxable Luxembourg resident company limited by share capital (*société de capitaux*), (ii) a company limited by share capital (*société de capitaux*) resident in a State with which Luxembourg has concluded a double tax treaty and liable to a tax corresponding to Luxembourg corporate income tax or (iii) a company resident in a EU Member State and covered by Article 2 of the EU Parent-Subsidiary Directive is exempt from income tax.

A tax credit is as a rule granted for the 15 per cent withholding tax.

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 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 years preceding the disposal, more than ten per cent of the share capital of the Company. Capital gains realised on a substantial participation more than six 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 shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within five 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). 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

Dividends and other payments derived from the Shares by a Luxembourg fully-taxable resident company are subject to corporate income tax and municipal business tax, unless the conditions of the participation exemption regime, as described below, are satisfied.

Should the conditions of the participation exemption not be fulfilled, 50 per cent of the dividends received by a Luxembourg fully-taxable resident company from the Company are exempt from corporate income tax and municipal business tax. A tax credit is as a rule granted for the 15 per cent withholding tax and any excess may be refundable.

Under the participation exemption regime, dividends derived from the Shares by a Luxembourg fully-taxable resident company may be exempt from income tax if cumulatively (i) the shareholder is a Luxembourg resident fully-taxable company and (ii) at the time the dividend is put at the shareholder's disposal, the shareholder has held or commits itself to hold for an uninterrupted period of at least 12 months a Qualified Shareholding in the Company. Liquidation proceeds are assimilated to receive dividends for the purpose of the participation exemption and may be exempt under the same conditions. Shares held through a fiscally transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

Capital gains realised by a Luxembourg fully-taxable resident company on the Shares are subject to income tax at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied. 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.

Under the participation exemption regime, capital gains realised on the Shares by a Luxembourg fully-taxable resident company may be exempt from income tax at the level of the shareholder if cumulatively (i) the shareholder is a Luxembourg resident fully-taxable company and (ii) at the time the capital gain is realised, the shareholder has held or commits itself to hold for an uninterrupted

period of at least 12 months Shares representing a direct participation (a) in the share capital of the Company of at least ten per cent or (b) of an acquisition price of at least EUR six million. Shares held through a fiscally transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

(iii) Tax exempt shareholders

A shareholder who is either (i) an undertaking for collective investment subject to the amended law of 20 December 2002 or the UCI Law, (ii) a specialised investment fund governed by the law of 13 February 2007, or (iii) a family wealth management company governed by the law of 11 May 2007, 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, whether they receive payments of dividends or realise capital gains upon sale of Shares, except for a potential withholding tax (see above) and/or capital gains realised on a substantial participation (see above) (i) before the acquisition or within the first six months of the acquisition thereof or (ii) when the beneficiary was a Luxembourg tax resident for more than 15 years and became a non-resident less than 5 years prior to the realisation of the said capital gains that are subject to income tax in Luxembourg at ordinary rates (subject to the provisions of an applicable double tax treaty).

Dividends received by a Luxembourg permanent establishment or permanent representative, as well as capital gains realised on the Shares, are subject to Luxembourg income tax, unless the conditions of the participation exemption regime are satisfied *i.e.* if cumulatively (i) the Shares are attributable to a qualified permanent establishment ("**Qualified Permanent Establishment**") and (ii) at the time the dividend is put at the disposal of the Qualified Permanent Establishment, it has held or commits itself to hold for an uninterrupted period of at least 12 months a Qualified Shareholding. A Qualified Permanent Establishment means (a) a Luxembourg permanent establishment of a company covered by Article 2 of the EU Parent-Subsidiary Directive, (b) a Luxembourg permanent establishment of a company limited by share capital (*société de capitaux*) resident in a State having a tax treaty with Luxembourg and (c) a Luxembourg permanent establishment of a company limited by share capital (*société de capitaux*) or a cooperative society (*société coopérative*) resident in the European Economic Area other than a EU Member State. If the conditions of the participation exemption are not fulfilled, 50 per cent of the gross amount of dividends received by a Luxembourg permanent establishment or permanent representative is exempt from income tax. A tax credit is further granted for the 15 per cent withholding tax.

Under the participation exemption regime, capital gains realised on the Shares may be exempt from income tax if cumulatively (i) the Shares are attributable to a Qualified Permanent Establishment and (ii) at the time the capital gain is realised, the Qualified Permanent Establishment has held or commits itself to hold for an uninterrupted period of at least twelve months Shares representing a direct participation in the share capital of the Company (a) of at least ten per cent or (b) of an acquisition price of at least EUR six million.

**(c) 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.

#### **(d) FATCA Rules**

FATCA is part of the U.S. Hiring Incentives to Restore Employment Act. It is designed to prevent U.S. tax payers from avoiding U.S. tax on their income by investing through foreign financial institutions and offshore funds.

FATCA applies to so called Foreign Financial Institutions (FFIs), which notably include certain investment vehicles ("**Investment Entities**"), among which UCITS.

According to FATCA Rules, FFIs, unless they can rely under ad-hoc lighter or exempted regimes, need to register with the IRS and to report to the IRS certain holdings by/ and payments made to a/ certain U.S. investors b/ certain U.S. controlled foreign entity investor, c/ non U.S. financial institution investors that do not comply with their obligations under FATCA and d/clients that are not able to document clearly their FATCA status.

Moreover, any account that is not properly documented will have to suffer a 30% WHT.

On 24 March 2014, the Luxembourg and U.S. governments entered into a Model I IGA which aims to coordinate and facilitate the reporting obligations under FATCA with other U.S. reporting obligations of Luxembourg financial institutions.

According to the terms of the IGA, Reporting Luxembourg FFIs will have to report to the Luxembourg tax authorities instead of directly to the IRS. Information will be communicated onward by the Luxembourg authorities to the IRS under the general information exchange provisions of the U.S. Luxembourg income tax treaty.

#### **(e) Common Reporting Standard**

The Company may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters (the "**Standard**") and its Common Reporting Standard (the "**CRS**") as set out in the law dated 18 December 2015 implementing the CRS in Luxembourg (the "**CRS Law**").

Under the terms of the CRS Law, the Company is likely to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 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 (the "**LTA**") personal and financial information related, *inter alia*, to the identification of, holdings by and payments made to (i) certain investors as per the CRS Law (the "**Reportable Persons**") 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 investor providing the Company with the Information, along with the required supporting documentary evidence. In this context, the investors are hereby informed that, as data controller, the Company will process the Information for the purposes as set out in the CRS Law. The investors undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Company.

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

Similarly, the investors undertake to inform the Company within thirty (30) days of receipt of these statements should any included personal data be not accurate. The investors further undertake to

immediately 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 investor 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 investor's failure to provide the Information or subject to disclosure of the Information by the Company to the LTA.

## 17. GENERAL INFORMATION

### 17.1 Data Protection

In accordance with the applicable Luxembourg data protection law and the Regulation n°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 ("**Data Protection Law**", the Company and the Management Company, acting as independent data controllers (the "**Data Controllers**"), may collect, use, store and process, by electronic means or otherwise, personal information from a Shareholder or prospective Shareholder from time to time in order to develop and process the business relationship between the Shareholder or prospective Shareholder and the Data Controllers, and for other related activities.

The data processed includes the name, first name, contact details, (including postal and/or e-mail address), banking details, telephone conversations, and invested amount in the Company of each Shareholder or prospective Shareholder (and, if the Shareholder or prospective Shareholder is a legal person, of any natural person related to it such as its contact person(s) and/or beneficial owner(s)) (the "**Personal Data**").

If a Shareholder or prospective Shareholder fails to provide such information in a form which is satisfactory to the Data Controllers, each of the Data Controllers may restrict or prevent the ownership of Shares in the Company and the Data Controllers, the Administration Agent and/or any placing agent (as the case may be) shall be held harmless and indemnified against any loss arising as a result of the restriction or prevention of the ownership of Shares.

The Personal Data is processed to enter into and perform the subscription in the Company (*i.e.* for the performance of a contract), for the legitimate interests of each of the Data Controllers and to comply with the legal obligations imposed on the Data Controllers. In particular, the Personal Data is processed in order (i) to develop and process the business relationship between the Shareholder or prospective Shareholder and the Data Controllers, (ii) process subscriptions, transfers, capital calls and distributions to the Shareholder (iii) maintain the register of Shareholders, (iv) process investments and withdrawals of and payments of dividends to the Shareholder, (v) account administration, (vi) comply with applicable anti-money laundering rules and other legal obligations, such as maintaining controls in respect of CRS/FATCA obligations and (vii) group risk management and risk controlling purposes. The Data Controllers may also, for the purpose assessing the quality and performance of the services provided to Shareholders or prospective Shareholders and of keeping evidence of phone conversations between Shareholders or prospective Shareholders and Data Controllers' agents, record telephone conversation. The "legitimate interests" referred to above are:

- the processing purposes described in point (i) of the above paragraph of this data protection section;
- meeting and complying with the Data Controllers' accountability requirements and regulatory obligations globally; and
- exercising the business of the Data Controllers in accordance with reasonable market standards.

By completing and returning an application form, the Shareholder and prospective Shareholder are informed of the use of Personal Data by the Data Controllers.

In accordance with the provisions of the Data Protection Law, each of the Data Controllers may disclose Personal Data to their data recipients (the “**Recipients**”) which, in the context of the above mentioned purposes, refer to their agents, and service providers including the Administration Agent and Domiciliary Agent, the Investment Manager, the Depository, the legal adviser and Auditor of the Data Controllers.

The Recipients may, under their own responsibility, disclose the Personal Data to their agents and/or delegates (the “**Sub-Recipients**”), which shall process the Personal Data for the sole purposes of assisting the Recipients in providing their services to the Data Controllers and/or assisting the Recipients in fulfilling their own legal obligations.

The Recipients to which Personal Data is disclosed are located within the European Economic Area (the “**EEA**”).

The Recipients and Sub-Recipients may, as the case may be, process the Personal Data as data processors (when processing the Personal Data upon instructions of the Data Controllers), or as distinct data controllers (when processing the Personal Data for their own purposes, namely fulfilling their own legal obligations). The Personal Data may also be transferred to third-parties such as governmental or regulatory agencies, including tax authorities, in accordance with applicable laws and regulations. In particular, such Personal Data may be disclosed to the Luxembourg tax authority (as defined below), which in turn may, acting as data controller, disclose it to foreign tax authorities.

In accordance with the conditions set out by the Data Protection Law, each Shareholder or Prospective Shareholder will upon written request to be addressed to the Company’s address as specified above in the “Directory” have the right to:

- access to Personal Data provided to the Company (*i.e.* the right to obtain from the Data Controllers confirmation as to whether or not his/her/its Personal Data is being processed, to be provided with certain information about the Data Controllers’ processing of his/her/its Personal Data, to access such data, and to obtain a copy of the Personal Data undergoing processing (subject to legal exceptions));
- request the rectification of, his/her/its Personal Data where it is inaccurate or incomplete (*i.e.* the right to require from the Data Controllers that inaccurate or incomplete Personal Data or any material error be updated or corrected accordingly);
- restrict the use of his/her/its Personal Data (*i.e.* the right to obtain that, under certain circumstances, the processing of his/her/its Personal Data should be restricted to storage of such data unless his/her/its consent has been obtained);
- object to the processing of his/her/its Personal Data (*i.e.* the right to object, on grounds relating to the Shareholder or prospective Shareholder’s particular situation, to processing of Personal Data which is based on the performance of a task carried out in the public interest or the legitimate interests of the Data Controllers. The Data Controllers shall stop such processing unless they can either demonstrate compelling legitimate grounds for the processing that override Shareholder or prospective Shareholder’s interests, rights and freedoms or that they need to process the data for the establishment, exercise or defence of legal claims);
- ask for erasure of his/her/its Personal Data (*i.e.* the right to require that Personal Data be erased in certain circumstances, including where it is no longer necessary for the Data Controllers to process this data in relation to the purposes for which it is collected or processed);

- ask for Personal Data portability (*i.e.* the right to have the data transferred to the Shareholder, prospective Shareholder or another controller in a structured, commonly used and machine-readable format, where this is technically feasible).

Shareholders or prospective Shareholders also have a right to lodge a complaint with the National Commission for Data Protection (the “**CNPD**”) at the following address: 1, Avenue du Rock'n'Roll, L-4361 Esch-sur-Alzette, Grand Duchy of Luxembourg, or when Shareholders or prospective Shareholders reside in another European Union Member State, with any other locally competent data protection supervisory authority.

All Personal Data shall not be held by the Data Controllers for longer than necessary with regard to the purpose of the data processing, subject to statutory periods of limitation.

The placing agents may use Personal Data to regularly inform Shareholder and prospective Shareholder about other products and services that the placing agents believe may be of interest to Shareholder (marketing purpose). In accordance to Data Protection Law, Shareholder and prospective Shareholder will have the right to object to the processing of their Personal Data for marketing purpose in the conditions set out above.

## **17.2 Meetings**

The annual general meeting of Shareholders will be held on the third Tuesday of the month of April of each year in Luxembourg in order to approve the financial statements of the Company for the previous financial year. The annual general meeting of shareholders will be held at the registered office of the Company, or at such alternative location in Luxembourg as may be specified in the convening notice of such meeting.

Other general meetings of Shareholders may be held at such place and time as indicated in the convening notice in order to decide on any other matters relating to the Company. General meetings of Shareholders of any Sub-Fund or any Class within a Sub-Fund may be held at such time and place as indicated in the convening notice in order to decide on any matters which relate exclusively to such Sub-Fund or Class.

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. 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.

The requirements as to attendance, quorum, and majorities at all general meetings will be those laid down in the Articles and Luxembourg laws. All Shareholders may attend general meetings in person or by appointing another person as his proxy in writing or by facsimile, electronic mail or any other similar means of communication accepted by the Company. A single person may represent several or even all Shareholders of the Company, a Sub-Fund or Class. Each Share entitles the Shareholder to one (1) vote at all general meetings of Shareholders, and at all meetings of the Sub-Fund or Class concerned to the extent that such Share is a Share of such Sub-Fund or Class.

Shareholders holding together at least ten percent (10%) of the share capital or the voting rights may submit questions in writing to the Board of Directors relating to transactions in connection with the management of the Company.



The Board of Directors may suspend the voting rights of any Shareholder in breach of his obligations as described in this Prospectus and/or the Articles.

### **17.3 Voting Rights**

The Management Company will in principle not exercise voting rights attached to the assets held by the Company in the different Sub-Funds, except it is specifically mandated by the Company to do so. In that case, it will only exercise voting rights in certain circumstances where it believes that the exercise of voting rights is particularly important to protect the interests of Shareholders. If mandated by the Company, the decision to exercise voting rights, in particular the determination of the circumstances referred to above, is in the sole discretion of the Management Company.

Details of the actions taken will be made available to Shareholders free of charge on their request at the registered office of the Management Company.

### **17.4 Financial Year**

The accounts of the Company are closed on 31 December of each year.

### **17.5 Reports and Accounts**

The Company will publish an annual report drawn up as per 31 December and a semi-annual report as per 30 June.

The annual report includes the accounts of the Company audited by an auditor. The semi-annual report includes the accounts of the Company, unaudited.

Both these reports can be sent free of charge to the Shareholders upon a written request. These reports are also available to Shareholders at the offices of the Company and establishments responsible for financial servicing.

### **17.6 Publications**

The net asset value and issue and redemption prices of each Sub-Fund and of each Class are made public daily in Luxembourg at the offices of the Depositary Bank and the Management Company.

All amendments to the Articles will be deposited with the Luxembourg companies' register. A notice regarding such notice will be published in the RESA.

At the same time, the text of the amendments will be available for the inspection of Shareholders at the offices of the Depositary Bank and the Company.

Amendments and notices to Shareholders may also be published in newspapers in the countries where the Shares are publicly sold.

### **17.7 Merger or Liquidation of Sub-Funds**

The Board of Directors may decide to liquidate any Sub-Fund if a change in the economic or political situation relating to the Sub-Fund concerned would justify such liquidation or if required by the interests of the Shareholders of any of the Sub-Funds 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 Sub-Fund 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 Sub-Fund 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 merge any Sub-Fund with another Sub-Fund or with another UCITS (whether established in Luxembourg or abroad and whether set up as investment company or in contractual form) (the "**new Sub-Fund**"). 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 Sub-Fund in accordance with the Law and applicable regulations. Mergers shall be announced at least thirty days in advance in order to enable Shareholders to request the redemption or conversion of their Shares free of charge.

Insofar as the UCI Law requires the approval of the Shareholders concerned for a termination or merger of a Sub-Fund a duly convened meeting of the Shareholders of such Sub-Fund which may be validly held, unless provided otherwise by applicable law, without a quorum requirement, may decide by a simple majority of the votes cast by Shareholders present or represented at such meeting.

#### **17.8 Duration and Liquidation of the Company**

The Company is incorporated for an unlimited period and liquidation must 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 the UCI 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 UCI Law and the 1915 Law, which specify the steps to be taken to enable Shareholders to participate in the liquidation distributions and in this connection provide for deposit in escrow at the *Caisse de Consignation* in Luxembourg of any such amounts which have not been distributed 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 Sub-Fund shall be distributed to the Shareholders of the relevant Sub-Fund in proportion to their respective holdings.

No application for subscription or conversion of Shares and no application for redemption will be accepted after the date of the event leading to the dissolution and the decision to liquidate the Company

Liquidation of the Company cannot be requested by a Shareholder, his heirs or beneficiaries.

#### **17.9 Conflicts of Interest**

Prospective investors should note that the Management Company, its board of directors, the Depository Bank, the Administration Agent, the Investment Manager and potential other parties may be subject to various conflicts of interest in their relationships with the Company. The following considerations are given on a non-exhaustive basis.

The Management Company, the Depositary Bank, the Administration Agent, the Investment Manager and any other party providing services to the Company, in carrying out their respective roles vis-à-vis the Company, must act exclusively in the best interests of the Company and the Shareholders.

Should the Board of Directors become aware of a material conflict of interest in a contemplated transaction, the Board of Directors shall use its best endeavours to settle such conflict on an arm's length basis prior to completion of such transaction.

Should the Management Company, a member of its board of directors, the Depositary Bank, the Administration Agent, the Investment Manager or another party providing services to the Company have a material conflict of interest in a contemplated transaction, such director or other service provider shall make such conflict known to the Board of Directors in writing without undue delay.

The Board of Directors will then take relevant steps aiming to analyse such potential conflict of interest and its consequences for the Shareholders in line with the Company's conflict of interest policy in place. In the case of a member of the Board of Directors having a conflict of interest, such member shall be excluded from any deliberation of the Board of Directors in this respect. Should the Board of Directors come to the conclusion that the potential conflict of interest will negatively affect the Company or its Shareholders, it will inform the Shareholders without undue delay by the means of a notice to Shareholders about the situation, or, in more serious cases, convene a general meeting of Shareholders in order to discuss the situation and find a solution which is suitable for all parties involved.

No Shareholder will be required or expected to disclose or make available to the Company investment opportunities it may pursue for its own account or in the capacity of a unit- or shareholder or manager or advisor of any other investment fund, including investment opportunities suitable to or under consideration by the Company.

In the course of their regular business activities, Shareholders may possess, or come into possession of, information directly relevant to investment decisions of the Company. No Shareholder will be required or expected to disclose or otherwise reveal any such information to third parties, including the Company.

#### **17.10 Complaints Handling**

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

Shareholders can access the complaints handling procedure on <https://www.dnbam.com>.

#### **17.11 Status of Limitations**

Claims received from the Shareholders with regards to the activity of the Company and/or any of the delegated party lapse five (5) years after the date of the event giving rise to the rights invoked.

#### **17.12 Best Execution**

The Management Company as well as the Investment Manager acts in the best interests of the Company when executing investment decisions. For that purpose they will take all reasonable steps to obtain the best possible result 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 best execution policy is available for Shareholders free of charge at the registered office of the Management Company.

### **17.13 Applicable law, jurisdiction and governing language**

Disputes arising between the Shareholders, the Company, the Management Company, the Depositary Bank and the Administration Agent shall be settled according to Luxembourg law and subject to the jurisdiction of the District Court of Luxembourg, provided, however, that the Management Company, the Company, the Depositary Bank and the Administration Agent may subject themselves to the jurisdiction of courts of the countries, in which the Shares of the Company are offered and sold, with respect to claims by investors resident in such countries and, with respect to matters relating to subscriptions and redemptions and conversions by Shareholders resident in such countries, to the laws of such countries.

English shall be the governing language for these regulations, provided, however, that the Management Company, the Company, the Depositary Bank and the Administration Agent may consider as binding the translation in languages of the countries in which the Shares are offered and sold, with respect to Shares sold to investors in such countries.

### **17.14 Documents available for inspection**

The following documents can be inspected by the Shareholders at the offices of the Depositary Bank and the Company:

- Prospectus, as amended from time to time;
- Articles, as amended from time to time;
- KIIDs;
- Annual and semi-annual reports;
- Depositary Agreement entered into with the Depositary Bank;
- Management Company Services Agreement entered into with the Management Company;
- Investment Management Agreement entered into with the Investment Manager;
- Services Agreement with the Administration Agent.

Copies of the Prospectus, the Articles, the KIIDs, the latest financial reports may be obtained free of charge during normal business hours at the registered office of the Company.

**APPENDIX  
LIST OF SUB-FUNDS**

## **1. EQUITY SUB-FUNDS**

### **1.1 SPECIFICITIES OF EQUITY SUB-FUNDS**

#### **General Investment Objectives**

The main objective of the Equity Sub-Funds is the realisation of long-term capital growth through direct or indirect investments in equity securities and instruments relevant to the particular geographical, sector and/or thematic focus of each Equity Sub-Fund. Typically, an Equity Sub-Fund focusing its investments on a geographical area will have full sector flexibility. Similarly, an Equity Sub-Fund focusing its investments on one or more sectors or themes will typically have full geographical flexibility.

The Equity Sub-Funds offer the Shareholders a convenient access to equity markets while complying with the principle of risk diversification. The equities traded in the Equity Sub-Funds are quoted on an official stock exchange or traded on a regulated market, which operates regularly, is recognized and is open to the public.

The Equity Sub-Funds will be Actively Managed, and investments will be centred on those companies that have been identified as offering attractive expected return versus risk of potential loss, with appropriate diversification.

For Equity Sub-Funds investing in a specific geographical area or industrial sector, emphasis will be given to the investments and currencies related to the specific objective of the Sub-Fund. All references to a specific geographical area have to be understood as being references to (i) the area in which the issuer is domiciled or (ii) the area in which the issuer carries on the predominant portion of its business activities or (iii) the area in which the relevant securities are listed.

With a view to maintaining adequate liquidity, each Equity Sub-Fund may hold ancillary liquid assets. The latter may cover cash, short-term bank deposits, as well as regularly traded money market instruments the residual maturity of which does not exceed twelve (12) months.

The Equity Sub-Funds may use financial derivative instruments to achieve their investment objectives and for currency hedging. These instruments may include, but are not limited to, futures, options, rights and warrants quoted on an official stock exchange or traded on a regulated market.

#### **Risk Profile**

The Shareholders should be aware that the value of the Shares may fall as well as rise and the invested capital may not be fully repaid.

The profit deriving from the Shares may fluctuate and fluctuations within the exchange rates may cause the net asset value of Shares to go up or down. The levels and basis of, and relief from, taxation may vary.

There is no assurance that the Equity Sub-Funds will achieve their investment objectives. The Equity Sub-Funds are neither capital-protected nor guaranteed.

Investing in equity securities may offer a higher rate of return than those in short term and long term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and

risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value. Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. Historically, equity securities have provided greater long-term returns and have entailed greater short-term risks than other investment choices.

### **Risk Management Process**

The Equity Sub-Funds use the Commitment Approach.

### **Profile of Targeted Investors**

The Equity Sub-Funds are suitable for investors wishing to attain defined investment objectives. The investor must have experience with volatile products.

The investor must be able to accept significant temporary losses, thus the Equity Sub-Funds are suitable to investors who can afford to set aside the capital for at least five (5) years.

The Equity Sub-Funds are designed for the investment objective of building up capital. For investors holding a portfolio of securities, it can play the role of a core position.

Potential investors are advised to seek information on the following issues they might encounter under the laws of the countries of their citizenship, residence or domicile:

- possible tax consequences;
- legal requirements;
- foreign exchange restrictions;
- exchange control requirements; and
- any other issue that might be relevant to the subscription, purchase, holding, switching and disposal of Shares.

### **Total Annual Return and ongoing charges**

An overview of the Equity Sub-Funds' past performance will be disclosed in the respective 'KIID.

Past performance is not indicative of future results. An indication of the respective Sub-Fund's ongoing charges will be disclosed in the KIID for each Sub-Fund.

### **Fees for the Equity Sub-Funds**

<b>Management fee (includes all fees paid to the Administration Agent, the Depositary Bank and the Investment Manager)</b>	Up to 1.75%
<b>Performance fee</b>	As set out in the Sub-Fund's Appendix, if applicable
<b>Subscription fee</b>	Up to 5%
<b>Subscription minimum amount for Institutional Classes</b>	Up to EUR 1,000,000.- or the equivalent in another currency
<b>Subscription minimum amount for Retail Classes</b>	None
<b>Redemption fee</b>	None
<b>Conversion fee</b>	Up to 1%

Details of the actual rate of the management fee for each Class are set out on the website <https://www.dnbam.com>.

## **1.2 LIST OF EQUITY SUB-FUNDS**

### **1.2.1 DNB FUND – ASIAN SMALL CAP**

Emphasis is placed on investments in small and medium capitalization companies in Asia ex-Japan, and especially in listed equities or equity-related securities (such as convertible bonds, global depositary receipts and shares).

The Sub-Fund will invest in equities at least 51% of its net assets.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

Potential investors in the Sub-Fund are warned that investment in the Sub-Fund is subject to a high degree of risk. Shares of the Sub-Fund are only suitable for investors who can fully evaluate the risks involved. Specifically it should be noted that the benchmark index for the Sub-Fund cannot be relied upon as an indicator of risk due to the fact that the portfolio of the Sub-Fund may differ substantially from that of the benchmark index. Consequently, the risk associated with the Sub-Fund may also be substantially higher than that of the benchmark index.

The Sub-Fund's benchmark index is MSCI AC Asia Pacific ex Japan Index Net.

Potential Shareholders are warned that, on some Asian markets, the national legislation provides for a contingent liability, that is, the payment of a deferred tax on the net profit of securities acquired by the Sub-Fund.

The net asset value per Share is expressed in EUR.



## **1.2.2 DNB FUND – DISRUPTIVE OPPORTUNITIES**

The Sub-Fund aims to achieve a positive relative return over the long-term principally through investments in equities of companies operating in or associated with breakthrough technologies, typically within the communications services, information technology, finance, health care, renewable energy or energy efficiency sectors. Geographically, the Sub-Fund has full flexibility.

The Sub-Fund will invest in equities at least 51% of its net assets.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

A performance fee of 20% of the excess yield in relation to the Sub-Fund's benchmark index could be levied. The Sub-Fund's benchmark index is MSCI World Index. Please refer to chapter 15 ("Charges & Expenses") for detailed information on conditions and calculations of performance fees.

The net asset value per Share is expressed in EUR.

### **1.2.3 DNB FUND – GLOBAL ESG**

Emphasis is placed on sustainability (environmental, social and governance – ESG) in the stock markets of any or all developed countries.

The Sub-Fund will invest in equities at least 51% of its net assets.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

The Sub-Fund's benchmark index is MSCI World Index.

The net asset value per Share is expressed in EUR.

#### **1.2.4 DNB FUND – GLOBAL EMERGING MARKETS ESG**

Emphasis is placed on sustainability (environmental, social and governance – ESG) and greenhouse gas emissions in the stock markets of any or all Emerging Countries in Latin America, Asia, Eastern-Europe, Africa and the Near-East. Investments in the above mentioned stock markets may also be done indirectly through depository receipts, listed on any stock exchange or Regulated Market.

The Sub-Fund will invest in equities at least 51% of its net assets.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

These stock markets qualify either as stock exchanges or as Regulated Markets which operate regularly and are recognized and open to the public in the meaning of Article 41(1) of the UCI Law. The stocks which are not dealt on stock exchanges or Regulated Markets as described hereabove are subject to Article 41(2) of the UCI Law.

Potential investors in the Sub-Fund are warned that investment in the Sub-Fund is subject to a high degree of risk. Shares of the Sub-Fund are only suitable for investors who can fully evaluate the risks involved. Indeed the risks inherent in investment in Emerging Countries' securities are significant, and differ in kind and degree from the risks presented by investments in the world's major securities markets. In addition to the usual risks associated with equity investments, these risks include political, regulatory and economic risks that may be substantially greater than those associated with other financial markets. Although stock markets in certain Emerging Countries have provided substantial returns in recent years, there can be no assurance that such performance will continue.

Potential Shareholders are warned that, on some Asian markets, the national legislation provides for a contingent liability, that is, the payment of a deferred tax on the net profit of securities acquired by the Sub-Fund.

The Sub-Fund's benchmark index is MSCI Emerging Markets Index Net.

The net asset value per Shares is expressed in USD.

### **1.2.5 DNB FUND – HEALTH CARE**

Emphasis is placed on investments in the equities of companies operating in or associated with the health care sectors. Geographically the Sub-Fund has full flexibility. The Sub-Fund may invest between 5% and 15% of its net assets in equities quoted on the Hong Kong Stock exchange or on the Shanghai Stock exchange.

The Sub-Fund will invest in equities at least 51% of its net assets.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

A performance fee of 20% of the excess yield in relation to the Sub-Fund's benchmark index could be levied. The Sub-Fund's benchmark index is MSCI World Health Care Index.

Please refer to chapter 15 ("Charges & Expenses") for detailed information on conditions and calculations of performance fees.

The net asset value per Share is expressed in EUR.

### 1.2.6 DNB FUND – INDIA

Emphasis is placed on investments in equities in India. Investments in the Indian stock market may also be done indirectly through depository receipts, listed on any stock exchange or Regulated Market. Derivatives (including in particular options and futures contracts) on the above mentioned listed equities might also be used, on an ancillary basis, in order to obtain exposure to the Indian equity market.

The Sub-Fund will invest in equities at least 51% of its net assets.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

These stock markets qualify either as stock exchanges or as Regulated Markets which operate regularly and are recognized and open to the public in the meaning of Article 41(1) of the UCI Law. The stocks which are not dealt on stock exchanges or Regulated Markets as described hereabove are subject to Article 41(2) of the UCI Law.

Potential investors in the Sub-Fund are warned that investment in the Sub-Fund is subject to a high degree of risk. Shares of the Sub-Fund are only suitable for investors who can fully evaluate the risks involved. Indeed the risks inherent in investment in Emerging Countries' securities are significant, and differ in kind and degree from the risks presented by investments in the world's major securities markets. In addition to the usual risks associated with equity investments, these risks include political, regulatory and economic risks that may be substantially greater than those associated with other financial markets. Although stock markets in certain Emerging Countries have provided substantial returns in recent years, there can be no assurance that such performance will continue.

The Sub-Fund's benchmark index is MSCI Daily TR Net Emerging Markets India.

A performance fee of 20% of the excess yield in relation to the Sub-Fund's benchmark index could be levied. The Sub-Fund's benchmark index is MSCI Daily TR Net Emerging Markets India. Please refer to chapter 15 ("Charges & Expenses") for detailed information on conditions and calculations of performance fees.

The net asset value per Share is expressed in EUR.

### **1.2.7 DNB FUND – LOW VOLATILITY EQUITIES**

The Sub-Fund aims to achieve, with minimum exposure to volatility, a positive relative return over the long-term principally through investments in equities of companies exhibiting relatively low volatility and concentration risk. Geographically, the Sub-Fund has full flexibility in developed markets.

The Sub-Fund will invest in equities at least 51% of its net assets.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

The Sub-Fund's benchmark index is MSCI World Index.

The net asset value per Share is expressed in EUR.

### **1.2.8 DNB FUND – NORDIC EQUITIES**

Emphasis is placed on investments in equities in Denmark, Finland, Norway and Sweden.

The Sub-Fund will invest in equities at least 51% of its net assets.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

The Sub-Fund's benchmark index is VINX Capped Index Net.

The net asset value per Share is expressed in EUR.

### **1.2.9 DNB FUND – NORDIC SMALL CAP**

The Sub-Fund aims to achieve a positive relative return over the long-term principally through investments in equities of small and medium capitalization size companies domiciled in the Nordic Markets, *i.e.* Norway, Sweden, Finland, Denmark and Iceland; or of companies which, while not domiciled in Nordic Markets, carry out a predominant portion of their business activities in the Nordic Markets; or of companies the equity instruments of which are primarily traded in the Nordic Markets.

The Sub-Fund will invest in equities at least 51% of its net assets.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

A performance fee of 20% of the excess yield in relation to the Sub-Fund's benchmark index could be levied. The Sub-Fund's benchmark index is VINX Small Cap NI. Please refer to chapter 15 ("Charges & Expenses") for detailed information on conditions and calculations of performance fees.

The net asset value per Share is expressed in EUR.



### **1.2.10 DNB FUND – PRIVATE EQUITY**

The Sub-Fund will mainly invest in the global private equity sector through exposure in other UCITS(s), UCI(s), Exchange Traded Funds (ETFs), listed private equity investment trusts (PEITS), indices and listed equities of companies investing in the private equity sector. Derivatives (including in particular options and futures contracts) on the above mentioned UCITS(s), UCI(s), ETFs, listed PEITS, indices and listed equities might also be used, on an ancillary basis, in order to obtain exposure to the private equity sector. Geographically the Sub-Fund has full flexibility.

The Sub-Fund will invest in equities at least 51% of its net assets.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

The Sub-Fund's benchmark index is MSCI World Index.

The net asset value per Share is expressed in EUR.

### 1.2.11 DNB FUND – RENEWABLE ENERGY<sup>1</sup>

Emphasis is placed on investments in the equities of companies operating in the renewable energy sector. Geographically the Sub-Fund has full flexibility.

The Sub-Fund will invest in equities at least 51% of its net assets.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

A performance fee of 20% of the excess yield in relation to the Sub-Fund's benchmark index could be levied. The Sub-Fund's benchmark index is the WilderHill New Energy Global Innovation Index (NEXUST). Please refer to chapter 15 ("Charges & Expenses") for detailed information on conditions and calculations of performance fees.

The net asset value per Share is expressed in EUR.

<sup>1</sup> With effect from 15 January 2020, the investment policy of DNB FUND – Renewable Energy will be amended in order to allow the Sub-Fund to invest in equities of companies operating in the energy efficiency sectors.

The first sentence of the investment policy will read as follows (new language is put in bold for your convenience):  
“*Emphasis is placed on investments in the equities of companies operating in the renewable energy **or energy efficiency** sectors.*”

### **1.2.12 DNB FUND – TECHNOLOGY**

Emphasis is placed on investments in the equities of companies operating in or associated with the technology, media and telecom sectors. Geographically the Sub-Fund has full flexibility.

The Sub-Fund will invest in equities at least 51% of its net assets.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

A performance fee of 20% of the excess yield in relation to the Sub-Fund's benchmark index could be levied. The Sub-Fund's benchmark index is MSCI Communication Services & Information Technology.

Please refer to chapter 15 ("Charges & Expenses") for detailed information on conditions and calculations of performance fees.

The net asset value per Share is expressed in EUR.

## **2. ALTERNATIVE INVESTMENT SUB-FUNDS**

### **2.1 SPECIFICITIES OF ALTERNATIVE INVESTMENT SUB-FUNDS**

#### **General Investment Objectives**

The main objective of the Alternative Investment Sub-Funds is the realisation of long-term capital growth through direct or indirect investments in long- or short positions in equity securities and instruments relevant to the particular geographical, sector and/or thematic focus of each Alternative Investment Sub-Fund. Typically, an Alternative Investment Sub-Fund focusing its investments on a geographical area will have full sector flexibility. Similarly, an Alternative Investment Sub-Fund focusing its investments on one or more sectors or themes will typically have full geographical flexibility.

The Alternative Investment Sub-Funds offer the Shareholders a convenient access to relevant markets of transferable securities while complying with the principle of risk diversification. The transferable securities traded in the Alternative Investment Sub-Funds are quoted on an official stock exchange or traded on a regulated market, which operates regularly, is recognized and is open to the public.

The Alternative Investment Sub-Funds will be Actively Managed, and investments centred on those companies that have been identified as offering prospects for capital growth or, reversely, on companies with negative prospects through the use of financial derivatives whereby a fall in the equity price will result in an increase in the financial derivative's value.

In order to achieve its main objective, the Alternative Investment Sub-Funds' portfolios may also include financial derivative instruments, including but not limited to financial futures contracts, options (on equities, interest rates, indices, bonds, currencies, commodity indices or other instruments), forward contracts (including foreign exchange contracts), depository receipts, rights, warrants on transferable securities traded on a recognised stock exchange or another Regulated Market, swaps (including foreign exchange swaps, commodity index swaps, interest rate swaps, and swaps on baskets of equities, volatility swaps and variance swaps), credit derivatives (including credit default derivatives, credit default swaps and credit spread derivatives), warrants, and structured financial derivative instruments such as credit-linked and equity-linked securities. To the degree the Alternative Investment Sub-Funds will have any exposure to ABS or MBS, such exposure will never exceed 20% of the portfolio of the respective Alternative Investment Sub-Fund. Any such investments will nevertheless be out of scope of Regulation (EU) 2017/2402 (the Securitization Regulation).

Under normal circumstances, it is generally expected that the actual percentage of the assets held by an Alternative Investment Sub-Fund that may be subject to contracts for difference at any time will not exceed 300% of its net assets. In exceptional circumstances, such percentage may be increased up to a maximum of 400% of its net assets. The actual percentage depends on factors including, but not limited to the amount of relevant transferable securities held within an Alternative Investment Sub-Fund and the market demand for such securities at any given time.

For Alternative Investment Sub-Funds investing in a specific geographical area or industrial sector, emphasis will be given to the investments and currencies related to the specific objective of the Alternative Investment Sub-Fund. All references to a specific geographical area have to be understood as being references to (i) the area in which the issuer is domiciled or (ii) the area in which the issuer carries on the predominant portion of its business activities or (iii) the area in which the relevant securities are listed.

With a view to maintaining adequate liquidity, each Alternative Investment Sub-Fund may hold ancillary liquid assets. The latter may cover cash, short-term bank deposits, as well as regularly traded money market instruments the residual maturity of which does not exceed twelve (12) months.

The Alternative Investment Sub-Funds may engage in forward foreign currency exchange contracts in order to hedge the assets of the Alternative Investment Sub-Fund against currency fluctuations. Hedged Classes are Classes to which a hedging strategy aiming at mitigating currency risk against the reference currency of the Alternative Investment Sub-Fund is applied, in accordance with ESMA opinion on UCITS share classes (ESMA34-43-296).

### **Risk Profile**

The Shareholders should be aware that the value of the Shares may fall as well as rise and the invested capital may not be fully repaid.

The profit deriving from the Shares may fluctuate and fluctuations within the exchange rates may cause the net asset value of Shares to go up or down. The levels and basis of, and relief from, taxation may vary.

Investing in Alternative Investment Sub-Funds may offer a higher rate of return than those in short term and long term debt securities. However, the risks associated with investments in Alternative Investment Sub-Funds may also be higher, because the investment performance of such Alternative Investment Sub-Funds depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies or positions taken. The fundamental risk associated with any alternative investment portfolio is the risk that the value of the investments it holds might decrease in value. Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. In particular the use of financial derivative instruments for investment purposes may increase the volatility of the net asset value per Share, which may result in higher losses for the Investor. Potential investors should note that warrants on transferable securities, although expected to provide higher returns than transferable securities due to their high leverage, are subject to volatility in their price and subsequent greater risk of loss. Moreover, these instruments can lose their entire value.

### **Risk Management Process**

The Alternative Investment Sub-Funds use the VaR Approach. The expected level of leverage is explicitly stated under the description of each Alternative Investment Sub-Fund.

### **Profile of Targeted Investors**

The Alternative Investments Sub-Funds are suitable for investors wishing to attain defined investment objectives. The investor must have experience with volatile products.

The investor must be able to accept significant temporary losses, thus the Alternative Investment Sub-Funds are suitable to investors who can afford to set aside the capital for at least five (5) years. They are designed for the investment objective of building up capital.

Potential investors are advised to seek information on the following issues they might encounter under the laws of the countries of their citizenship, residence or domicile:

- possible tax consequences;
- legal requirements;
- foreign exchange restrictions;

- exchange control requirements; and
- any other issue that might be relevant to the subscription, purchase, holding, switching and disposal of Shares.

### **Total Annual Return and ongoing charges**

An overview of the Alternative Investments Sub-Funds' past performance will be disclosed in the respective KIID. Past performance is not indicative of future results. An indication of the respective Alternative Investment Sub-Fund's ongoing charges will be disclosed in the KIID for each Sub-Fund.

### **Fees for the Alternative Investment Sub-Funds**

<b>Management fee (includes all fees paid to the Administration Agent, the Depositary Bank and the Investment Manager)</b>	Up to 1.50%
<b>Performance fee</b>	As set out in the Sub-Fund's Appendix, if applicable
<b>Subscription fee</b>	Up to 5%
<b>Subscription minimum amount for Institutional Classes</b>	EUR 1,000,000.- or the equivalent in another currency
<b>Subscription minimum amount for Retail Classes</b>	None
<b>Redemption fee</b>	None
<b>Conversion fee</b>	Up to 1%

Details of the actual rate of the management fee for each Class are set out on the website <https://www.dnbam.com>.

## **2.2 LIST OF ALTERNATIVE INVESTMENT SUB-FUNDS**

### **2.2.1 DNB FUND – ECO ABSOLUTE RETURN**

The Sub-Fund aims to achieve a positive absolute return over the long-term regardless of market conditions, by taking long and short positions primarily in equities of or in derivative contracts related to equities of companies operating in or associated with renewable energy and solutions aiming to reduce climate gas emissions (compared to conventional solutions), as well as other solutions aiming to reduce the environmental impact of mankind. Geographically, the Sub-Fund has full flexibility.

The use of derivatives forms an integral and important part of the Sub-Fund's investment strategy. Financial derivative instruments may be employed for instance to generate additional exposure through long or covered short positions to equities. Such financial derivative instruments may include, but are not limited to, over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps (typically portfolio swaps), forward contracts and/or a combination of the above.

The expected level of leverage is between 200% and 500% based on the net asset value of the Sub-Fund.

The Sub-Fund will invest in equities at least 51% of its net assets.

The Sub-Fund may also invest at the Investment Manager's discretion in other transferable securities, derivative instruments and collective investment schemes.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

A performance fee of 20% of the excess yield in relation to the Sub-Fund's benchmark index could be levied. The Sub-Fund's benchmark indices vary for each Class and are:

- custom benchmark based on German 3 mth Bubill (please refer to chapter 8 ("Risk Warnings") for detailed information regarding this benchmark);
- custom benchmark based on USGG3M (please refer to chapter 8 ("Risk Warnings") for detailed information regarding this benchmark);
- BNP Paribas Money Market TR Index CHF;
- Norway Government Bond 0.25Y; and
- OMRX Treasury Bill Index.

Please refer to chapter 15 ("Charges & Expenses") for detailed information on conditions and calculations of performance fees.

The net asset value per Share is expressed in EUR. The Sub-Fund engages in forward foreign currency exchange contracts in order to hedge the assets of this Sub-Fund against currency fluctuations. The Sub-Fund will aim to hedge the performance of the Classes not expressed in EUR to replicate the base currency performance of the Sub-Fund on a best effort basis.

## 2.2.2 DNB FUND – HEALTH CARE ABSOLUTE RETURN

The Sub-Fund aims to achieve a positive absolute return over the long-term regardless of market conditions, by taking long and short positions primarily in equities of or in derivative contracts principally related to equities of companies operating in or associated with the health care sector. Geographically, the Sub-Fund has full flexibility.

The use of derivatives forms an integral and important part of the Sub-Fund's investment strategy. Financial derivative instruments may be employed to generate long or short exposure to equities. Such financial derivative instruments may include, but are not limited to, over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps (typically portfolio swaps), forward contracts and/or a combination of the above.

The Sub-Fund may also invest at the Investment Manager's discretion in other transferable securities, derivative instruments and collective investment schemes.

The maximum level of leverage is 400% based on the net asset value of the Sub-Fund.

The Sub-Fund will invest in equities at least 51% of its net assets.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

A performance fee of 20% of the excess yield in relation to the Sub-Fund's benchmark index could be levied. The Sub-Fund's benchmark indices vary for each Class and are:

- custom benchmark based on German 3 mth Bubill (please refer to chapter 8 ("Risk Warnings") for detailed information regarding this benchmark);
- custom benchmark based on USGG3M (please refer to chapter 8 ("Risk Warnings") for detailed information regarding this benchmark);
- BNP Paribas Money Market TR Index CHF;
- Norway Government Bond 0.25Y; and
- OMRX Treasury Bill Index.

Please refer to chapter 15 ("Charges & Expenses") for detailed information on conditions and calculations of performance fees.

The net asset value of the Sub-Fund per share is expressed in EUR. The Sub-Fund engages in forward foreign currency exchange contracts in order to hedge the assets of this Sub-Fund against currency fluctuations. The Sub-Fund will aim to hedge the performance of the Classes not expressed in EUR to replicate the base currency performance of the Sub-Fund on a best effort basis.



### 2.2.3 DNB FUND – NORDIC ABSOLUTE RETURN

The Sub-Fund aims to achieve a positive absolute return over the long-term regardless of market conditions, by taking long and short positions primarily in equities of or in derivative contracts principally related to equities of companies domiciled in the Nordic Markets, *i.e.* Norway, Sweden, Finland, Denmark and Iceland; or of companies which, while not domiciled in Nordic Markets, carry out the predominant portion of their business activities in the Nordic Markets; or of companies the equity instruments of which are primarily traded in the Nordic Markets.

The use of derivatives forms an integral and important part of the Sub-Fund's investment strategy. Financial derivative instruments may be employed to generate long or short exposure to equities. Such financial derivative instruments may include, but are not limited to, over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps (typically portfolio swaps), forward contracts and/or a combination of the above.

The Sub-Fund may also invest at the Investment Manager's discretion in other transferable securities, derivative instruments and collective investment schemes.

The maximum level of leverage is 400% based on the net asset value of the Sub-Fund.

The Sub-Fund will invest in equities at least 51% of its net assets.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

A performance fee of 20% of the excess yield in relation to the Sub-Fund's benchmark index could be levied. The Sub-Fund's benchmark indices vary for each Class and are:

- custom benchmark based on German 3 mth Bubill (please refer to chapter 8 ("Risk Warnings") for detailed information regarding this benchmark);
- custom benchmark based on USGG3M (please refer to chapter 8 ("Risk Warnings") for detailed information regarding this benchmark);
- BNP Paribas Money Market TR Index CHF;
- Norway Government Bond 0.25Y; and
- OMRX Treasury Bill Index.

Please refer to chapter 15 ("Charges & Expenses") for detailed information on conditions and calculations of performance fees.

The net asset value of the Sub-Fund per share is expressed in EUR. The Sub-Fund engages in forward foreign currency exchange contracts in order to hedge the assets of this Sub-Fund against currency fluctuations. The Sub-Fund will aim to hedge the performance of the Classes not expressed in EUR to replicate the base currency performance of the Sub-Fund on a best effort basis.

## 2.2.4 DNB FUND – TMT ABSOLUTE RETURN

The Sub-Fund aims to achieve a positive absolute return over the long-term regardless of market conditions, by taking long and short positions primarily in equities of or in derivative contracts related to equities of companies operating in or associated with the technology, media and telecom sectors. Geographically, the Sub-Fund has full flexibility.

The use of derivatives forms an integral and important part of the Sub-Fund's investment strategy. Financial derivative instruments may be employed for instance to generate additional exposure through long or covered short positions to equities. Such financial derivative instruments may include, but are not limited to, over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps (typically portfolio swaps), forward contracts and/or a combination of the above.

The expected level of leverage is between 100% and 400% based on the net asset value of the Sub-Fund.

The Sub-Fund will invest in equities at least 51% of its net assets.

The Sub-Fund may also invest at the Investment Manager's discretion in other transferable securities, derivative instruments and collective investment schemes.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

A performance fee of 20% of the excess yield in relation to the Sub-Fund's benchmark index could be levied. The Sub-Fund's benchmark indices vary for each Class and are:

- custom benchmark based on German 3 mth Bubill (please refer to chapter 8 ("Risk Warnings")) for detailed information regarding this benchmark);
- custom benchmark based on USGG3M (please refer to chapter 8 ("Risk Warnings")) for detailed information regarding this benchmark);
- BNP Paribas Money Market TR Index CHF;
- Norway Government Bond 0.25Y; and
- OMRX Treasury Bill Index.

Please refer to chapter 15 ("Charges & Expenses") for detailed information on conditions and calculations of performance fees.

The net asset value of the Sub-Fund per Share is expressed in EUR. The Sub-Fund engages in forward foreign currency exchange contracts in order to hedge the assets of this Sub-Fund against currency fluctuations. The Sub-Fund will aim to hedge the performance of the Classes not expressed in EUR to replicate the base currency performance of the Sub-Fund on a best effort basis.

### **3. BOND SUB-FUNDS**

#### **3.1 SPECIFICITIES OF BOND SUB-FUNDS**

##### **General Investment Objectives**

The main objective of the Bond Sub-Funds is the realisation of medium to long-term capital growth through direct or indirect investments in fixed or floating rate debt securities as well as other debt instruments relevant to the particular geographical, sector and/or thematic focus of each Bond Sub-Fund. Typically, a Bond Sub-Fund focusing its investments on a geographical area will have full sector flexibility. Similarly, a Bond Sub-Fund focusing its investments on one or more sectors or themes will typically have full geographical flexibility.

The Bond Sub-Funds offer the Shareholders a convenient access to relevant markets of transferable securities while complying with the principle of risk diversification. The transferable securities traded in the Bond Sub-Funds are quoted on an official stock exchange or traded on a regulated market, which operates regularly, is recognized and is open to the public.

The Bond Sub-Funds will be Actively Managed, and investments will be centred on those bond issuers that have been identified as offering attractive expected return versus risk of potential loss, with appropriate diversification.

Credit rating or equivalent credit quality classification must be assigned by an independent recognised ratings agency (such as or equivalent to Fitch, Moody's and/or Standard & Poor's) and by the Investment Manager.

The credit rating or equivalent classification of such investments will be monitored to ensure that no more than 10% of the net assets of the Bond Sub-Funds are invested in debt securities rated below the minimum credit quality requirement of the Bond Sub-Fund, in the event of a downgrading of the bonds following acquisition.

If the credit rating or an equivalent credit quality classification of an investment is no longer provided by any independent recognized rating agency or the Investment Manager after acquisition even though the bond at the time of acquisition had a minimum rating equal to or above the minimum credit quality requirement of the Bond Sub-Fund, then the credit rating of such investments shall be regarded as below the minimum credit quality requirement of the Bond Sub-Fund. The Bond Sub-Funds will not invest directly in distressed or default securities (rated "CCC+" (or equivalent) or below). In case of a downgrade of a security to distressed or default (rated "CCC+" (or equivalent) or below), the Investment Manager may (i) sell a part or the entire amount of security held or (ii) terminate the transaction entered into, at its discretion. The decision will be based on an assessment implementing a risk versus reward compromise. The Investment Manager will sell a security or terminate a transaction when the probability of additional losses is considered sufficiently strong or if the possibility of salvaging some of the value of the security is considered weak. To the contrary, the Investment Manager will keep the security in portfolio or remain in the transaction when the possibility and attractiveness of salvaging parts of the value of the security is considered strong.

The Bond Sub-Funds' portfolios may also include equity securities resulting from restructuring processes and securities with equity features such as conversion rights or subscription warrants, but it will be the policy of the Bond Sub-Funds that such securities (including equities resulting therefrom) should not amount in aggregate to more than 30% of the total net assets of the Bond Sub-Fund concerned.

The Bond Sub-Fund weightings among the different asset classes are determined based on their income, appreciation and risk of potential loss, with appropriate diversification.

For Bond Sub-Funds investing in a specific geographical area or industrial sector, emphasis will be given to the investments and currencies related to the specific objective of the Bond Sub-Fund. All references to a specific geographical area have to be understood as being references to (i) the area in which the issuer is domiciled or (ii) the area in which the issuer carries on the predominant portion of its business activities or (iii) the area in which the relevant securities are listed.

With a view to maintaining adequate liquidity, each Bond Sub-Fund may hold ancillary liquid assets. The latter may cover cash, short-term bank deposits, as well as regularly traded money market instruments the residual maturity of which does not exceed twelve (12) months.

The Bond Sub-Funds may use financial derivative instruments to achieve their investment objectives and for currency hedging. These instruments may include, but are not limited to, futures, options, forward contracts, credit derivatives and swaps. Within the overall parameters of the Bond Sub-Funds, the portfolio will be balanced as to currencies, issuers and guarantors.

The Bond Sub-Funds may engage in forward foreign currency exchange contracts in order to hedge the assets of the Bond Sub-Fund against currency fluctuations. Hedged Classes are Classes to which a hedging strategy aiming at mitigating currency risk against the reference currency of the Bond Sub-Fund is applied, in accordance with ESMA opinion on UCITS share classes (ESMA34-43-296).

### **Risk Profile**

Shareholders should be aware that the value of the Bond Sub-Funds may fall as well as rise and the invested capital may not be fully repaid.

The profit deriving from the Shares may fluctuate and fluctuations within the exchange rates may cause the net asset value of Shares to go up or down. The levels and basis of, and relief from, taxation may vary.

There is no assurance that the Bond Sub-Funds will achieve the investment objectives. The Bond Sub-Funds are neither capital-protected nor guaranteed.

Debt securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk).

As a Bond Sub-Fund may invest part of its net assets in lower rated bonds, the investors' attention is drawn to the fact that such bonds may be considered speculative and that they tend to be more volatile than higher rated bonds. In addition, investment in lower rated bonds is subject to greater risk of loss of principal and interest (including the risk of default) than higher rated bonds.

Potential Shareholders should note that warrants on transferable securities, although expected to provide higher returns than transferable securities due to their high leverage, are subject to volatility in their price and subsequent greater risk of loss. Moreover, these instruments can lose their entire value.

The value of equity securities may fluctuate in accordance with the performance of individual companies and general market and/or economic conditions.

Movements in currency exchange rates may adversely affect the value of the Bond Sub-Funds.

### **Risk Management Process**

The Bond Sub-Funds use the Commitment Approach.

### **Profile of Targeted Investors**

The Bond Sub-Funds are aimed at investors seeking a balance of appreciation of capital, income generation and risk of loss by investing in a single fund holding in a diversified portfolio of fixed income instruments.

The investor of the Bond Sub-Funds is typically looking for greater capital growth than offered by cash holdings or just through government bonds.

The investors of the Bond Sub-Funds must be able to accept temporary losses, thus the Bond Sub-Funds are suitable to investors who can afford to set aside the capital for at least three (3) to five (5) years. The Shareholders in the high yield Bond Sub-Funds must be able to accept a higher loss than the non-high yield Bond Sub-Funds as well as having a longer investment horizon.

Potential investors are advised to seek information on the following issues they might encounter under the laws of the countries of their citizenship, residence or domicile:

- possible tax consequences;
- legal requirements;
- foreign exchange restrictions;
- exchange control requirements; and
- any other issue that might be relevant to the subscription, purchase, holding, switching and disposal of Shares.

### **Total Annual Return and ongoing charges**

An overview of the Bond Sub-Funds' past performance will be disclosed in the respective KIID.

Past performance is not indicative of future results. An indication of the respective Bond Sub-Fund's ongoing charges will be disclosed in the KIID of such Bond Sub-Fund.

### **Fees for the Bond Sub-Funds**

<b>Management fee (includes all fees paid to the Administration Agent, the Depositary Bank and the Investment Manager)</b>	Up to 0.80%
<b>Performance fee</b>	None
<b>Subscription fee</b>	Up to 2%
<b>Subscription minimum amount for Institutional Classes</b>	EUR 1,000,000.- or the equivalent in another currency
<b>Subscription minimum amount for Retail Classes</b>	None
<b>Redemption fee</b>	None
<b>Conversion fee</b>	Up to 1%

Details of the actual rate of the management fee for each Class are set out on the website <https://www.dnbam.com>.

## **3.2 LIST OF BOND SUB-FUNDS**

### **3.2.1 DNB FUND – HIGH YIELD<sup>2</sup>**

Emphasis is placed on investments in fixed or floating rate debt securities and other debt instruments with minimum ratings of “B-” (high yield) or equivalent at the time of acquisition by the Sub-Fund. Under normal circumstances, it is expected that the average rating of the securities included in the Sub-Fund’s portfolio will range between B and BB. Such ratings must be assigned by at least one independent recognized rating agency (such as/or equivalent to Fitch, Moody’s and/or Standard & Poor’s) or by a bank, investment bank or other intermediate. The Sub-Fund will not invest directly in distressed or default securities (rated “CCC+” (or equivalent) or below).

In case of downgrade of debt securities already acquired by the Sub-Fund equivalent to “CCC+” or below, the Sub-Fund’s exposure to such debt securities shall be reduced to 10% of the Sub-Fund’s assets. In case of a downgrade of a security to distressed or default, the Investment Manager may (i) sell a part or the entire amount of security held or (ii) terminate the transaction entered into, at its discretion. The decision will be based on an assessment implementing a risk versus reward compromise. The Investment Manager will sell a security or terminate a transaction when the probability of additional losses is considered sufficiently strong or if the possibility of salvaging some of the value of the security is considered weak. To the contrary, the Investment Manager will keep the security in portfolio or remain in the transaction when the possibility and attractiveness of salvaging parts of the value of the security is considered strong.

If the credit rating of a debt security is no longer provided after acquisition by the Sub-Fund, even though the credit rating at the time of acquisition was at least “B-” or equivalent, the credit rating of such debt security shall be regarded as “CCC+” (or equivalent) or below.

Geographically the Sub-Fund has full flexibility.

Up to 10% of the Sub-Fund’s assets may be invested in equities acquired by way of (i) a conversion, restructuring or reorganisation of a corporate bond held into the portfolio of the Sub-Fund or (ii) by a conversion or the exercise of convertible bonds or upon allotments of equity securities to bondholders.

The Sub-Fund may also invest in listed government bond futures where the underlying asset will be government bonds.

The Sub-Fund’s duration (interest-rate sensitivity) will always be in the range of 0 to 3 years.

The Sub-Fund’s benchmark index is Barclays Global Aggregate Corporate Bond Index.

The net asset value per Share is expressed in EUR. Share of Classes Institutional A (EUR), Institutional A (USD), Institutional A (GBP), Institutional A (CHF) Institutional A (NOK), Institutional A (SEK), Institutional B (EUR) and Institutional B (NOK) are currently subject to a Luxembourg tax at an annual rate of 0.01%.

The Sub-Fund may use financial derivative instruments to achieve its investment objective and/or for currency hedging. In particular, any foreign currency exposure of the Sub-Fund resulting from investments in assets denominated in currencies other than the EUR is hedged.

These instruments may include, but are not limited to, futures, options, forward contracts, credit derivatives and swaps.

The Sub-Fund's global exposure is measured using the commitment approach, whereby such global exposure cannot exceed 100 per cent of the net asset value of the Sub-Fund.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

---

<sup>2</sup> With effect from 15 January 2020, the investment policy of DNB FUND – High Yield will be restated, as follows:

*“The Sub-Fund aims to achieve a moderate level of current income and mid- to long-term capital appreciation, principally through investments in fixed or floating rate debt securities and other debt instruments with minimum ratings of B- or equivalent credit quality at the time of acquisition.*

*The issuers of such debt securities are principally domiciled in the Nordic Markets, i.e. Norway, Sweden, Finland, Denmark and Iceland; or, while not domiciled in Nordic Markets, carry out the predominant portion of their business activities in the Nordic Markets; or have their debt securities primarily traded in the Nordic Markets.*

*The credit rating or equivalent classification of such investments will be monitored to ensure that no more than 10% of the net assets of the Sub-Fund is invested in debt securities rated below B- or equivalent credit quality, in the event of a downgrading of the bonds following acquisition.*

*If the credit rating or an equivalent credit quality classification of an investment is no longer provided by any independent recognized rating agency or the Investment Manager after acquisition even though the bond at the time of acquisition had a minimum rating of B- or equivalent credit quality, then the credit rating of such investments shall be regarded as CCC+ or below.*

*Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.*

*The Sub-Fund's benchmark index is a composite index based on 75% NBP Norwegian High Yield Index (Hedged) and 25% Oslo Stock Exchange's Norway Government Index 1Y (Hedged).*

*The net asset value per Share of the Sub-Fund is expressed in EUR. The Sub-Fund will aim to hedge the performance of the Classes not expressed in EUR to replicate the base currency performance of the Sub-Fund on a best effort basis.”*

### 3.2.2 DNB FUND – NORDIC FLEXIBLE BONDS

The Sub-Fund aims to achieve a moderate level of current income and mid- to long-term capital appreciation, principally through investments in fixed or floating rate debt securities and other debt instruments with minimum ratings of B- or equivalent credit quality at the time of acquisition.

The Sub-Fund will allocate between investment grade bonds (minimum ratings of BBB- or equivalent) and high yield bonds (minimum ratings of B- or equivalent). There are no constraints as to the ratio of either classification.

The issuers of such debt securities are principally domiciled in the Nordic Markets, *i.e.* Norway, Sweden, Finland, Denmark and Iceland; or, while not domiciled in Nordic Markets, carry out the predominant portion of their business activities in the Nordic Markets; or have their debt securities primarily traded in the Nordic Markets.

The credit rating or equivalent classification of such investments will be monitored to ensure that no more than 10% of the net asset of the Sub-Fund is invested in debt securities rated below B- or equivalent credit quality, in the event of a downgrading of the bonds following acquisition.

If the credit rating or an equivalent credit quality classification of an investment is no longer provided by any independent recognized rating agency or the Investment Manager after acquisition even though the bond at the time of acquisition had a minimum rating of B- or equivalent credit quality, then the credit rating of such investments shall be regarded as CCC+ or below.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

The Sub-Fund's benchmark index is a composite index based on 80% NBP Norwegian RM Floating Rate Index (Hedged) and 20% NBP Norwegian High Yield Index (Hedged).

The net asset value per Share of the Sub-Fund is expressed in EUR. The Sub-Fund will aim to hedge the performance of the Classes not expressed in EUR to replicate the base currency performance of the Sub-Fund on a best effort basis.



### 3.2.3 DNB FUND - NORDIC INVESTMENT GRADE ESG

The Sub-Fund aims to achieve a moderate level of current income and mid- to long-term capital appreciation, principally through investments in fixed or floating rate debt securities and other debt instruments with minimum ratings of BBB- or equivalent credit quality at the time of acquisition.

The issuers of such debt securities are principally domiciled in the Nordic Markets, i.e. Norway, Sweden, Finland, Denmark and Iceland; or, while not domiciled in Nordic Markets, carry out the predominant portion of their business activities in the Nordic Markets; or have their debt securities primarily traded in the Nordic Markets.

The investment universe is carefully screened, taking into account DNB Group's Standard for Responsible Investments seeking to ensure that DNB does not contribute to human or labour rights violations, corruption, serious environmental harm and other actions which may be perceived to be unethical and/or unsustainable. The Sub-Fund's investments are considered in relation to social, environmental and ethical criteria based on the following internationally recognised guidelines and principles:

- the UN Global Compact;
- the OECD Guidelines for Multinational Enterprises;
- the Ottawa Convention (international agreement on the prohibition of anti-personnel mines); and
- the Convention on Cluster Munitions.

The guidelines aim to ensure that the Sub-Fund does not invest in companies which contribute to serious violation of human and labour rights, grave harm to the environment, unacceptable greenhouse gas emissions and serious corruption. Investments are not made in companies involved in gambling, pornography, production of tobacco, alcohol or conventional weapons or weapons which through normal use violate basic humanitarian principles. Mining companies and power companies which, themselves or consolidated with units they control derive 30% or more of their income from thermal coal, or base 30% or more of their operations on thermal coal, may also be excluded from the investment universe.

The credit rating or equivalent classification of such investments will be monitored to ensure that no more than 10% of the net asset of the Sub-Fund is invested in debt securities rated below BBB- or equivalent credit quality, in the event of a downgrading of the bonds following acquisition.

If the credit rating or an equivalent credit quality classification of an investment is no longer provided by any independent recognized rating agency or the Investment Manager after acquisition even though the bond at the time of acquisition had a minimum rating of BBB- or equivalent credit quality, then the credit rating of such investments shall be regarded as BB+ or below.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

The Sub-Fund's benchmark index is a composite index based on 75% NBP Norwegian RM Floating Rate Index (Hedged) and 25% Oslo Stock Exchange's Norway Government Index 6M (Hedged).

The net asset value per Share of the Sub-Fund is expressed in EUR. The Sub-Fund will aim to hedge the performance of the Classes not expressed in EUR to replicate the base currency performance of the Sub-Fund on a best effort basis.

### 3.2.4 DNB FUND – NORWAY INVESTMENT GRADE<sup>3</sup>

This Sub-Fund's objective is to invest at least 80% of its net assets in fixed or floating rate debt securities and other debt instruments with minimum ratings of "BBB-" (investment grade) at the time of investment by the Sub-Fund or equivalent credit quality classification at the time of acquisition.

Such credit rating or equivalent credit quality classification must be assigned by an independent recognised rating agency (such as/or equivalent to Fitch, Moody's and/or Standard & Poor's) or an investment bank or other intermediary or by the Investment Manager. The Sub-Fund will not invest directly in distressed or default securities (rated "CCC+" (or equivalent) or below).

The credit rating or equivalent classification of such investments will be monitored to ensure that not more than 10% of the Sub-Fund's assets are invested in debt instruments rated "CCC+" (or equivalent) or below as a result of a downgrading after acquisition by the Sub-Fund. In case of a downgrade of a security to distressed or default, the Investment Manager may (i) sell a part or the entire amount of security held or (ii) terminate the transaction entered into, at its discretion. The decision will be based on an assessment implementing a risk versus reward compromise. The Investment Manager will sell a security or terminate a transaction when the probability of additional losses is considered sufficiently strong or if the possibility of salvaging some of the value of the security is considered weak. To the contrary, the Investment Manager will keep the security in portfolio or remain in the transaction when the possibility and attractiveness of salvaging parts of the value of the security is considered strong.

If the credit rating or equivalent credit quality classification of an investment is no longer provided by any independent recognized rating agency or an investment bank or other intermediary, the credit rating of such investment shall be regarded as "CCC+" or below, even though such investment had at the time of acquisition by the Sub-Fund a minimum rating of "BBB-" or equivalent.

The Sub-Fund is focused on securities denominated in Norwegian Krone (NOK), in which at least 80% of the Sub-Fund's assets must be invested. However, up to 20% of the Sub-Fund's assets may be invested globally without any particular geographical restriction.

The Sub-Fund's duration (interest-rate sensitivity) will be in the range of 1 to 5 years.

The Sub-Fund may also invest up to 20% of its net assets in liquid assets in any currency.

The Sub-Fund's benchmark index is Barclays Global Aggregate Corporate Bond Index.

The Sub-Fund will engage in forward foreign currency exchange contracts in order to hedge the assets of this Sub-Fund against currency fluctuations.

The Sub-Fund's global exposure is measured using the commitment approach, whereby such global exposure cannot exceed 100 per cent of the net asset value of the Sub-Fund. This is due to the effect of using foreign exchange contracts for hedging the currency exposure.

Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.

---

<sup>3</sup> With effect from 15 January 2020, DNB FUND – Norway Investment Grade will be renamed “DNB FUND – Norway Investment Grade ESG” and its investment policy restated, as follows:

*“The Sub-Fund aims to achieve a moderate level of current income and mid- to long-term capital appreciation, principally through investments in fixed or floating rate debt securities and other debt instruments with minimum ratings of BBB- or equivalent credit quality at the time of acquisition.*

*The issuers of such debt securities are principally domiciled in Norway, or, while not domiciled in Norway, carry out the predominant portion of their business activities in Norway, or have their debt securities primarily traded in the Norwegian market.*

*The credit rating or equivalent classification of such investments will be monitored to ensure that no more than 10% of the net asset of the Sub-Fund is invested in debt securities rated below BBB- or equivalent credit quality, in the event of a downgrading of the bonds following acquisition.*

*If the credit rating or an equivalent credit quality classification of an investment is no longer provided by any independent recognized rating agency or the Investment Manager after acquisition even though the bond at the time of acquisition had a minimum rating of BBB- or equivalent credit quality, then the credit rating of such investments shall be regarded as BB+ or below.*

*The investment universe is carefully screened, taking into account DNB Group’s Standard for Responsible Investments seeking to ensure that DNB does not contribute to human or labour rights violations, corruption, serious environmental harm and other actions which may be perceived to be unethical and/or unsustainable. The Sub-Fund’s investments are considered in relation to social, environmental and ethical criteria based on the following internationally recognised guidelines and principles:*

- *the UN Global Compact;*
- *the OECD Guidelines for Multinational Enterprises;*
- *the Ottawa Convention (international agreement on the prohibition of anti-personnel mines); and*
- *the Convention on Cluster Munitions.*

*The guidelines aim to ensure that the Sub-Fund does not invest in companies which contribute to serious violation of human and labour rights, grave harm to the environment, unacceptable greenhouse gas emissions and serious corruption. Investments are not made in companies involved in gambling, pornography, production of tobacco, alcohol or conventional weapons or weapons which through normal use violate basic humanitarian principles. Mining companies and power companies which, themselves or consolidated with units they control derive 30% or more of their income from thermal coal, or base 30% or more of their operations on thermal coal, may also be excluded from the investment universe.*

*Investments in other UCITS(s) or UCI(s) will never exceed 10% of the net assets of the Sub-Fund.*

*The Sub-Fund’s benchmark index is NBP Norwegian RMI-RM3 Duration 3 Index (Hedged).*

*The net asset value per Share of the Sub-Fund is expressed in NOK. The Sub-Fund will aim to hedge the performance of the Classes not expressed in NOK to replicate the base currency performance of the Sub-Fund on a best effort basis.”*

## **4. MULTI ASSET SUB-FUNDS**

### **4.1 SPECIFICITIES OF MULTI ASSET SUB-FUNDS**

#### **General Investment Objectives**

The main objective of the Multi Asset Sub-Funds is the realisation of medium to long-term capital growth through direct or indirect investments in equities, fixed income and foreign exchange instruments relevant to the particular Multi Asset Sub-Fund.

The Multi Asset Sub-Funds offer the Shareholders a convenient access to relevant markets of transferable securities while complying with the principle of risk diversification. The transferable securities traded in the Multi Asset Sub-Funds are quoted on an official stock exchange or traded on a regulated market, which operates regularly, is recognized and is open to the public.

The Multi Asset Sub-Funds will be Actively Managed, and investments in and weighting to different asset classes will be determined based on their expected return and risk of potential loss, with appropriate diversification.

In order to achieve their main objective, the Multi Asset Sub-Funds' portfolios may also include financial derivative instruments, including but not limited to financial futures contracts, over-the-counter and/or exchange traded options (on equities, interest rates, indices, bonds, currencies, commodity indices or other instruments), contracts for difference, forward contracts (including foreign exchange contracts), depository receipts, rights, warrants on transferable securities traded on a recognized stock exchange or another Regulated Market, swaps (including foreign exchange swaps, commodity index swaps, interest rate swaps, and swaps on baskets of equities, volatility swaps and variance swaps), credit derivatives (including credit default derivatives, credit default swaps and credit spread derivatives), warrants, and structured financial derivative instruments such as credit-linked and equity-linked securities. To the degree the Multi Asset Sub-Funds will have any exposure to ABS or MBS, such exposure will never exceed 20% of the portfolio of the respective Multi Asset Sub-Fund. Any such investments will nevertheless be out of scope of Regulation (EU) 2017/2402 (the Securitization Regulation).

Under normal circumstances, it is generally expected that the actual percentage of the assets held by a Multi Asset Sub-Fund that may be subject to contracts for difference at any time will not exceed 300% of its net assets. In exceptional circumstances, such percentage may be increased up to a maximum of 400% of its net assets. The actual percentage depends on factors including, but not limited to the amount of relevant transferable securities held within a Multi Asset Sub-Fund and the market demand for such securities at any given time.

For Multi Asset Sub-Funds investing in a specific geographical area or industrial sector, emphasis will be given to the investments and currencies related to the specific objective of the Multi Asset Sub-Fund. All references to a specific geographical area have to be understood as being references to (i) the area in which the issuer is domiciled or (ii) the area in which the issuer carries on the predominant portion of its business activities or (iii) the area in which the relevant securities are listed.

With a view to maintaining adequate liquidity, each Multi Asset Sub-Fund may hold ancillary liquid assets. The latter may cover cash, short-term bank deposits, as well as regularly traded money market instruments the residual maturity of which does not exceed twelve (12) months.

The Multi-Asset Sub-Funds may engage in forward foreign currency exchange contracts in order to hedge the assets of the Multi Asset Sub-Fund against currency fluctuations. Hedged Classes are

Classes to which a hedging strategy aiming at mitigating currency risk against the reference currency of the Multi Asset Sub-Fund is applied, in accordance with ESMA opinion on UCITS share classes (ESMA34-43-296).

### **Risk Profile**

Shareholders should be aware that the value of the Multi Asset Sub-Funds may fall as well as rise and the invested capital may not be fully repaid.

The profit deriving from the Shares may fluctuate and fluctuations within the exchange rates may cause the net asset value of Shares to go up or down. The levels and basis of, and relief from, taxation may vary.

There is no assurance that the Multi Asset Sub-Funds will achieve the investment objectives. The Multi Asset Sub-Funds are neither capital-protected nor guaranteed.

Investing in Multi Asset Sub-Funds may offer a higher rate of return than those in short term and long term debt securities. However, the risks associated with investments in Multi Asset Sub-Funds may also be higher, because the investment performance of such Multi Asset Sub-Funds depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies or positions taken. The fundamental risk associated with any alternative investment portfolio is the risk that the value of the investments it holds might decrease in value. Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. In particular the use of financial derivative instruments for investment purposes may increase the volatility of the net asset value per Share, which may result in higher losses for the Shareholder. Potential investors should note that warrants on transferable securities, although expected to provide higher returns than transferable securities due to their high leverage, are subject to volatility in their price and subsequent greater risk of loss. Moreover, these instruments can lose their entire value. For further details of the risks applicable to investing in the Multi Asset Sub-Funds, please refer to chapter 6 ("Investment Policies and Restrictions"), chapter 8 ("Risk Warnings"), as well as to the information provided below for the individual Sub-Fund.

### **Risk Management Process**

The Multi Asset Sub-Funds use the VaR Approach. The expected level of leverage is explicitly stated under the description of each Multi Asset Sub-Fund.

### **Profile of Targeted Investors**

The Multi Asset Sub-Funds are suitable for experienced investors. The investor must have experience with volatile products.

The investor must be able to accept significant temporary losses, thus the Multi Asset Sub-Funds are suitable to investors who can afford to set aside the capital for at least five (5) years. They are designed for the investment objective of building up capital.

Potential investors are advised to seek information on the following issues they might encounter under the laws of the countries of their citizenship, residence or domicile:

- possible tax consequences;
- legal requirements;
- foreign exchange restrictions;
- exchange control requirements; and

- any other issue that might be relevant to the subscription, purchase, holding, switching and disposal of Shares.

### **Total Annual Return and ongoing charges**

An overview of the Multi Asset Sub-Fund' past performance will be disclosed in the respective KIID.

Past performance is not indicative of future results. An indication of the respective Multi Asset Sub-Fund's ongoing charges will be disclosed in the KIID of such Multi Asset Sub-Fund.

### **Fees for the Multi Asset Sub-Funds**

<b>Management fee (includes all fees paid to the Administration Agent, the Depositary Bank and the Investment Manager)</b>	Up to 0.80%
<b>Performance fee</b>	As set out in the Sub-Fund's Appendix, if applicable
<b>Subscription fee</b>	Up to 2%
<b>Subscription minimum amount for Institutional Classes</b>	Up to EUR 1,000,000.- or the equivalent in another currency
<b>Subscription minimum amount for Retail Classes</b>	None
<b>Redemption fee</b>	None
<b>Conversion fee</b>	Up to 1%

Details of the actual rate of the management fee for each Class are set out on the website <https://www.dnbam.com>.

## **4.2 LIST OF MULTI-ASSET SUB-FUNDS**

### **4.2.1 DNB FUND – MULTI ASSET**

The Sub-Fund aims to achieve a moderate level of current income and mid- to long-term capital appreciation, principally through investments in equity of companies, irrespective of capitalization size, across regions and industry sectors around the world, as well as in securities with equity features such as conversion rights or subscription warrants. The Sub-Fund will also invest in fixed or floating-rate debt instruments and other debt securities with minimum ratings of B- or equivalent credit quality at the time of acquisition, as well as liquid assets in any currency. Geographically, the Sub-fund has full flexibility.

The credit rating or equivalent classification of debt instrument investments will be monitored to ensure that no more than 10% of the Net Asset Value of the Sub-fund is invested in debt securities rated below B- or equivalent credit quality, in the event of a downgrading of the bonds following acquisition.

If the credit rating or an equivalent credit quality classification of a debt instrument investment is no longer provided by any independent recognized rating agency or the Investment Manager after acquisition even though the bond at the time of acquisition had a minimum rating of B- or equivalent credit quality, then the credit rating of such investments shall be regarded as CCC+ or below. The Sub-Fund will not invest directly in distressed or default securities (rated “CCC+” (or equivalent) or below). In case of a downgrade of a security to distressed or default (rated “CCC+” (or equivalent) or below), the Investment Manager may (i) sell a part or the entire amount of security held or (ii) terminate the transaction entered into, at its discretion. The decision will be based on an assessment implementing a risk versus reward compromise. The Investment Manager will sell a security or terminate a transaction when the probability of additional losses is considered sufficiently strong or if the possibility of salvaging some of the value of the security is considered weak. To the contrary, the Investment Manager will keep the security in portfolio or remain in the transaction when the possibility and attractiveness of salvaging parts of the value of the security is considered strong.

The use of derivatives forms an integral and important part of the Sub-Fund's investment strategy. Financial derivative instruments may be employed for instance to generate additional exposure through long or covered short positions to equities. Such financial derivative instruments may include, but are not limited to, over-the-counter and/or exchange traded options, futures, contracts for difference, warrants, swaps (typically portfolio swaps), forward contracts and/or a combination of the above.

The Sub-Fund may also invest at the Investment Manager's discretion in other transferable securities, derivative instruments and collective investment schemes.

The maximum level of leverage is 500% based on the net asset value of the Sub-Fund.

A performance fee of 15% of the excess yield in relation to the Sub-Fund's benchmark index could be levied. The Sub-Fund's benchmark indices vary for each Class and are:

- custom benchmark based on German 3 mth Bubill (please refer to chapter 8 (“Risk Warnings”) for detailed information regarding this benchmark);
- custom benchmark based on USGG3M (please refer to chapter 8 (“Risk Warnings”) for detailed information regarding this benchmark);
- BNP Paribas Money Market TR Index CHF;
- Norway Government Bond 0.25Y; and

- OMRX Treasury Bill Index.

Please refer to chapter 15 (“Charges & Expenses”) for detailed information on conditions and calculations of performance fees.

The net asset value per Share of the Sub-Fund is expressed in EUR. The Sub-Fund will aim to hedge the performance of the Classes not expressed in EUR to replicate the base currency performance of the Sub-Fund on a best effort basis.