



**BNP PARIBAS**  
ASSET MANAGEMENT

# WORLDSELECT ONE

*An open-ended investment company  
incorporated under Luxembourg Law*

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## Prospectus

**MARCH 2023**

## **INFORMATION REQUESTS**

WORLDSELECT ONE  
10, rue Edward Steichen  
L-2540 Luxembourg  
Grand Duchy of Luxembourg

## **NOTICE**

This Prospectus may not be used for the purpose of an offer or solicitation to sell in any country or any circumstance in which such an offer or entreaty is not authorised.

The Company is approved as an Undertaking for Collective Investment in Transferable Securities (UCITS) in Luxembourg. It is specifically authorised to market its shares in Luxembourg, Austria, the Czech Republic, Germany, Hungary, Slovenia and Slovakia.

Not all the sub-funds, categories, or classes of shares are necessarily registered in these countries. It is vital that before subscribing, potential investors ensure that they are informed about the sub-funds, categories, or classes of shares that are authorised to be marketed in their country of residence and the constraints applicable in each of these countries.

In particular, the Company's shares have not been registered in accordance with any legal or regulatory provisions in the United States of America. Consequently, this document may not be introduced, transmitted or distributed in that country, or its territories or possessions, or sent to its residents, nationals, or any other companies, associations, employee benefit plans or entities whose assets constitute employee benefit plan assets whether or not subject to the United States Employee Retirement Income Securities Act of 1974, as amended (collectively, "Benefit Plans"), or entities incorporated in or governed by the laws of that country. Furthermore, the Company's shares may not be offered or sold to such persons.

In addition, no one may issue any information other than that presented in the Prospectus or the documents mentioned in it, which may be consulted by the public. The Company's Board of Directors vouches for the accuracy of the information contained in the Prospectus on the date of publication.

Lastly, the Prospectus may be updated to take account of additional or closed sub-funds or any significant changes to the Company's structure and operating methods. Therefore, subscribers are recommended to request any more recent documents as mentioned below under "Information for Shareholders". Subscribers are also recommended to seek advice on the laws and regulations (such as those relating to taxation and exchange control) applicable to the subscription, purchase, holding and redemption of shares in their country of origin, residence or domicile.

The Prospectus is only valid if accompanied by the latest audited annual report as well as the latest interim report if the latter is more recent than the annual report.

If there is any inconsistency or ambiguity regarding the meaning of a word or sentence in any translation of the Prospectus, the English version shall prevail.

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An information section is available relating to each particular sub-fund. It specifies each sub-fund's investment policy and objective, the features of the shares, their accounting currency, valuation day, methods of subscription, redemption and/or conversion, applicable fees, and, if applicable, the history and other specific characteristics of the sub-fund in question. Investors are reminded that, unless otherwise stated in Book II, the general regulations stipulated in Book I will apply to each sub-fund.

# BOOK I

### Facilities in the Federal Republic of Germany according to section 306a (1) of the Investment Code

Subscriptions repurchase and redemption orders can be addressed to BNP Paribas Luxembourg Branch, 60, avenue J. F. Kennedy, L-1855 Luxembourg.

Payments relating to the shares of the UCITS will be made by BNP Paribas Luxembourg Branch, 60, avenue J. F. Kennedy, L-1855 Luxembourg.

Information on how orders can be made and how repurchase, and redemption proceeds are paid can be obtained from BNP PARIBAS ASSET MANAGEMENT France Zweigniederlassung Deutschland, Senckenberganlage 19, 60325 Frankfurt am Main.

Information and access to procedures and arrangements referred to in Article 15 of Directive 2009/65/EC relating to investors' exercise of their rights can be obtained from BNP PARIBAS ASSET MANAGEMENT France Zweigniederlassung Deutschland, Senckenberganlage 19, 60325 Frankfurt am Main.

Information and documents required pursuant to Chapter IX of Directive 2009/65/EC available to investors can be obtained free of charge and in hard copy from BNP PARIBAS ASSET MANAGEMENT France Zweigniederlassung Deutschland, Senckenberganlage 19, 60325 Frankfurt am Main.

The prospectus, the key investor documents, the articles of incorporation, the annual, semi-annual reports, the issue, sale, repurchase or redemption price of the shares is available free of charge, in hard copy form at BNP PARIBAS ASSET MANAGEMENT Luxembourg and on the website [www.bnpparibas-am.com](http://www.bnpparibas-am.com).

No shares of EU UCITS will be issued as printed individual certificates.

The issue, redemption and conversion prices of shares are published on [www.bnpparibas-am.de](http://www.bnpparibas-am.de) and any other information to the shareholders will be published in Germany in the Federal Gazette ("www.bundesanzeiger.de"), except for the publications concerning the payment of dividends, the exchange ratio and the convening notices to General Meeting which are available via the website.

In addition, communications to investors in the Federal Republic of Germany will be by means of a durable medium (section 167 of the Investment Code) in the following cases:

- suspension of the redemption of the shares,
- termination of the management of the fund or its liquidation,
- any amendments to the company rules which are inconstant with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the asset pool,
- merger of the fund with one or more other funds and
- the change of the fund into a feeder fund or the modification of a master fund.

#### REGISTERED OFFICE

WORLDSELECT ONE  
10, rue Edward Steichen  
L-2540 Luxembourg  
Grand Duchy of Luxembourg

#### THE COMPANY'S BOARD OF DIRECTORS

##### Chair

Mr Samir CHERFAOUI, Head of Product Development, Products and Strategic Marketing, BNP PARIBAS ASSET MANAGEMENT France, Paris

##### Members

Mrs Selima MABROUK-BRIET, Head of Client Marketing Office Business Management, BNP PARIBAS ASSET MANAGEMENT France, Paris  
Mrs Anita FRUEHWALD, Country Head Austria & CEE, BNP PARIBAS ASSET MANAGEMENT Austria, Vienna

#### MANAGEMENT COMPANY

BNP PARIBAS ASSET MANAGEMENT Luxembourg  
10, rue Edward Steichen  
L-2540 Luxembourg  
Grand Duchy of Luxembourg

BNP PARIBAS ASSET MANAGEMENT Luxembourg is a Management Company as defined by Chapter 15 of the Luxembourg Law of 17 December 2010 concerning undertakings for collective investment.

The Management Company performs the administration, portfolio management and marketing duties.

#### THE MANAGEMENT COMPANY'S BOARD OF DIRECTORS

##### Chair

Mr Pierre MOULIN, Global Head of Products and Strategic Marketing, BNP PARIBAS ASSET MANAGEMENT France, Paris

##### Members

Mrs Marie-Sophie PASTANT, Head of ETF, Index & Synthetic Systematic Strategies Portfolio Management, BNP PARIBAS ASSET MANAGEMENT France, Paris  
Mr Stéphane BRUNET, Managing Director, BNP PARIBAS ASSET MANAGEMENT Luxembourg, Luxembourg  
Mr Georges ENGEL, Independent Director, Vincennes, France

#### NAV CALCULATION

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

#### TRANSFER AND REGISTRAR AGENT

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

#### DEPOSITARY

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

#### INVESTMENT MANAGERS

BNP Paribas Group management entities:

- **BNP PARIBAS ASSET MANAGEMENT UK Ltd.**  
5, Aldermanbury Square, London EC2V 7BP  
A UK company incorporated on 27 February 1990.
- **BNP PARIBAS ASSET MANAGEMENT France**  
1, boulevard Haussmann, F-75009 Paris, France  
A French company, incorporated on 28 July 1980

**AUDITOR**

PricewaterhouseCoopers Société Coopérative  
2, rue Gerhard Mercator  
B.P. 1443  
L-1014 Luxembourg  
Grand Duchy of Luxembourg

**ARTICLES OF ASSOCIATION**

The Company was incorporated on 21 July 2004 and a notice was published in the *Mémorial, Recueil Spécial des Sociétés et Associations* (the "*Mémorial*").

The Articles of Association have been modified at various times, most recently at the Extraordinary General Meeting held on 25 April 2016, published in the *Mémorial* under number 2026 dated July 11, 2016.

The latest version of the Articles of Association has been filed with the Trade and Companies Registrar of Luxembourg, where any interested party may consult it and obtain a copy (website [www.lbr.lu](http://www.lbr.lu)).

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## TERMINOLOGY

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For purposes of this document, the following terms shall have the following meanings. The below terminology is a generic list of terms. Some of them may therefore not be used in the present document.

|   |   |
|---|---|
| <b><u>Accounting Currency:</u></b>        | Currency in which the assets of a sub-fund are stated for accounting purposes, which may be different of the share category valuation currency  |
| <b><u>Active Trading:</u></b>             | Subscription, conversion, or redemption in the same sub-fund over a short period of time and involving substantial amounts, usually with the aim of making a quick profit. This activity is prejudicial to other shareholders as it affects the sub-fund's performance and disrupts management of the assets.   |
| <b><u>ADR / GDR:</u></b>                  | ADR / GDR refer to all categories of American Depositary Receipts and Global Depositary Receipts, mirror substitutes for shares which cannot be bought locally for legal reasons. ADRs and GDRs are not listed locally but on such markets as New York or London and are issued by major banks and/or financial institutions in industrialised countries in return for deposit of the securities mentioned in the sub-fund's investment policy.   |
| <b><u>Circular 08/356:</u></b>            | Circular issued by the CSSF on 4 June 2008 concerning the rules applicable to undertakings for collective investment when they utilise certain techniques and instruments based on transferable securities and money market instruments. This document is available on the CSSF website ( <a href="http://www.cssf.lu">www.cssf.lu</a> ).   |
| <b><u>Circular 11/512:</u></b>            | Circular issued by the CSSF on 30 May 2011 concerning: a) The presentation of the main regulatory changes in risk management following the publication of the CSSF Regulation 10-4 and ESMA clarifications; b) Further clarification from the CSSF on risk management rules; c) Definition of the content and format of the risk management process to be communicated to the CSSF. This document is available on the CSSF website ( <a href="http://www.cssf.lu">www.cssf.lu</a> ).  |
| <b><u>Circular 14/592:</u></b>            | Circular issued by the CSSF on 30 September 2014 concerning ESMA guidelines on ETF and other UCITS issues. This document is available on the CSSF website ( <a href="http://www.cssf.lu">www.cssf.lu</a> ).   |
| <b><u>Company:</u></b>                    | Worldselect One   |
| <b><u>CSSF:</u></b>                       | <i>Commission de Surveillance du Secteur Financier</i> , the regulatory authority for UCI in the Grand Duchy of Luxembourg  |
| <b><u>Currencies:</u></b>                 | <b><u>EUR:</u></b> Euro   |
| <b><u>Directive 78/660:</u></b>           | European Council Directive 78/660/EEC of 25 July 1978 concerning the annual accounts of certain forms of companies, as amended  |
| <b><u>Directive 83/349:</u></b>           | European Council Directive 83/349/EEC of 13 June 1983 concerning consolidated accounts, as amended  |
| <b><u>Directive 2014/65:</u></b>          | MIFID: European Council Directive 2014/65/UE of 15 May 2014 on markets in financial instruments repealing the Directive/2004/39/EC of 21 April 2004   |
| <b><u>Directive 2009/65:</u></b>          | European Council Directive 2009/65/EC of 13 July 2009 regarding the coordination of legislative, regulatory and administrative provisions concerning undertakings for collective investment in transferable securities (UCITS IV), as amended by the Directive 2014/91  |
| <b><u>Directive 2011/16:</u></b>          | European Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation, as amended by the Directive 2014/107.   |
| <b><u>Directive 2014/107:</u></b>         | European Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16 as regards mandatory automatic exchange of information (AEOI) in the field of taxation   |
| <b><u>Directive 2014/91:</u></b>          | European Parliament and of the Council Directive 2014/91/EU on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions (UCITS V) amending the Directive 2009/65.  |
| <b><u>EEA:</u></b>                        | European Economic Area  |
| <b><u>Emerging markets:</u></b>           | Non OECD countries prior to 1 January 1994 together with Turkey and Greece<br>In the Emerging markets, 2 different categories may be identified by the main providers of indices: <ul style="list-style-type: none"><li>- Frontier markets: a sub-category of emerging markets designating growing economies with widely varying characteristics in terms of development, growth, human capital, demographics and political openness.</li><li>- Advanced emerging markets: a sub-category of countries in the group of emerging markets gathering the best ranked countries in terms of market efficiency, regulatory environment, custody and settlement procedures and dealing tools available.</li></ul> |
| <b><u>ETF:</u></b>                        | <b><u>Exchange Traded Funds:</u></b> Exchange traded products that are structured and regulated as mutual funds or collective investment schemes. To be eligible an ETF shall be a UCITS, or a UCI compliant with the conditions set out in the Appendix I of the Prospectus.   |
| <b><u>Equity:</u></b>                     | A stock or any other security representing an ownership interest.   |
| <b><u>Equity equivalent security:</u></b> | ADR, GDR and investment certificates  |
| <b><u>ESG:</u></b>                        | Environmental, Social and Governance  |
| <b><u>ESMA:</u></b>                       | European Securities and Markets Authority   |

|   |   |
|---|---|
| <b><u>ESMA/2011/112:</u></b>            | Guidelines to competent authorities and UCITS management companies on risk measurement and the calculation of global exposure for certain types of structured UCITS issued by the ESMA on April 14, 2011. This document is available on the ESMA website ( <a href="http://www.esma.europa.eu">www.esma.europa.eu</a> ).  |
| <b><u>High Yield Bonds:</u></b>         | These bond investments correspond to the ratings assigned by the rating agencies for borrowers rated between BB+ and D on the Standard & Poor's or Fitch rating scale and Ba1 and I on the Moody's rating scale. Such high-yield bond issues are loans that generally take the form of bonds with a 5-, 7- or 10-year maturity. The bonds are issued by companies with a weak financial base. The return on the securities, and their level of risk, is significant, making them highly speculative.  |
| <b><u>Institutional Investors:</u></b>  | Legal entities, considered as professionals for the purpose of Annex II to Directive 2004/39 (MiFID), or may, on request, be treated as professionals according to applicable local legislation ("Professionals"), who hold their own account, UCI, and insurance companies or pension funds subscribing within the scope of a group savings scheme or an equivalent scheme. Portfolio managers subscribing within the scope of discretionary portfolios management mandates for other than Institutional Investors qualified as Professionals are not included in this category.   |
| <b><u>IRS:</u></b>                      | Interest Rate Swap: OTC agreement between two parties to exchange one stream of interest payments for another, over a set period of time without exchange of notionals. IRS allow portfolio managers to adjust interest rate exposure and offset the risks posed by interest rate volatility. By increasing or decreasing interest rate exposure in various parts of the yield curve using swaps, managers can either increase or neutralize their exposure to changes in the shape of the curve. Within Money Market sub-funds of the Company IRS are only negotiated for hedging purpose (i.e. IRS with a fixed rate paying leg and a variable rate receiving leg (e.g. Eonia, Sonia, Fed Funds Effective Rate)). |
| <b><u>KID:</u></b>                      | Key Information Document  |
| <b><u>Law:</u></b>                      | Luxembourg law of 17 December 2010 concerning undertakings for collective investment. This law implements Directive 2009/65/EC (UCITS IV) of 13 July 2009 into Luxembourg law.  |
| <b><u>Law of 10 August 1915:</u></b>    | Luxembourg law of 10 August 1915 on commercial companies, as amended.   |
| <b><u>Managers:</u></b>                 | Portfolio managers and insurance companies subscribing within the scope of discretionary individual portfolios management mandates.   |
| <b><u>Market Timing:</u></b>            | Arbitrage technique whereby an investor systematically subscribes and redeems or converts units or shares in a single UCITS within a short space of time by taking advantage of time differences and/or imperfections or deficiencies in the system of determining the NAV of the UCITS. This technique is not authorised by the Company.   |
| <b><u>Member State:</u></b>             | Member state of the European Union. The states that are contracting parties to the agreement creating the European Economic Area other than the Member States of the European Union, within the limits set forth by this agreement and related acts are considered as equivalent to Member States of the European Union.  |
| <b><u>Money Market Instruments:</u></b> | Instruments normally dealt on the money market that are liquid and whose value can be accurately determined at any time. The Management Company may not perform its own documented assessment of the credit quality but it may have recourse to rating agencies for considering the aforesaid quality.  |
| <b><u>Money Market Fund:</u></b>        | Money markets funds compliant with ESMA guidance (CESR/10-049 of 19 May 2010)   |
| <b><u>NAV:</u></b>                      | Net Asset Value   |
| <b><u>OECD:</u></b>                     | Organisation for Economic Co-operation and Development  |
| <b><u>OTC:</u></b>                      | Over The Counter  |
| <b><u>Prospectus:</u></b>               | The present document  |
| <b><u>Reference Currency:</u></b>       | Main currency when several valuation currencies are available for a same share  |
| <b><u>Regulation 2015/2365:</u></b>     | Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) 648/2012 (SFTR)  |
| <b><u>Regulation 2016/679:</u></b>      | Regulation (EU) 2016/679 of the European Parliament and of the Council 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, and repealing Directive 95/46/EC (General Data Protection Regulation – "GDPR").  |
| <b><u>Regulation 2019/2088:</u></b>     | Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, also known as the Sustainable Finance Disclosure Regulation ( <b>SFDR</b> ) and that lays down harmonised rules for financial market participants on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information with respect to financial products.   |
| <b><u>Regulation 2020/852:</u></b>      | Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments, and amending Regulation (EU) 2019/2088 (Taxonomy Regulation), and that implements the criteria for determining whether an economic activity qualifies as environmentally sustainable.   |
| <b><u>RESA:</u></b>                     | Recueil Electronique des Sociétés et Associations   |

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| <b><u>SFT:</u></b>                     | Securities Financing Transactions which means: <ul style="list-style-type: none"> <li>- a repurchase or reverse repurchase transaction;</li> <li>- securities lending and securities borrowing;</li> <li>- a buy-sell back transaction or sell-buy back transaction</li> <li>- a margin lending transaction</li> </ul>   |
| <b><u>STP:</u></b>                     | Straight-Through Processing, process transactions to be conducted electronically without the need for re-keying or manual intervention   |
| <b><u>Third Country:</u></b>           | A country part of the OECD, Brazil, People's Republic of China, India, Russia, Singapore, South Africa and any other country member of the G20 organisation.   |
| <b><u>TRS:</u></b>                     | <p><b>Total Return Swap:</b> Derivative contract in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference asset (equity, equity index, bond, bank loan) to another counterparty.</p> <p>TRS are in principle unfunded ("<b>Unfunded TRS</b>"): the total return receiver pays no upfront amount in return for the total return of the reference asset; then it allows both parties to gain exposure to a specific asset in cost-effective manner (the asset can be held without having to pay additional costs).</p> <p>TRS may also be funded ("<b>Funded TRS</b>") when it involves an upfront payment (often based on the market value of the asset) at inception in return for the total return of the reference asset.</p> |
| <b><u>UCI:</u></b>                     | Undertaking for Collective Investment  |
| <b><u>UCITS:</u></b>                   | Undertaking for Collective Investment in Transferable Securities   |
| <b><u>Valuation Currency(ies):</u></b> | Currency in which the net asset values of a sub-fund, share category, or share class are calculated. There may be several valuation currencies for the same sub-fund, share category, or share class (so called "Multi-Currency" facility). When the currency available in the share category, or share class is different than the accounting currency, subscription/conversion/redemption orders may be taken in account without suffering exchange rate charges.  |
| <b><u>Valuation Day:</u></b>           | Each open bank day in Luxembourg and subject to exceptions available in the Book II:<br>It corresponds also to: <ul style="list-style-type: none"> <li>• Date attached to the NAV when it is published</li> <li>• Trade date attached to orders</li> <li>• With regards to exceptions in the valuation rules, closing date prices used for the valuation of the underlying assets in the sub-funds' portfolios</li> </ul>  |
| <b><u>VaR:</u></b>                     | <b>Value-at-Risk</b> is a statistical methodology used to assess an amount of potential loss according to a probability of occurrence and a time frame   |

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## GENERAL PROVISIONS

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WORLDSELECT ONE is an open-ended investment company (*société d'investissement à capital variable – abbreviated to SICAV*), incorporated under Luxembourg law on 21 July 2004 for an indefinite period, in accordance with the provisions of Part I of the Luxembourg Law of 30 March 1988 governing undertakings for collective investment.

The Company is currently governed by the provisions of Part I of the Law as well as by Directive 2009/65.

The Company's capital is expressed in Euros ("EUR") and is at all times equal to the total net assets of the various sub-funds. It is represented by fully paid-up shares issued without a designated par value, described below under "The Shares". The capital varies automatically without the notification and specific recording measures required for increases and decreases in the capital of limited companies. Its minimum capital is defined by the Law.

The Company is registered in the Luxembourg Trade and Companies Register under the number B 101 897.

The Company is an umbrella fund, which comprises multiple sub-funds, each with distinct assets and liabilities of the Company. Each sub-fund shall have an investment policy and an Accounting Currency that shall be specific to it as determined by the Board of Directors.

The Company is a single legal entity.

In accordance with Article 181 of the Law:

- the rights of shareholders and creditors in relation to a sub-fund or arising from the constitution, operation or liquidation of a sub-fund are limited to the assets of that sub-fund;
- the assets of a sub-fund are the exclusive property of shareholders in that sub-fund and of creditors where the credit arises from the constitution, operation or liquidation of the sub-fund;
- in relations between shareholders, each sub-fund is treated as a separate entity.

The Board of Directors may at any time create new sub-funds, investment policy and offering methods of which will be communicated at the appropriate time by an update to the Prospectus. Shareholders may also be informed via press publication if required by regulations or if deemed appropriate by the Board of Directors. Similarly, the Board of Directors may close sub-funds, in accordance with the provisions of Appendix 4.

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## ADMINISTRATION AND MANAGEMENT

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The Company is directed and represented by the Board of Directors acting under the authority of the General Shareholders' Meeting. The Company outsources management, audit and asset custody services. The roles and responsibilities associated with these functions are described below. The composition of the Board of Directors and the names, addresses and detailed information about the service providers are listed above in "General Information".

The Management Company, the Investment Managers, the Depositary, the Administrative agent, Distributors and other service providers and their respective affiliates, directors, officers and shareholders are or may be involved in other financial, investment and professional activities that may create conflicts of interest with the management and administration of the Company. These include the management of other funds, purchases and sales of securities, brokerage services, depositary and safekeeping services, and serving as directors, officers, advisors or agents for other funds or other companies, including companies in which a sub-fund may invest. Each of the Parties will ensure that the performance of their respective duties will not be impaired by any such other involvement that they might have. In the event that a conflict of interest does arise, the Directors and the relevant Parties involved shall endeavour to resolve it fairly, within reasonable time and in the interest of the Company.

### **Board of Directors**

The Board of Directors assumes ultimate responsibility for the management of the Company and is therefore responsible for the Company's investment policy definition and implementation.

### **Management Company**

BNP PARIBAS ASSET MANAGEMENT Luxembourg was incorporated as a limited company (*société anonyme*) in Luxembourg on 19 February 1988. Its Articles of Association have been modified at various times, most recently at the Extraordinary General Meeting held on 17 May 2017 with effect on 1 June 2017, with publication in the *RESA* on 2 June 2017. Its share capital is EUR 3 million, fully paid up.

The Management Company performs administration, portfolio management and marketing tasks on behalf of the Company. Under its own responsibility and at its own expense, the Management Company is authorised to delegate some or all of these tasks to third parties of its choice.

It has used this authority to delegate:

- the functions of NAV calculation, Registrar (for both registered and bearer shares) and Transfer Agent to BNP Paribas, Luxembourg branch;
- the management of the Company's holdings, and the observance of its investment policy and restrictions, to the investment managers listed above in "General Information". A list of the investment managers effectively in charge of management and details of the portfolios managed is appended to the Company's periodic reports. Investors may request an up-to-date list of investment managers specifying the portfolios managed by each.

In executing securities transactions and in selecting any broker, dealer, or other counterparty, the Management Company and any Investment Managers will use due diligence in seeking the best overall terms available. For any transaction, this will involve consideration of all factors deemed relevant, such as market breadth, security price and the financial condition and execution capability of the counterparty. An investment manager may select counterparties from within BNP Paribas so long as they appear to offer the best overall terms available.

In addition, the Management Company may decide to appoint Distributors/Nominees to assist in the distribution of the Company's shares in the countries where they are marketed.

Distribution and Nominee contracts will be concluded between the Management Company and the various Distributors/Nominees.

In accordance with the Distribution and Nominee Contract, the Nominee will be recorded in the register of shareholders in place of the end shareholders.

Shareholders who have invested in the Company through a Nominee can at any time request the transfer to their own name of the shares subscribed via the Nominee. In this case, the shareholders will be recorded in the register of shareholders in their own name as soon as the transfer instruction is received from the Nominee.

Investors may subscribe to the Company directly without necessarily subscribing via a Distributor/Nominee.

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

### **Remuneration policy:**

The Management Company applies a sound, effective and sustainable Remuneration Policy in line with the strategy, risk tolerance, goals and values of the Company.

The Remuneration Policy is in line with and contributes to sound and effective risk management and doesn't encourage taking more risk than appropriate within the investment policy and terms and conditions of the Company.

The key principles of the remuneration policy are:

- Deliver a market-competitive remuneration policy and practice to attract, motivate and retain best performing employees;
- Avoid conflicts of interest;
- Achieve sound and effective remuneration policy & practice, avoiding excessive risk-taking;
- Ensure long-term risk alignment, and reward of long-term goals;
- Design and implement a sustainable and responsible remuneration strategy, with pay levels and structure which make economic sense for the business.

The details of the up-to-date Remuneration Policy can be found on the Website under <https://www.bnpparibas-am.com/en/footer/remuneration-policy/>, and will also be made available free of charge by the Management Company upon request.

## **Depositary**

BNP Paribas, Luxembourg Branch is a branch of BNP Paribas. BNP Paribas is a licensed bank incorporated in France as a Société Anonyme (public limited company) registered with the Registre du commerce et des sociétés Paris (Trade and Companies' Register) under number No. 662 042 449, authorised by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and supervised by the Autorité des Marchés Financiers (AMF), with its registered address at 16 Boulevard des Italiens, 75009 Paris, France, acting through its Luxembourg Branch, whose office is at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B23968 and supervised by the Commission de Surveillance du Secteur Financier (the "CSSF").

The Depositary performs three types of functions, namely (i) the oversight duties (as defined in Art 34(1) of the law of December 17, 2010), (ii) the monitoring of the cash flows of the Company (as set out in Art 34(2) of the law of December 17, 2010) and (iii) the safekeeping of the Company's assets (as set out in Art 34(3) of the law of December 17, 2010).

Under its oversight duties, the Depositary is required to:

- (1) ensure that the sale, issue, repurchase, redemption and cancellation of Units effected on behalf of the Company are carried out in accordance with the law of December 17, 2010 or with the Company's Articles of Incorporation,
- (2) ensure that the value of Units is calculated in accordance with the law of December 17, 2010 and the Company's Articles of Incorporation,
- (3) carry out the instructions of the Company or the Management Company acting on behalf of the Company, unless they conflict with the law of December 17, 2010 or the Company's Articles of Incorporation,
- (4) ensure that in transactions involving the Company's assets, the consideration is remitted to the Company within the usual time limits;
- (5) ensure that the Company's revenues are allocated in accordance with the law of December 17, 2010 and its Articles of Incorporation.

The overriding objective of the Depositary is to protect the interests of the Shareholders of the Company, which always prevail over any commercial interests.

Conflicts of interest may arise if and when the Management Company or the Company maintains other business relationships with BNP Paribas, Luxembourg Branch in parallel with an appointment of BNP Paribas, Luxembourg Branch acting as Depositary.

Such other business relationships may cover services in relation to

- Outsourcing/delegation of middle or back office functions (e.g. trade processing, position keeping, post trade investment compliance monitoring, collateral management, OTC valuation, fund administration inclusive of net asset value calculation, transfer agency, fund dealing services) where BNP Paribas or its affiliates act as agent of the Company or the Management Company, or
- Selection of BNP Paribas or its affiliates as counterparty or ancillary service provider for matters such as foreign exchange execution, securities lending, bridge financing.

The Depositary is required to ensure that any transaction relating to such business relationships between the Depositary and an entity within the same group as the Depositary is conducted at arm's length and is in the best interests of Shareholders.

In order to address any situations of conflicts of interest, the Depositary has implemented and maintains a management of conflicts of interest policy, aiming namely at:

- Identifying and analysing potential situations of conflicts of interest;
- Recording, managing and monitoring the conflict of interest situations either in:
  - o Relying on the permanent measures in place to address conflicts of interest such as segregation of duties, separation of reporting lines, insider lists for staff members;
  - o 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, (i.e. by separating functionally and hierarchically the performance of its Depositary duties from other activities), making sure that operations are carried out at arm's length and/or informing the concerned Shareholders of the Company, or (ii) refuse to carry out the activity giving rise to the conflict of interest;
  - o Implementing a deontological policy;
  - o recording of a cartography of conflict of interests permitting to create an inventory of the permanent measures put in place to protect the Company's interests; or
  - o setting up internal procedures in relation to, for instance (i) the appointment of service providers which may generate conflicts of interests, (ii) new products/activities of the Depositary in order to assess any situation entailing a conflict of interest.

In the event that conflicts of interest do arise, the Depositary will undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Company and the Shareholders are fairly treated.

The Depositary may delegate to third parties the safekeeping of the Company's assets subject to the conditions laid down in the applicable laws and regulations and the provisions of the Depositary Agreement. The process of appointing such delegates and their continuing oversight follows the highest quality standards, including the management of any potential conflict of interest that should arise from such an appointment. Such delegates must be subject to effective prudential regulation (including minimum capital requirements, supervision in the jurisdiction concerned and external periodic audit) for the custody of financial instruments. The Depositary's liability shall not be affected by any such delegation.

A potential risk of conflicts of interest may occur in situations where the delegates may enter into or have a separate commercial and/or business relationships with the Depositary in parallel to the custody delegation relationship.

In order to prevent such potential conflicts of interest from cristalizing, the Depositary has implemented and maintains an internal organisation whereby such separate commercial and / or business relationships have no bearings on the choice of the delegate or the monitoring of the delegates' performance under the delegation agreement.

A list of these delegates and sub-delegates for its safekeeping duties is available in the website:

<https://securities.cib.bnpparibas/app/uploads/sites/3/2021/11/ucitsv-list-of-delegates-sub-delegates-en.pdf>

Such list may be updated from time to time.

Updated information on the Depositary's custody duties, a list of delegations and sub-delegations and conflicts of interest that may arise, may be obtained, free of charge and upon request, from the Depositary.

BNP Paribas, Luxembourg Branch, being part of a group providing clients with a worldwide network covering different time zones, may entrust parts of its operational processes to other BNP Paribas Group entities and/or third parties, whilst keeping ultimate accountability and responsibility in Luxembourg. The entities involved in the support of internal organisation, banking services, central administration and transfer agency service are listed in the website: <https://securities.cib.bnpparibas/luxembourg/>.

Further information on BNP Paribas, Luxembourg Branch international operating model linked to the Company may be provided upon request by BNP Paribas, Luxembourg Branch, the Company and / or the Management Company.

**Auditor**

All the Company's accounts and transactions are subject to an annual audit by the Auditor.

The Company's general objective is to provide its investors with the highest possible appreciation of capital invested while offering them a broad distribution of risks. To this end, the Company will principally invest its assets in a range of transferable securities, money market instruments, units, or shares in UCIs, credit institution deposits, and financial derivative instruments denominated in various currencies and issued in different countries.

The Company's investment policy is determined by the Board of Directors in light of current political, economic, financial and monetary circumstances. The policy will vary for different sub-funds, within the limits of, and in accordance with, the specific features and objective of each as stipulated in Book II.

The investment policy will be conducted with strict adherence to the principle of diversification and spread of risks. To this end, without prejudice to anything that may be specified for one or more individual sub-funds, the Company will be subject to a series of investment restrictions as stipulated in Appendix 1. In this respect, the attention of investors is drawn to the investment risks described in Appendix 3.

Furthermore, the Company is authorised to utilise techniques and instruments on transferable securities and money market instruments under the conditions and limits defined in Appendix 2, provided that these techniques and financial derivative instruments are employed for the purposes of efficient portfolio management. When these operations involve the use of financial derivative instruments, these conditions and limits must comply with the provisions of the Law. Under no circumstances can these operations cause the Company and its sub-funds to deviate from the investment objectives as described in the Prospectus.

Unless otherwise specified in each sub-fund's investment policy, no guarantee can be given on the realisation of the investment objectives of the sub-funds, and past performance is not an indicator of future performance.

#### **Class Action Policy**

The Management Company has defined a class action policy applicable to Undertakings for Collective Investments (UCI) that it manages. A class action can typically be described as a collective legal procedure, seeking compensation for multiple persons having been harmed by the same (illegal) activity.

As a matter of policy, the Management Company:

- Does, in principle, not participate in active class actions (i.e., the Management Company does not initiate, act as a plaintiff, or otherwise take an active role in a class action against an issuer);
- May participate in passive class actions in jurisdictions where the Management Company considers, at its sole discretion, that (i) the class action process is sufficiently effective (e.g. where the anticipated revenue exceeds the predictable cost of the process), (ii) the class action process is sufficiently predictable and (iii) the relevant data required for the assessment of eligibility to the class action process are reasonably available and can be efficiently and robustly managed;
- Transfers any monies which are paid to the Management Company in the context of a class action, net of external costs, to the funds which are involved in the relevant class action.

The Management Company may at any time amend its class actions policy and may deviate from the principles set out therein in specific circumstances.

The applicable principles of the class actions policy are available on the website of the Management Company <https://www.bnpparibas-am.com/en/footer/class-actions-policy/>.

#### **ESG Integration**

##### **SFDR classification**

Funds are classified into 3 categories:

- ⇒ funds promoting environmental or social characteristics (referred to as "**Article 8**"): These funds promote among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.
- ⇒ funds having a sustainable investment as their objectives (referred to as "**Article 9**"): Sustainable investment is defined as an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.
- ⇒ Other sub-funds not categorized under Article 8 or Article 9. The sub-fund of the Company is under this category.

##### **Non-Sustainable sub-fund**

Due to its investment strategy, the sub-fund of the Company does not follow a sustainable approach and therefore extra-financial characteristics are not considered when selecting securities. Consequently, and in order to meet the investment objective, the investment process will not take into account sustainability risks.

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## THE SHARES

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### SHARE CATEGORIES, SUB-CATEGORIES AND CLASSES

#### A. CATEGORIES

Within each sub-fund, the Board of Directors will be able to create and issue the share category listed below and add new Valuation Currencies to the existing shares:

| Category | Investors | Initial subscription price per share (1) | Minimum initial investment  | Minimum holding (2) | Maximum fees payable by the investors |      |
|----------|-----------|--|---|---------------------|---------------------------------------|------|
|          |           |  |   |                     | Entry                                 | Exit |
| Classic  | All       | EUR 100,-                                | EUR 2 500,-<br>except for initial subscriptions in a savings plan:<br>EUR 500,- | EUR 500,-           | 5,00%                                 | None |

(1) Entry costs excluded, if any,

(2) At the discretion of the Board of Directors. However, the equal treatment of shareholders shall be preserved at all time.

#### B. CAPITALISATION CLASSES

CAP shares retain their income to reinvest it.

#### C. SHARE LEGAL FORMS

All the shares are issued in registered form.

The shares are all listed into specific registers kept in Luxembourg by the Registrar Agent indicated in the section "General Information". Unless otherwise specified, shareholders will not receive a certificate representing their shares. Instead, they will receive a confirmation of their entry into the register.

#### D. GENERAL PROVISIONS AVAILABLE FOR ALL SHARES

The Board of Directors has the option of adding new valuation currencies to existing categories or classes. Such a decision will not be published but the website [www.bnpparibas-am.com](http://www.bnpparibas-am.com) and the next version of the prospectus will be updated accordingly.

The Board of Directors may depart from the initial subscription price per share. However, the equal treatment of shareholders shall be preserved at all time.

The Board of Directors may decide at any time to split or consolidate the shares issued within one same sub-fund, category, or class into a number of shares determined by the Board itself. The total net asset value of such shares must be equal to the net asset value of the subdivided/consolidated shares existing at the time of the splitting/consolidation event.

If the assets of a category/class fall below EUR 1,000,000.00 or equivalent, the Board of Directors reserves the right to liquidate or merge it with another category/class if it decides it is in the best interest of shareholders.

Before subscribing, the investor should check in Book II which categories and classes are available for each sub-fund.

If it transpires that shares are held by persons other than those authorised, they will be converted to the appropriate category.

The shares must be fully paid-up and are issued without a par value. Unless otherwise indicated, there is no limitation on their number. The rights attached to the shares are those described in the law of 10 August 1915, unless exempted by the Law.

Fractions of shares may be issued up to one-thousandth of a share.

All the Company's whole shares, whatever their value, have equal voting rights. The shares of each sub-fund, category, or class have an equal right to the liquidation proceeds of the sub-fund, category, or class.

If no specific information is given by the investor, orders received will be processed in the reference currency of the category.

**Before subscription, investors are invited to seek information on the opening of the categories, their currencies and the sub-funds in which they are open.**

#### SUBSCRIPTION AND REDEMPTION OF SHARES

The shares of the Company may be locally offered for subscription via regular savings plans, redemption programs, specific to this local supply, and may be subject to additional charges.

In the event that a regular savings plan is terminated prior to the agreed final date, the sum of entry costs payable by the shareholders concerned may be greater than would have been the case for standard subscriptions.

Investors may be required to appoint a paying agent as nominee (the "Nominee") for all actions connected with their shareholding in the Company.

On the basis of this mandate, the Nominee is specifically required to:

- send requests for subscription, and redemption, grouped by share category, share class, sub-fund and distributor to the Company;
- be listed on the Company's register in its name "on behalf of a third party"; and
- exercise the investor's voting right (if any), according to the investor's instructions.

The Nominee must make every effort to keep an up-to-date electronic list of investors' names and addresses and the number of shares held; the status of shareholder can be verified via the confirmation letter sent to the investor by the Nominee.

Investors are informed that they may be required to pay additional fees for the activity of the above Nominee.

For further details, investors are invited to read the subscription documents available from their usual distributor.

### **Preliminary Information**

Subscriptions and redemptions of shares are made with reference to their unknown net asset value (NAV). They may concern a number of shares or an amount.

The Board of Directors reserves the right to:

- (a) refuse a subscription request for any reason whatsoever in whole or in part;
- (b) redeem, at any time, shares held by persons who are not authorised to buy or hold the Company's shares;
- (c) reject subscription or redemption requests from any investor who it suspects of using practices associated with Market Timing and Active Trading, and, where applicable, take the necessary measures to protect the other investors in the Company, notably by charging an additional exit fees up to 2% of the order amount, to be retained by the sub-fund.

The Board of Directors is authorised to set minimum amounts for subscription, redemption and holding.

Subscriptions from entities which submit subscription applications and whose names show that they belong to one and the same group, or which have one central decision-making body, will be grouped together to calculate these minimum subscription amounts.

Should a share redemption request, a merger/splitting procedure, or any other event, have the effect of reducing the number or the total net book value of the shares held by a shareholder to below the number or value decided upon by the Board of Directors, the Company may redeem all the shares.

In certain cases stipulated in the section on suspension of the calculation of the NAV, the Board of Directors is authorised to temporarily suspend the issue and redemption of shares and the calculation of their net asset value.

The Board of Directors may decide, in the interest of the shareholders, to close a sub-fund, category and/or class for subscription in, under certain conditions and for the time it defines. Such a decision will not be published but the website [www.bnpparibas-am.com](http://www.bnpparibas-am.com) will be updated accordingly.

**In connection with anti-money laundering procedures, the subscription form must be accompanied, in the case of an individual, by the identity card or passport of the subscriber, authenticated by a competent authority (for example, an embassy, consulate, notary, police superintendent) or by a financial institution subject to equivalent identification standards to those applicable in Luxembourg or the Articles of Association; and by an extract from the trade and companies register for a legal entity, in the following cases:**

1. direct subscription to the Company;
2. subscription through a professional financial sector intermediary resident in a country that is not subject to an obligation for identification equivalent to Luxembourg standards as regards preventing the use of the financial system for the purposes of money laundering;
3. subscription through a subsidiary or branch office, the parent company of which would be subject to an obligation for identification equivalent to that required under Luxembourg law, if the law applicable to the parent company does not oblige it to ensure that its subsidiaries or branch offices adhere to these provisions.

**The Company is also bound to identify the source of funds if they come from financial institutions that are not subject to an obligation for identification equivalent to those required under Luxembourg law. Subscriptions may be temporarily frozen pending identification of the source of the funds.**

**It is generally accepted that finance sector professionals resident in countries that have signed up to the conclusions of the FATF (Financial Action Task Force) on money laundering are deemed to have an obligation for identification equivalent to that required under Luxembourg law.**

### **Processing of Personal Data**

In accordance with GDPR, when submitting a subscription request, personal data of the investor ("Personal Data") may be collected, recorded, stored, adapted, transferred or otherwise processed and used by the Company and the Management Company (as data controllers) with a view to managing its account and business relationship (such as to maintain the register of shareholder, process requests, provide shareholder services, guard against unauthorised account access, conduct statistical analyses, provide information on other products and services and/or comply with various laws and regulations). To the extent that this usage so requires, the investor further authorises the sharing of this information with different service providers of the Company, including some of which that may be established outside of the European Union, who may need to process these Personal Data for carrying out their services and complying with their own legal obligations, but which may not have data protection requirements deemed equivalent to those prevailing in the European Union. The Personal Data may notably be processed for purposes of filing, order processing, responding to shareholder's requests, and providing them with information on other products and services. Neither the Company nor its Management Company will disclose such Personal Data on shareholder unless required to do so by specific regulations or where necessary for legitimate business interests.

Further detailed information in relation to the processing of Personal Data can be found in the Management Company's "Data Protection Notice" as well as on the "Personal Data Privacy Charter", which are accessible via the following link <https://www.bnpparibas-am.com/en/footer/data-protection/>

Each shareholder whose Personal Data has been processed has a right of access to his/her/its Personal Data and may ask for a rectification thereof in case where such data is inaccurate or incomplete.

### **Subscriptions**

The shares will be issued at a price corresponding to the net asset value per share plus the entry fees as described in the above table.

For an order to be executed at the asset value on a given valuation day, it must be received by the Company before the time and date specified in the detailed conditions for each sub-fund in Book II. Orders received after this deadline will be processed at the net asset value on the next valuation day.

In order to be accepted by the Company, the order must include all necessary information relating to the identification of the subscribed shares and the identity of the subscriber as described above.

Unless otherwise specified for a particular sub-fund, the subscription price of each share is payable in one of the valuation currencies of the shares concerned within the time period defined in Book II, increased, where necessary, by the applicable entry costs. At the shareholder's request, the payment may be made in a currency other than one of the valuation currencies. The exchange expenses will then be borne by the shareholder.

The Company reserves the right to postpone, and/or cancel subscription requests if it is not certain that the appropriate payment will reach the Depositary within the required payment time or if the order is incomplete. The Board of Directors or its agent may process the request by applying an additional charge to reflect interest owed at the customary market rates; or cancelling the share allotment, as applicable accompanied by a request for compensation for any loss owing to failure to make payment before the stipulated time limit.

The shares will not be assigned until the duly completed subscription request has been received accompanied by the payment or a document irrevocably guaranteeing that the payment will be made before the deadline. The Company cannot be held responsible for the delayed processing of incomplete orders.

Any outstanding balance remaining after subscription will be reimbursed to the shareholder, unless the amount is less than EUR 15 or its currency equivalent, as the case may be. Amounts thus not reimbursed will be retained by the relevant sub-fund.

The Board of Directors may accept the issue of shares in exchange for the contribution in kind of transferable securities, in accordance with the conditions defined by Luxembourg Law, in particular with respect to the obligation for the submission of a valuation report by the Auditor mentioned under "General Information" above, and provided that these transferable securities meet the Company's investment policy and restrictions for the sub-fund concerned as described in Book II. Unless otherwise specified, the costs of such a transaction will be borne by the applicant.

### **Redemptions**

Subject to the exceptions and limitations prescribed in the Prospectus, all shareholders are entitled, at any time, to have their shares redeemed by the Company.

For an order to be executed at the net asset value on a given valuation day, it must be received by the Company before the time and date specified in the conditions for each sub-fund in Book II. Orders received after this deadline will be processed at the net asset value on the next valuation day.

In order to be accepted by the Company, the order must include all necessary information relating to the identification of the shares in question and the identity of the shareholder as described above.

Unless otherwise specified for a particular sub-fund, the redemption amount for each share will be reimbursed in the subscription currency, less, where necessary, the applicable exit fees.

At the shareholder's request, the payment may be made in a currency other than the subscription currency of the redeemed shares, in which case the exchange costs will be borne by the shareholder and charged against the redemption price. The redemption price of shares may be higher or lower than the price paid at the time of subscription, depending on whether the net asset value has appreciated or depreciated in the interval.

The Company reserves the right to postpone redemption requests if the order is incomplete. The Company cannot be held responsible for the delayed processing of incomplete orders.

Redemptions in kind are possible upon specific approval of the Board of Directors, provided that the remaining shareholders are not prejudiced and that a valuation report is produced by the Company's Auditor. The type and kind of assets that may be transferred in such cases will be determined by the manager, taking into account the investment policy and restrictions of the sub-fund in question. The costs of such transfers may be borne by the applicant.

In the event that the total net redemption applications received for a given sub-fund on a Valuation Day equals or exceeds 10% of the net assets of the sub-fund in question, the Board of Directors may decide to split and/or defer the redemption applications on a pro-rata basis so as to reduce the number of shares redeemed/converted to date to 10% of the net assets of the sub-fund concerned. Any redemption applications deferred shall be given in priority in relation to redemption applications received on the next Valuation Day, again subject to the limit of 10% of net assets.

In the case of shares held in account (with or without attribution of fractions of shares), any outstanding balance remaining after redemption will be reimbursed to the shareholder, unless the amount is less than EUR 15 or its currency equivalent, as the case may be. Amounts thus not reimbursed will be deemed belonging to the relevant sub-fund.

### **Stock exchange listing**

By decision of the Board of Directors, the shares of the sub-funds and categories of the Company may be admitted to official listing on the Luxembourg Stock Exchange and/or as applicable on another securities exchange.

At the date of this Prospectus, there are no shares listed on any stock exchange.

Please see Book II of this Prospectus for detailed information on fees and charges.

Each sub-fund is charged costs or expenses specifically attributable to it. Costs and expenses not attributable to any particular sub-fund are allocated among all the sub-funds pro rata to their respective net asset values.

**Administrative Services**

Fee calculated on each Valuation Day on the net asset value of each sub-fund at a rate which shall be agreed from time to time with the Management Company and paid to the Management Company monthly. This fee shall cover the services of the Administrative Agent, Domiciliary and Corporate Agent and the Registrar & Transfer Agent as well as of service providers and fees incurred in places where the Company is registered.

**Custodian charge**

Charge calculated on the net asset value of each sub-fund and paid by the Company. The rate will depend on the market in which the assets are invested and typically range from 0.003% of the net assets of the sub-fund in developed markets to 0.35% of the net assets of the sub-fund in emerging markets (excluding transaction charges and reasonable disbursements and out-of-pocket expenses), plus VAT if any. Certain sub-funds and share classes may pay higher custody fees applicable to investment in emerging markets.

**Distribution Fee**

Fee calculated and deducted monthly from the average net assets of a sub-fund, share category, or share class, paid to the Management Company and serving to cover remuneration of the distributors, supplemental to the share of the management fee that they receive.

**Extraordinary and Other Expenses**

Expenses other than management, performance, distribution and administrative services.

They will be borne by the Company and include stamp duties, taxes, commissions and other dealing costs, foreign exchange costs, bank charges, registration fees in relation to investments, insurance and security costs, fees and expenses of the Auditors, the remuneration and expenses of its directors and officers, all expenses incurred in the collection of income and in the acquisition, holding and disposal of investments. The Company will also be responsible for the costs of preparing, translating, printing and distributing all rating agencies statements, notices, accounts, Prospectuses/offering documents, annual and semi-annual reports and relevant documents as required by relevant local laws, as well as certain other expenses incurred in the administration of the sub-fund such as but not limited to rating agency fees.

Certain sub-funds and share classes will also pay specific additional costs, without limitation, such as hedging expenses.

Moreover, the Company bears any extraordinary expenses including, without limitation, litigation expenses and the full amount of any tax, levy, duty or similar charge and any unforeseen charges imposed on the Company or its assets, in the countries where the Company is distributed.

**Management Fee**

Fee calculated and deducted monthly from the average net assets of a sub-fund, share category, or share class, paid to the Management Company and serving to cover remuneration of the asset managers and also distributors in connection with the marketing of the Company's stock.

**Performance Fee**

The positive difference between the annual performance of the sub-fund/category/class (i.e. over the accounting year) and the hurdle rate (this can be a reference index performance, a fixed rate or another reference). This fee is payable to the Management Company. The performance fee will be calculated daily and provision will be adjusted on each Valuation Day during the financial year with the application of the "high water mark with hurdle rate" method. Hurdle rate means the performance of a reference index (or other references) as specified at the level of the sub-fund/category/class whereas high water mark means the highest NAV of the sub-fund/category/class as at the end of any previous financial year on which performance fees becomes payable to the Management Company, after deducting any performance fee. Performance fee will be accrued if the performance of the sub-fund exceeds the hurdle rate and the high water mark. Furthermore, if shares are redeemed during the financial year, the fraction of the provisioned performance fee that corresponds to the total amount redeemed shall be granted definitively to the Management Company.

**CALCULATION OF THE NET ASSET VALUE PER SHARE**

Each net asset value calculation will be made as follows under the responsibility of the Board of Directors:

1. The net asset value will be calculated as specified in Book II.
2. The net asset value per share will be calculated with reference to the total net assets of the corresponding sub-fund, category, or class. The total net assets of each sub-fund, category, or class will be calculated by adding all the asset items held by each (including the entitlements or percentages held in certain internal sub-portfolios as more fully described in point 4, below) from which any related liabilities and commitments will be subtracted, all in accordance with the description in point 4, paragraph 4, below.
3. The net asset value per share of each sub-fund, category, or class will be calculated by dividing its respective total net assets by the number of shares in issue, up to two decimal places, except for those currencies for which decimals are not used.
4. Internally, in order to ensure the overall financial and administrative management of the set of assets belonging to one or more sub-funds, categories, or classes, the Board of Directors may create as many internal sub-portfolios as there are sets of assets to be managed (the "internal sub-portfolios").

Accordingly, one or more sub-funds, categories, or classes that have entirely or partially the same investment policy may combine the assets acquired by each of them in order to implement this investment policy in an internal sub-portfolio created for this purpose. The portion held by each sub-fund, category, or class within each of these internal sub-portfolios may be expressed either in terms of percentages or in terms of entitlements, as specified in the following two paragraphs. The creation of an internal sub-portfolio will have the sole objective of facilitating the Company's financial and administrative management.

The holding percentages will be established solely on the basis of the contribution ratio of the assets of a given internal sub-portfolio. These holding percentages will be recalculated on each valuation day to take account of any redemptions, issues, conversions, distributions or any other events generally of any kind affecting any of the sub-funds, categories, or classes concerned that would increase or decrease their participation in the internal sub-portfolio concerned.

The entitlements issued by a given internal sub-portfolio will be valued as regularly and according to identical methods as those mentioned in points 1, 2 and 3, above. The total number of entitlements issued will vary according to the distributions, redemptions, issues, conversions, or any other events generally of any kind affecting any of the sub-funds, categories, or classes concerned that would increase or decrease their participation in the internal sub-portfolio concerned.

5. Whatever the number of categories, or classes created within a particular sub-fund, the total net assets of the sub-fund will be calculated at the intervals defined by Luxembourg Law, the Articles of Association, or the Prospectus. The total net assets of each sub-fund will be calculated by adding together the total net assets of each category, or class created within the sub-fund.
6. Without prejudice to the information in point 4, above, concerning entitlements and holding percentages, and without prejudice to the particular rules that may be defined for one or more particular sub-funds, the net assets of the various sub-funds will be valued in accordance with the rules stipulated below.

**COMPOSITION OF ASSETS**

The Company's assets primarily include:

- (1) cash in hand and cash deposit including interest accrued but not yet received and interest accrued on these deposits until the payment date;
- (2) all notes and bills payable on demand and accounts receivable (including the results of sales of securities before the proceeds have been received);
- (3) all securities, units, shares, bonds, options or subscription rights and other investments and securities which are the property of the Company;
- (4) all dividends and distributions to be received by the Company in cash or securities that the Company is aware of;
- (5) all interest accrued but not yet received and all interest generated up to the payment date by securities which are the property of the Company, unless such interest is included in the principal of these securities;
- (6) the Company's formation expenses, insofar as these have not been written down;
- (7) all other assets, whatever their nature, including prepaid expenses.

**VALUATION RULES**

The assets of each sub-fund shall be valued as follows:

- (1) the value of cash in hand and cash deposit, bills and drafts payable at sight and accounts receivable, prepaid expenses, and dividends and interest due but not yet received, shall comprise the nominal value of these assets, unless it is unlikely that this value could be received; in that event, the value will be determined by deducting an amount which the Company deems adequate to reflect the actual value of these assets;
- (2) the value of shares or units in undertakings for collective investment shall be determined on the basis of the last net asset value available on the Valuation Day;
- (3) the valuation of all securities listed on a stock exchange or any other regulated market, which functions regularly, is recognised and accessible to the public, is based on the last known closing price on the valuation day, and, if the securities concerned are traded on several markets, on the basis of the last known closing price on the major market on which they are traded. If the last known closing price is not a true reflection, the valuation shall be based on the probable sale price estimated by the Board of Directors in a prudent and bona fide manner;
- (4) unlisted securities or securities not traded on a stock exchange or another regulated market which functions in a regular manner, is recognised and accessible to the public, shall be valued on the basis of the probable sale price estimated in a prudent and bona fide manner by a qualified professional appointed for this purpose by the Board of Directors;
- (5) securities denominated in a currency other than the currency in which the sub-fund concerned is denominated shall be converted at the exchange rate prevailing on the Valuation Day;
- (6) If permitted by market practice, liquid assets, money market instruments and all other instruments may be valued at their nominal value plus accrued interest or according to the linear amortisation method. Any decision to value the assets in the portfolio using the linear amortisation method must be approved by the Board of Directors, which will record the reasons for such a decision. The Board of Directors will put in place appropriate checks and controls concerning the valuation of the instruments.
- (7) the Board of Directors is authorised to draw up or amend the rules in respect of the relevant valuation rates. Decisions taken in this respect shall be included in the Book II;
- (8) IRS shall be valued on the basis of the difference between the value of all future interest payable by the Company to its counterparty on the valuation date at the zero coupon swap rate corresponding to the maturity of these payments and the value of

all future interest payable by the counterparty to the Company on the valuation date at the zero coupon swap rate corresponding to the maturity of these payments;

- (9) the internal valuation model for CDS utilises as inputs the CDS rate curve, the recovery rate and a discount rate (SOFR or market swap rate) to calculate the mark-to-market. This internal model also produces the rate curve for default probabilities. To establish the CDS rate curve, data from a certain number of counterparties active in the CDS market are used. The manager uses the valuation of the counterparties' CDS to compare them with the values obtained from the internal model. The starting point for the construction of the internal model is parity between the variable portion and fixed portion of the CDS on signing the CDS.
- (10) since EDS are triggered by an event affecting a share, their valuation depends mainly on the volatility of the share and its asymmetrical position. The higher the volatility, the greater the risk that the share will reach the 70% threshold and therefore the greater the EDS spread. The spread of a company's CDS also reflects its volatility, since high volatility of the share indicates high volatility of the assets of the company in question and therefore a high probability of a credit event. Given that the spreads of both EDS and CDS are correlated with the implicit volatility of the shares, and that these relations have a tendency to remain stable over time, an EDS can be considered as a proxy for a CDS. The key point in the valuation of an EDS is to calculate the implicit probability of a share event. Two methods are generally accepted: the first consists of using the market spread of the CDS as input in a model to evaluate the EDS; the second uses historical data of the share in question to estimate the probability. Although historical data are not necessarily a proper guide as to what may happen in the future, such data can reflect the general behaviour of a share in crisis situation. In comparing the two approaches, it is very rare to see historic probabilities higher than the shares' implicit probabilities;
- (11) the valuation of a CFD and TRS shall at any given time reflect the difference between the latest known price of the underlying stock and the valuation that was taken into account when the transaction was signed.

#### COMPOSITION OF LIABILITIES

The Company's liabilities primarily include:

- (1) all loans, matured bills and accounts payable;
- (2) all known liabilities, whether or not due, including all contractual obligations due and relating to payment in cash or kind, including the amount of dividends announced by the Company but yet to be paid;
- (3) all reserves, authorised or approved by the Board of Directors, including reserves set up in order to cover a potential capital loss on certain of the Company's investments;
- (4) any other undertakings given by the Company, except for those represented by the Company's equity. For the valuation of the amount of these liabilities, the Company shall take account of all the charges for which it is liable, including, without restriction, the costs of amendments to the Articles of Association, the Prospectus and any other document relating to the Company, management, advisory, performance and other fees and extraordinary expenses, any taxes and duties payable to government departments and stock exchanges, the costs of financial charges, bank charges or brokerage incurred upon the purchase and sale of assets or otherwise. When assessing the amount of these liabilities, the Company shall take account of regular and periodic administrative and other expenses on a prorata temporis basis.

The assets, liabilities, expenses and fees not allocated to a sub-fund, category, or class shall be apportioned to the various sub-funds, categories, or classes in equal parts or, subject to the amounts involved justifying this, proportionally to their respective net assets. Each of the Company's shares which is in the process of being redeemed shall be considered as a share issued and existing until closure on the Valuation Day relating to the redemption of such share and its price shall be considered as a liability of the Company as from closing on the date in question until such time as the price has been duly paid. Each share to be issued by the Company in accordance with subscription applications received shall be considered as being an amount due to the Company until such time as it has been duly received by the Company. As far as possible, account shall be taken of any investment or divestment decided by the Company until the Valuation Day.

#### SUSPENSION OF THE CALCULATION OF NET ASSET VALUE AND THE ISSUE, CONVERSION AND REDEMPTION OF SHARES

Without prejudice to legal causes for suspension, the Board of Directors may at any time temporarily suspend the calculation of the net asset value of shares of one or more sub-funds, as well as the issue, conversion and redemption in the following cases:

- (a) during any period when one or more currency markets, or a stock exchange, which are the main markets or exchanges where a substantial portion of a sub-fund's investments at a given time are listed, is/are closed, except for normal closing days, or during which trading is subject to major restrictions or is suspended;
- (b) when the political, economic, military, currency, social situation, or any event of *force majeure* beyond the responsibility or power of the Company makes it impossible to dispose of one assets by reasonable and normal means, without seriously harming the shareholders' interests;
- (c) during any failure in the means of communication normally used to determine the price of any of the Company's investments or the going prices on a particular market or exchange;
- (d) when restrictions on foreign exchange or transfer of capital prevents transactions from being carried out on behalf of the Company or when purchases or sales of the Company's assets cannot be carried out at normal exchange rates;
- (e) as soon as a decision has been taken to either liquidate the Company or one or more sub-funds, categories, or classes;
- (f) to determine an exchange parity under a merger, partial business transfer, splitting, or any restructuring operation within, by or in one or more sub-funds, categories, or classes;
- (g) for a "Feeder" sub-fund, when the net asset value, issue, conversion, or redemption of units, or shares of the "Master" sub-fund are suspended;
- (h) any other cases when the Board of Directors estimates by a justified decision that such a suspension is necessary to safeguard the general interests of the shareholders concerned.

In the event the calculation of the net asset value is suspended, the Company shall immediately and in an appropriate manner inform the shareholders who requested the subscription, conversion or redemption of the shares of the sub-fund(s) in question.

In exceptional circumstances which could have a negative impact on shareholders' interests, or in the event of subscription, redemption or conversion applications exceeding 10% of a sub-fund's net assets, the Board of Directors reserves the right not to determine the value of a share until such time as the required purchases and sales of securities have been made on behalf of the sub-fund. In that event, subscription, redemption and conversion applications in the pipeline will be processed simultaneously on the basis of the net asset value so calculated.

Pending subscription, conversion and redemption applications may be withdrawn by written notification provided that such notification is received by the company prior to lifting of the suspension. Pending applications will be taken into account on the first calculation date following lifting of the suspension. If all pending applications cannot be processed on the same calculation date, the earliest applications shall take precedence over more recent applications.

**SWING PRICING**

In certain market conditions, taking account of the volume of purchase and sale transactions in a given sub-fund, and the size of these transactions, the Board of Directors may consider that it is in the interest of shareholders to calculate the NAV per share based on the purchase and sale prices of the assets and/or by applying an estimate of the difference between the buy and sell prices applicable on the markets on which the assets are traded. The Board of Directors may further adjust the NAV for transaction fees and sales commissions, provided these fees and commissions do not exceed 1% of the NAV of the sub-fund at that time.

**TAXATION OF THE COMPANY**

At the date of the Prospectus, the Company is not liable to any Luxembourg income tax or capital gains tax.

The Company is liable to an annual *taxe d'abonnement* in Luxembourg representing 0.05% of the net asset value. This rate is reduced to 0.01% for:

- a) sub-funds with the exclusive objective of collective investments in money market instruments and deposits with credit institutions;
- b) sub-funds with the exclusive objective of collective investments with credit institutions;
- c) sub-funds, categories, or classes reserved for Institutional Investors, Managers, and UCIs.

The following are exempt from this *taxe d'abonnement*.

- a) the value of assets represented by units, or shares in other UCIs, provided that these units or shares have already been subject to the *taxe d'abonnement*;
- b) sub-funds, categories and/or classes:
  - (i) whose securities are reserved to Institutional Investors, Managers, or UCIs and
  - (ii) whose sole object is the collective investment in money market instruments and the placing of deposits with credit institutions, and
  - (iii) whose weighted residual portfolio maturity does not exceed 90 days, and
  - (iv) that have obtained the highest possible rating from a recognised rating agency;
- c) sub-funds, share categories and/or classes reserved to:
  - (i) institutions for occupational retirement pension or similar investment vehicles, set up at the initiative of one or more employers for the benefit of their employees, and
  - (ii) companies having one or more employers investing funds to provide pension benefits to their employees;
- d) sub-funds whose main objective is investment in microfinance institutions;
- e) sub-funds, categories and/or classes:
  - (i) whose securities are listed or traded on at least one stock exchange or another regulated market operating regularly that is recognized and open to the public, and
  - (ii) whose exclusive object is to replicate the performance of one or several indices.

When due, the *taxe d'abonnement* is payable quarterly based on the relevant net assets and calculated at the end of the quarter for which it is applicable.

In addition, the Company may be subject to foreign UCI's tax, and/or other regulators levy, in the country where the sub-fund is registered for distribution.

**TAXATION OF THE COMPANY'S INVESTMENTS**

Some of the Company's portfolio income, especially income in dividends and interest, as well as certain capital gains, may be subject to tax at various rates and of different types in the countries in which they are generated. This income and capital gains may also be subject to withholding tax. Under certain circumstances, the Company may not be eligible for the international agreements preventing double taxation that exist between the Grand Duchy of Luxembourg and other countries. Some countries will only consider that persons taxable in Luxembourg qualify under these agreements.

**TAXATION OF SHAREHOLDERS****a) Residents of the Grand Duchy of Luxembourg**

On the date of the Prospectus, the dividends earned and capital gains made on the sale of shares by residents of the Grand Duchy of Luxembourg are not subject to withholding tax.

Dividends are subject to income tax at the personal tax rate.

Capital gains made on the sale of shares are not subject to income tax if the shares are held for a period of over six months, except in the case of resident shareholders holding over 10% of the shares of the Company.

**b) Non-residents**

In principle, according to current law:

- the dividends earned and the capital gains made on the sale of shares by non-residents are not subject to Luxembourg withholding tax;
- the capital gains made by non-residents on the sale of shares are not subject to Luxembourg income tax.

Nevertheless, if there is a dual tax convention between the Grand Duchy and the shareholder's country of residence, the capital gains made on the sale of shares are tax-exempt in principle in Luxembourg, with the taxation authority being attributed to the shareholder's country of residence.

**EXCHANGE OF INFORMATION****a) Residents of another member state of the European Union, including the French overseas departments, the Azores, Madeira, the Canary Islands, the Åland Islands and Gibraltar.**

Any individual who receives dividends from the Company or the proceeds from the sale of shares in the Company through a paying agent based in a state other than the one in which he resides is advised to seek information on the legal and regulatory provisions applicable to him.

In most countries covered by Directive 2011/16 and 2014/107, the total gross amount distributed by the Company and/or the total gross proceeds from the sale, refunding or redemption of shares in the Company will be reported to the tax authorities in the state of residence of the beneficial owner of the income.

**b) Residents of third countries or territories**

No withholding tax is levied on interest paid to residents of third countries or territories.

Nevertheless, in the framework of Automatic Exchange of Information package (AEOI) covering fiscal matters elaborated by OECD, the Company may need to collect and disclose information about its shareholder to third parties, including the tax authorities of the participating country in which the beneficiary is tax resident, for the purpose of onward transmission to the relevant jurisdictions. The data of financial and personal information as defined by this regulation which will be disclosed may include (but is not limited to) the identity of the shareholders and their direct or indirect beneficiaries, beneficial owners and controlling persons. A shareholder will therefore be required to comply with any reasonable request from the Company for such information, to allow the Company to comply

with its reporting requirements. The list of AEOI participating countries is available on the website <http://www.oecd.org/tax/automatic-exchange/>

c) US Tax

Under the Foreign Account Tax Compliance Act ("FATCA") provisions which entered into force as from 1st July 2014, in the case the Company invests directly or indirectly in US assets, income received from such US investments might be subject to a 30% US withholding tax.

To avoid such withholding tax the Grand Duchy of Luxembourg has entered, on 28th March 2014, into an intergovernmental agreement (the "IGA") with the United States under which the Luxembourg financial institutions have to undertake due diligence to report certain information on their direct or indirect U.S. investors to the Luxembourg Tax authorities. Such information will be onward reported by the Luxembourg tax authorities to the U.S. Internal Revenue Service ("IRS").

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

## GENERAL SHAREHOLDERS' MEETINGS

The Annual General Shareholders' Meeting is held at 11.30 am on the last Thursday of July at the Company's registered office or any other location in the Grand Duchy of Luxembourg specified in the notice to attend the meeting. If that day is not a bank business day in Luxembourg, the Annual General Meeting will be held on the following bank business day. Other General Meetings may be convened in accordance with the prescriptions of Luxembourg law and the Company's Articles of Association.

Notices inviting shareholders to attend General Meetings will be published according to the forms and times prescribed in Luxembourg law and the Company's Articles of Association, and at least with a 14 days prior notice.

Similarly, General Meetings will be conducted as prescribed by Luxembourg law and the Company's Articles of Association.

Every share, irrespective of its unit value, entitles its holder to one vote. All shares have equal weight in decisions taken at the General Meeting when decisions concern the Company as a whole. When decisions concern the specific rights of shareholders of one sub-fund, category, or class, only the holders of shares of that sub-fund, category, or class may vote.

## INFORMATION FOR SHAREHOLDERS

### **Net Asset Values and Dividends**

The Company publishes the legally required information in the Grand Duchy of Luxembourg and in all other countries where the shares are publicly offered.

This information is also available on the website: [www.bnpparibas-am.com](http://www.bnpparibas-am.com).

### **Financial Year**

The Company's financial year starts on 1<sup>st</sup> April and ends on 31<sup>st</sup> March.

### **Financial Reports**

The Company publishes an annual report closed on the last day of the financial year, certified by the auditors, as well as a non-certified, semi-annual interim report closed on the last day of the sixth month of the financial year. The Company is authorised to publish a simplified version of the financial report when required.

The financial reports of each sub-fund are published in the Accounting Currency of the sub-fund, although the consolidated accounts of the Company are expressed in euro.

The annual report is made public within four months of the end of the financial year and the interim report within two months of the end of the half-year.

### **Documents for Consultation**

The Articles of Association, the Prospectus, the KID, and periodic reports may be consulted at the Company's registered office and at the establishments responsible for the Company's financial service. Copies of the Articles of Association and the annual and interim reports are available upon request.

Except for the newspaper publications required by Law, the official media to obtain any notice to shareholders from the Company will be the website [www.bnpparibas-am.com](http://www.bnpparibas-am.com).

Documents and information are also available on the website: [www.bnpparibas-am.com](http://www.bnpparibas-am.com).

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## APPENDIX 1 – INVESTMENT RESTRICTIONS

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1. A sub-fund's investments shall comprise only one or more of the following:

- a) transferable securities and money market instruments admitted to or dealt in on a regulated market as defined by Directive 2004/39;
- b) transferable securities and money market instruments dealt in on another regulated market in a Member State, which operates regularly and is recognised and open to the public;
- c) transferable securities and money market instruments admitted to official listing on a stock exchange in a country which is not a European Union Member State or dealt in on another regulated market in a country which is not a European Union Member State which operates regularly and is recognised and open to the public;
- d) recently issued transferable securities and money market instruments, provided that:
  - (i) the terms of issue include an undertaking that an application will be made for admission to official listing on a stock exchange or to another regulated market which operates regularly and is recognised and open to the public; and
  - (ii) the admission is secured within a year of issue;
- e) units or shares in UCITS authorised according to Directive 2009/65 and/or other UCIs within the meaning of Article 1(2)(a) and (b) of the Directive 2009/65, whether or not established in a Member State, provided that:
  - (i) such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU legislation, and that cooperation between authorities is sufficiently ensured;
  - (ii) the level of protection to unitholders or shareholders in these other UCIs is equivalent to that provided for unitholders or shareholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65;
  - (iii) the business of these other UCIs is reported in semi-annual interim and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; and
  - (iv) no more than 10% of the assets of the UCITS or of the other UCIs whose acquisition is contemplated, can, according to their management regulations or articles of association, be invested in aggregate in units or shares of other UCITS or other UCIs;
- f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the credit institution has its registered office in a Third Country, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU legislation;
- g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in points a), b) and c) above or financial derivative instruments dealt in over-the-counter (OTC) derivatives, provided that:
  - (i) the underlying of the derivative consists of instruments covered by this paragraph 1., financial indices, interest rates, foreign exchange rates or currencies, in which the corresponding sub-fund may invest according to its investment objectives as stated in the Company's Articles of Association.
  - (ii) the counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF, and
  - (iii) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.
- h) money market instruments other than those dealt in on a regulated market, which fall under Article 1 of the Law, if the issuer or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, provided that they are:
  - (i) issued or guaranteed by a central, regional or local authority or central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a Third Country or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more European Union Member States belong;
  - (ii) issued by a company any securities of which are dealt in on regulated markets referred to in Section 1. paragraph a), b) or c) above;
  - (iii) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU legislation; or
  - (iv) issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in points (i), (ii) or (iii) first, second or third sub-clauses immediately preceding, and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 000 000 and which presents and publishes its annual accounts in accordance with the Directive 78/660, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

2. A sub-fund shall not, however:

- a) invest more than 10% of its assets in transferable securities, or money market instruments other than those referred to in Section 1.; or
- b) acquire either precious metals or certificates representing them.

3. Ancillary Liquid Assets

Each sub-fund may hold ancillary liquid assets limited to bank deposits at sight (other than those mentioned on above point 5), such as cash held in current accounts with a bank accessible at any time, in order to:

- 1) cover current or exceptional payments, or
- 2) for the time necessary to reinvest in eligible assets foreseen in its investment policy, or
- 3) for a period of time strictly necessary in case of unfavourable market conditions.

Such holding is limited to 20% of the net assets of the sub-fund.

This 20% limit shall only be temporarily breached for a period of time strictly necessary when, because of exceptionally unfavourable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors, for instance in highly serious circumstances.

4. The Company may acquire movable or immovable property which is essential for the direct pursuit of its business.

a) A sub-fund shall invest no more than:

- (i) 10% of its assets in transferable securities or money market instruments issued by the same body; or
- (ii) 20% of its assets in deposits made with the same body.

The risk exposure to a counterparty of a sub-fund in an OTC derivative transaction shall not exceed either:

- (i) 10% of its assets when the counterparty is a credit institution referred to Section 1. paragraph f); or
- (ii) 5% of its assets, in other cases.

b) The total value of the transferable securities and the money market instruments held by a sub-fund in the issuing bodies in each of which it invests more than 5% of its assets shall not exceed 40% of the value of its assets. That limitation shall not apply to deposits or OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph a), a sub-fund shall not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following:

- (i) investments in transferable securities or money market instruments issued by that body;
- (ii) deposits made with that body; or
- (iii) exposure arising from OTC derivative transactions undertaken with that body.

c) The 10% limit laid down in paragraph a) point (i) may be raised to a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State, by its local authorities, by a Third Country or by public international body to which one or more Member States belong.

d) The 10% limit laid down in the paragraph a) point (i) may be raised to a maximum of 25% for covered bonds as defined under article 3, point 1 of the Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bond public supervision and amending Directives 2009/65/EC and 2014/59/UE (hereinafter "directive (EU) 2019/2162") and for certain bonds issued prior to 8 July 2022 by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. In particular, sums deriving from the issue of those bonds issued prior to 8 July 2022 shall be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

Where a sub-fund invests more than 5% of its assets in the bonds referred to in the paragraph a) which are issued by a single issuer, the total value of these investments shall not exceed 80% of the value of the assets of the sub-fund.

e) The transferable securities and money market instruments referred to in paragraphs c) and d) shall not be taken into account for the purpose of applying the limit of 40% referred to in paragraph b).

The limits provided for in paragraph a), b), c) and d) shall not be combined, and thus investments in transferable securities or money market instruments issued by the same body or in deposits or derivative instruments made with this body carried out in accordance with paragraph a), b), c) and d) shall not exceed in total 35% of the assets of the sub-fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in Directive 83/349 or in accordance with recognised international accounting rules, shall be regarded as a single body for the purpose of calculating the limits contained in this Section 4.

A sub-fund may cumulatively invest in transferable securities and money market instruments within the same group up to 20% of its assets.

5. Without prejudice to the limits laid down in Section 8. the limits laid down in Section 4. are raised to a maximum of 20% for investments in shares or debt securities 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 CSSF, on the following basis:

- (i) its composition is sufficiently diversified;
- (ii) the index represents an adequate benchmark for the market to which it refers; and
- (iii) it is published in an appropriate manner.

This limit of 20% shall be raised to a maximum of 35% where that proves to be justified by exceptional market conditions (such as, but not limited to, disruptive market conditions or extremely volatile markets) in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to that limit shall be permitted only for a single issuer.

**6. As an exception to Section 4., in accordance with the principle of risk-spreading, a sub-fund shall invest up to 100% of its assets in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a Third Country part of the OECD, Brazil, People's Republic of China, India, Russia, Singapore and South Africa, or a public international body to which one or more Member States belong.**

**Such a sub-fund shall hold securities from at least six different issues, but securities from any single issue shall not account for more than 30% of its total assets.**

7.

a) A sub-fund may acquire the units or shares of UCITS or other UCIs referred to in Section 1. paragraph e), provided that no more than 20% of its assets are invested in units or shares of a single UCITS or other UCI. For the purposes of the application of this investment limit, each sub-fund in a multi-sub-fund UCI, as defined by Article 181 of the Law, is considered as a separate issuer, provided that the principle of segregation of the commitments of the different sub-funds with regard to third parties is assured.

b) Investments made in units or shares of UCIs other than UCITS shall not exceed, in aggregate, 30% of the assets of a sub-fund. Where a sub-fund has acquired units or shares of another UCITS or UCIs, the assets of the respective UCITS or other UCIs are not combined for the purposes of the limits laid down in Section 4.

c) Due to the fact that the Company may invest in UCI units, or shares, the investor is exposed to a risk of fees doubling (for example, the management fees of the UCI in which the Company is invested).

A sub-fund may not invest in a UCITS, or other UCI (underlying), with a management fee exceeding 3% per annum.

Where a sub-fund invests in the units or shares of other UCITS or UCIs that are managed, directly or by delegation, by the same management company or by any other company with which the Management Company is linked by common management or

control, or by a substantial direct or indirect holding, the sub-fund will not incur any entry or exit costs for the units or shares of these underlying assets.

The maximum annual management fee payable directly by the sub-fund is defined in Book II.

8.

- a) The Company shall not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- b) The Company may acquire no more than:
  - (i) 10% of the non-voting shares of a single issuing body;
  - (ii) 10% of debt securities of a single issuing body;
  - (iii) 25% of the units or shares of a single sub-fund of UCITS or other UCI within the meaning of Article 2 Paragraph 2 of the Law ; or
  - (iv) 10% of the money market instruments of a single issuing body.

The limits laid down in points (ii), (iii) and (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 securities in issue, cannot be calculated.

- c) Paragraph a) and b) above do not apply with regard to:
  - (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
  - (ii) transferable securities and money market instruments issued or guaranteed by a country which is not a European Union Member State ;
  - (iii) transferable securities and money market instruments issued by a public international body to which one or more European Union Member States belong;
  - (iv) shares held by the Company in the capital of a company incorporated in a Third Country not member of the European Union investing its assets mainly in the securities of issuing bodies having their registered offices in that country, where under the legislation of that country, such a holding represents the only way in which the Company can invest in the securities of issuing of that country. This derogation shall apply only if in its investment policy the company from the Third Country not member of the European Union complies with the limits laid down in Sections 4., 7. and 8. paragraph a) and b). Where the limits set in Sections 4. and 7. are exceeded, Section 9. shall apply *mutatis mutandis*;

9. The sub-funds are not required to comply with the limits laid down in this Appendix when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.

While ensuring observance of the principle of risk spreading, recently authorised sub-funds are allowed to derogate from Sections 4., 5., 6. and 7. for six months following the date of their authorisation.

If these limits are exceeded for reasons beyond the control of the sub-fund or as a result of the exercise of subscription rights, the sub-fund shall adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

10. A sub-fund may acquire currencies by means of "back-to-back" loans.

A sub-fund may borrow provided that such borrowing:

- a) is made on a temporary basis and represent no more than 10% of its assets; or
- b) allows the acquisition of immovable property essential for the direct pursuit of its business and represent no more than 10% of its assets.

Such borrowing shall not exceed 15% of its assets in total.

11. Without prejudice to the application of Sections 1. 2. 3. and Appendix 2, a sub-fund shall not grant loans or act as a guarantor on behalf of third parties.

This shall not prevent a sub-fund from acquiring transferable securities, money market instruments or other financial instruments referred to in Section 1. paragraph e), g) and h) which are not fully paid.

12. A sub-fund shall not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in Section 1. paragraph e), g) and h).

13. By way of derogation of the above restriction, a sub-fund designed as "the Feeder" may invest:

- a) at least 85% of its assets in units, or shares of another UCITS or another sub-fund of UCITS (the "Master");
- b) up to 15% of its assets in one or more of the following:
  - ancillary liquid assets,
  - financial derivative instruments, which may be used only for hedging purpose, in accordance with Section 1. paragraph g) and Appendix 2;
  - movable and immovable property which is essential for the direct pursuit of its business.

14. A sub-fund may acquire shares of one or more other sub-funds of the Company (the target sub-fund), provided that:

- the target sub-fund does not, in turn, invest in the sub-fund;
- the proportion of assets that each target sub-fund invests in other target sub-funds of the Company does not exceed 10%;
- any voting rights attached to the shares of the target sub-funds are suspended for as long as they are held by the sub-fund and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these target sub-fund shares are held by the Company, their value shall not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of net assets required by the law.

As a general rule, the Board of Directors reserves the right to introduce other investment restrictions at any time when indispensable for conforming to the laws and regulations in force in certain states where the Company's shares may be offered and sold. On the other hand, where permitted by current regulations applicable to the Company, the Board of Directors reserves the right to exempt one or more sub-funds from one or more of the investment restrictions specified above. These exceptions will be mentioned in the investment policies summarised in Book II for each of the sub-funds concerned.

## **FINANCIAL DERIVATIVE INSTRUMENTS**

### **1. General Information**

Without prejudice to any stipulations for one or more particular sub-funds, the Company is authorised, for each sub-fund and in conformity with the conditions set out below, to use financial derivative instruments, for hedging, efficient portfolio management or trading (investment) purposes, in accordance with point 1.g) of the Appendix 1 of the Prospectus (the “Appendix 1”).

Each sub-fund may, in the context of its investment policy and within the limits defined in point 1 of the Appendix 1, invest in financial derivative instruments provided that the total risk to which the underlying assets are exposed does not exceed the investment limits stipulated in point 4 of the Appendix 1. When a sub-fund invests in financial derivative instruments based on an **index**, these investments are not necessarily combined with the limits stipulated in point 4 of Appendix 1 of the Appendix 1.

When a transferable security or a money market instrument comprises a derivative instrument, the derivative instrument must be taken into account for the application of the present provisions.

### **Calculation of counterparty risk linked to OTC derivative instruments**

In conformity with Section 4.paragraph a) of the Appendix 1, the counterparty risk linked to OTC derivatives and efficient portfolio management techniques concluded by a sub-fund may not exceed 10% of its assets when the counterparty is a credit institution cited in Section 1.paragraph f) of the Appendix 1, or 5% of its assets in other cases.

The counterparty risk linked to OTC financial derivatives shall be based, as the positive mark to market value of the contract.

### **Valuation of OTC derivatives**

In accordance with Section 1. paragraph g) of the Appendix 1, the Management Company will establish, document, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of OTC derivatives.

### **Efficient Portfolio Management techniques**

A sub-fund can use financial derivative instruments and Securities Financing Transactions for efficient portfolio management purpose provided that:

- (a) They are economically appropriate in that they are realised in a cost-effective way;
- (b) They are entered into for one or more of the following specific aims:
  - (i) reduction of risk;
  - (ii) reduction of cost;
  - (iii) generation of additional capital or income for a sub-fund with a level of risk which is consistent with the risk profile of the sub-fund and the risk diversification rules described in Section 4. of the Appendix 1;
- (c) Their risks are adequately captured by the risk management process of the sub-fund.

Efficient portfolio management shall not:

- a) result in a change of the investment objective of the concerned sub-fund; or
- b) add substantial additional risks in comparison to the original risk policy of the sub-fund.

Direct and indirect operational costs/fees arising from efficient portfolio management techniques may be deducted from the revenue delivered to the concerned sub-funds. These costs and fees will not include hidden revenues.

The following information is disclosed in the annual report of the Company:

- a) the exposure of each sub-fund obtained through efficient portfolio management techniques;
- b) the identity of the counterparty(ies) to these efficient portfolio management techniques;
- c) the type and amount of collateral received by the sub-funds to reduce counterparty exposure; and
- d) the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.

### **2. Types of Financial Derivative Instruments**

In compliance with its investment policy as detailed in Book II, a sub-fund may use a range of core derivatives as described below:

- (i) Foreign exchange swaps;
- (ii) Forwards, such as foreign exchange contracts;
- (iii) Interest Rate Swaps – IRS;
- (iv) Financial Futures (on equities, interest rates, indices, bonds, currencies, commodity indices, or volatility indices);
- (v) Options (on equities, interest rates, indices, bonds, currencies, or commodity indices).

### 3. Usage of Financial Derivative Instruments

The sub-fund may have recourse to derivatives as described below:

#### a. Hedging

Hedging aims at reducing such as but not limited to the credit risks, currency risks, market risks, interest rate (duration) risks, Inflation risks.

Hedging occurs at a portfolio level or, in respect of currency, at share class level.

#### b. Efficient Portfolio Management (EPM)

Efficient portfolio management aims at using derivatives instead of a direct investment when derivatives are a cost effective way, the quickest way or the only authorized way to get exposure to particular market a particular security or an acceptable proxy to perform any ex-post exposure adjustment to a particular markets, sectors or currencies, managing duration, yield curve exposure or credit spread volatility in order to reach the investment objective of the sub-fund.

### 4. Global Exposure

#### *Determination of the global exposure*

According to the Circular 11/512, the management company must calculate the sub-fund's global exposure at least **once a day**. The limits on global exposure must be complied with on an ongoing basis.

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

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

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

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

**There is currently no sub-fund under VaR. The only sub-fund of the structure use the commitment approach methodology.**

#### 4.1. Commitment approach methodology

- The commitment conversion methodology for **standard derivatives** is always the market value of the equivalent position in the underlying asset. This may be replaced by the notional value or the price of the futures contract where this is more conservative.
- For **non-standard derivatives**, an alternative approach may be used provided that the total amount of the financial derivative instruments represents a negligible portion of the sub-fund's portfolio;
- For **structured sub-funds**, the calculation method is described in the ESMA/2011/112 guidelines.

A financial derivative instrument is not taken into account when calculating the commitment if it meets both of the following conditions:

- (a) The combined holding by the sub-fund of a financial derivative instrument relating to a financial asset and cash which is invested in risk free assets is equivalent to holding a cash position in the given financial asset.
- (b) The financial derivative instrument is not considered to generate any incremental exposure and leverage or market risk.

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

#### 4.2. VaR (Value at Risk) methodology

The global exposure is determined on a daily basis by calculating, the maximum potential loss at a given confidence level over a specific time period under normal market conditions.

Given the sub-fund's risk profile and investment strategy, the **relative VaR approach** or the **absolute VaR approach** can be used:

- In the **relative VaR approach**, a leverage free reference portfolio reflecting the investment strategy is defined and the sub-fund's VaR cannot be greater than twice the reference portfolio VaR.
- The **absolute VaR approach** concerns sub-funds investing in multi-asset classes and that do not define any investment target in relation to a benchmark but rather as an absolute return target; the level of the absolute VaR is strictly limited to 20%.

The **VaR limits** should always be set according to the defined risk profile.

To calculate VaR, the following parameters must be used: a 99% degree of confidence, a holding period of one month (20 days), an actual (historical) observation period for risk factors of at least 1 year (250 days).

The management company carries out a monthly **back testing** program and reports on a quarterly basis the excessive number of outlier to the senior management.

The management company calculates **stress tests** on a monthly basis in order to facilitate the management of risks associated with possible abnormal movements of the market.

#### 4.3. Global Exposure for Feeder sub-funds

The global exposure of a Feeder sub-fund will be calculated by combining its own exposure through financial derivative instruments, with either:

- a) the Master actual exposure through financial derivative instruments in proportion to the Feeder investment into the Master; or
- b) the Master potential maximal global exposure related to financial derivative instruments as defined by the Master management rules, or Articles of Association in proportion to the Feeder investment into the Master.

#### 5. **Total Return Swap (TRS)**

TRS can be used for both hedging and/or investment purposes.

When a sub-fund enters into a TRS or invests in other financial derivative instruments with similar characteristics, its assets will also comply with the provisions of the Sections 4 to 8 of the Appendix 1. The underlying exposures of the TRS or other financial derivative instruments with similar characteristics shall be taken into accounts to calculate the investment limits laid down in Section 4 of the Appendix 1.

When a sub-fund enters into TRS or invests in financial derivative instruments with similar characteristics, the underlying strategy and composition of the investment portfolio or index are described in Book II and the following information will be disclosed in the annual report of the Company:

- a) The identification of the counterparty(ies) of the transactions;
- b) The underlying exposure obtained through financial derivative instruments;
- c) The type and amount of collateral received by the sub-funds to reduce counterparty exposure.

The counterparty does not assume any discretion over the composition or management of the sub-funds' investment portfolio or over the underlying of the financial derivative instruments, and its approval is not required in relation to any sub-fund investment portfolio transaction.

##### *Policy on sharing of return generated by TRS*

The return of the swap transaction, being the spread between the two legs of the transaction, is completely allocated to the sub-fund when positive, or completely charged to the sub-fund when negative. There are neither costs nor fees specific to the swap transaction charged to the sub-fund that would constitute revenue for the Management Company or another party.

##### *List of sub-funds using TRS*

The sub-funds using TRS, the maximum proportion of assets that can be subject to them and the expected proportion of assets that will be subject to each of them are listed below:

| Sub-fund        | TRS / NAV |         |                     |
|-----------------|-----------|---------|---------------------|
|                 | Expected  | Maximum | Type of TRS         |
| First Selection | 0%        | 100%    | Funded and Unfunded |

The expected proportion mentioned in the above table is defined as the sum of the absolute values of TRS nominals (with neither netting nor hedging arrangement) divided by the NAV. It is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions. A higher level reflected by the maximum could be reached during the life of the sub-fund and the Prospectus will be modified accordingly in due course.

#### **SECURITIES FINANCING TRANSACTIONS ("SFT")**

In accordance with the Regulation 2015/2365 and Circulars 08/356 and 14/592, the Company may enter in securities financing transaction which include Securities Lending and borrowings, Repurchase Agreements and Reverse Repurchase Agreements transactions for the purpose of raising short term capital in order to enhance in a safe way the liquidity of the sub-fund.

##### *List of sub-funds using SFT*

At the date of this prospectus, there is no sub-fund using SFT.

#### **MANAGEMENT OF COLLATERAL IN RESPECT OF OTC DERIVATIVES AND SFT**

Assets received from counterparties in respect of Financial Derivatives Instruments and Securities Financial Transactions other than currency forwards constitute collateral in accordance with the Regulation 2015/2365 and Circular 14/592.

All collateral used to reduce counterparty risk exposure will comply with the following criteria at all times:

##### *Liquidity*

Any collateral received other than cash will be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order to be sold quickly at a price that is close to pre-sale valuation. Collateral received will also comply with the provisions of the point 8 of Appendix 1.

##### *Valuation*

Collateral received will be valued on at least a daily basis, according to mark-to-market, and assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative haircuts are in place, dependant on the issuer's credit quality and the maturity of the received securities

##### *Risks*

Risk linked to the management of collateral, such as operational and legal risks, will be identified, managed and mitigated by the risk management process.

##### *Safe-keeping (also for securities subject to TRS and SFT)*

Where there is a title transfer, the collateral received will be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

##### *Enforcement*

Collateral received will be capable of being fully enforced at any time without reference to or approval from the counterparty.

The Company must ensure that it is able to claim its right on the collateral in case of the occurrence of any event requiring the execution thereof. Therefore the collateral must be available at all time either directly or through the intermediary of a the counterparty, in such a manner that the Company is able to appropriate or realise the securities given as collateral without delay if the counterparty fails to comply with its obligation to return the securities.

#### Collateral diversification (asset concentration)

Collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the sub-fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When a sub-fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, a sub-fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by any European Union Member State, one or more of its local authorities, a third country part of the OECD, Brazil, People's Republic of China, India, Russia, Singapore and South Africa, or a public international body to which one or more European Union Member States belong. Such a sub-fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the sub-fund's net asset value.

The collateral received by a sub-fund 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.

#### Stress testing

For all the sub-funds receiving collateral for at least 30% of their assets, the Management Company will set up, in accordance with the Circular 14/592, an appropriate stress testing policy to ensure regular stress tests under normal and exceptional liquidity conditions to assess the liquidity risk attached to the collateral.

#### Haircut policy

The Management Company will set up, in accordance with the Circular 14/592, a clear haircut policy adapted for each class of assets received as collateral.

#### Acceptable Collateral - Public regulatory grid

| Asset Class                                       | Minimum Rating accepted | Margin required / NAV | Cap by asset class / NAV | Cap by Issuer / NAV |
|---|-------------------------|-----------------------|--------------------------|---------------------|
| Cash (EUR, USD, GBP or other Valuation Currency)  |                         | [100 - 110%]          | 100%                     |                     |
| Fixed Income                                      |                         |                       |                          |                     |
| Eligible OECD Government Bonds                    | BBB                     | [100 - 115%]          | 100%                     | 20%                 |
| Eligible Supra & Agencies                         | AA-                     | [100 - 110%]          | 100%                     | 20%                 |
| Other Eligible Countries Government Bonds         | BBB                     | [100 - 115%]          | 100%                     | 20%                 |
| Eligible OECD Corporate Bonds                     | A                       | [100 - 117%]          | 100%                     | 20%                 |
| Eligible OECD Corporate Bonds                     | BBB                     | [100 - 140%]          | [10% - 30%]              | 20%                 |
| Eligible OECD Convertible Bonds                   | A                       | [100 - 117%]          | [10% - 30%]              | 20%                 |
| Eligible OECD Convertible Bonds                   | BBB                     | [100 - 140%]          | [10% - 30%]              | 20%                 |
| Money Market Units <sup>(1)</sup>                 | UCITSIV                 | [100 - 110%]          | 100%                     | 20%                 |
| CD's (eligible OECD and other eligible countries) | A                       | [100 - 107%]          | [10% - 30%]              | 20%                 |
| Eligible indexes & Single equities linked         |                         | [100% - 140%]         | 100%                     | 20%                 |
| Securitization <sup>(2)</sup>                     |                         | [100% - 132%]         | 100%                     | 20%                 |

<sup>(1)</sup> Only Money Markets funds managed by BNPP AM. Any other UCITS eligible only upon ad-hoc approval by BNPP AM Risk

<sup>(2)</sup> Subject to conditions and ad-hoc approval by BNPP AM Risk

#### Applicable limits

##### (i) Limits applicable to non-cash collateral

In accordance with ESMA guidelines, non-cash collateral received by the Company should not be sold, re-invested or pledged.

Given the high quality of the acceptable collateral and the high quality nature of the selected counterparties, there is no maturity constraints applicable to the collateral received.

##### (ii) Limits applicable to cash collateral

Cash collateral received should only be:

- placed on deposit with entities prescribed in point 1.f) of the Appendix 1;
- invested in high-quality government bonds;
- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the sub-fund is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds as defined in the Guidelines on a Common Definition of European money market Funds.

##### (iii) Reinvestment of cash provided as collateral

The Company may re-invest the cash it has received as collateral in the following eligible instruments in accordance with the applicable law and regulations including Circular 08/356 as amended by Circular 11/512 and ESMA guidelines:

- Money market UCIs (daily calculation and S&P AAA rating or equivalent);
- Short-term bank deposits;
- Money market instruments;
- Short-term bonds issued or guaranteed by a Member State of the European Union, Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
- Bonds issued or guaranteed by first class issuers offering adequate liquidity, and

The financial assets other than bank deposit and units of UCIs that the Company has acquired by reinvesting the cash collateral must not be issued by an entity affiliated to the counterparty;

The financial assets acquired via the reinvestment of the cash collateral must not be kept with the counterparty, except if it is legally segregated from the counterparty's assets;

The financial assets acquired via the reinvestment of the cash collateral may not be pledged unless the Company has sufficient

liquidity to be able to return the received collateral in the form of cash.

Reinvested cash collateral may lead to several risks such as currency exchange risk, counterparty risk, issuer risk, valuation and settlement risk, which can have an impact on the performance of the sub-fund concerned.

Exposures arising from the reinvestment of collateral received by the Company shall be taken into account within the diversification limits applicable under the Appendix 1.

#### *Criteria used to select Counterparties*

The Company will enter into transactions with counterparties which the Management Company believes to be creditworthy. They may be related companies at BNP Paribas Group.

Counterparties will be selected by the Management Company with respect for the following criteria:

- leading financial institutions;
- sound financial situation,
- ability to offer a range of products and services corresponding to the requirements of the Management Company,
- ability to offer reactivity for operational and legal points,
- ability to offer competitive price; and
- quality of the execution.

Approved counterparties are required to have a minimum rating of investment grade for OTC derivative counterparties provided however that credit quality assessment of counterparties does not rely only on external credit ratings. Alternative quality parameters are considered such as internal credit analysis assessment and liquidity and maturity of collateral selected. While there are no predetermined legal status or geographical criteria applied in the selection of the counterparties, these elements are typically taken into account in the selection process. Furthermore counterparties should comply with prudential rules considered by the CSSF as equivalent to EU prudential rules. The selected counterparties do not assume any discretion over the composition or management of the sub-funds' investment portfolios or over the underlying of the financial derivative instruments, and their approval is not required in relation to any sub-fund investment portfolio transaction.

The Company' annual report contains details regarding:

- a) the list of appointed counterparties to efficient portfolio management techniques and OTC derivatives;
- b) the identity of the issuer where collateral received has exceeded 20% of the assets of a sub-fund;
- c) whether a sub-fund has been fully collateralised.

Potential investors are asked to read the prospectus carefully in its entirety before making an investment. Any investments may also be affected by changes relating to rules governing exchange rate controls, taxation and deductions at source, as well as those relating to economic and monetary policies.

Investors are also warned that sub-fund performance may not be in line with stated aims and that the capital they invest (after subscription commissions have been deducted) may not be returned to them in full.

Sub-funds are exposed to various risks that differ according to their investment policies. The main risks that sub-funds are likely to be exposed to are listed below.

Some sub-funds may be particularly sensitive to one or several specific risks which are increasing their risk profiles compared to sub-funds sensitive only to generic risk; in such case those risks are specifically mentioned in the Book II.

## **I. Specific Risks mentioned in the KIDs**

### **Counterparty Risk**

This risk relates to the quality or the default of the counterparty with which the Management Company negotiates, in particular involving payment for/delivery of financial instruments and the signing of agreements involving forward financial instruments. This risk is associated with the ability of the counterparty to fulfil its commitments (for example: payment, delivery and reimbursement). This risk also relates to efficient portfolio management techniques and instruments. If counterparty does not live up to its contractual obligations, it may affect investor returns.

### **Credit Risk**

*This risk is present in each sub-fund having debt securities in its investment universe.*

This is the risk that may derive from the rating downgrade or the default of a bond issuer to which the sub-funds are exposed, which may therefore cause the value of the investments to go down. Such risks relate to the ability of an issuer to honour its debts.

Downgrades of an issue or issuer rating may lead to a drop in the value of bonds in which the sub-fund has invested.

Some strategies utilised may be based on bonds issued by issuers with a high credit risk (junk bonds).

Sub-funds investing in High-Yield Bonds present a higher than average risk due to the greater fluctuation of their currency or the quality of the issuer.

### **Derivatives Risk**

In order to hedge (hedging derivative investments strategy), and/or to leverage the yield of the Sub-Fund (trading derivative investment strategy), the Sub-Fund is allowed to use derivative investments' techniques and instruments (including TRS) under the circumstances set forth in Appendices 1 and 2 of the Prospectus (in particular, warrants on securities, agreements regarding the exchange of securities, rates, currencies, inflation, volatility and other financial derivative instruments, contracts for difference [CFDs], credit default swaps [CDSs], futures and options on securities, rates or futures).

The investor's attention is drawn to the fact that these financial derivative instruments may include leveraging. Because of this, the volatility of these sub-funds may be increased.

### **Liquidity Risk**

*This risk may concern all financial instruments and so impact one or several sub-funds.*

There is a risk that investments made by the sub-funds may become illiquid due to an over-restricted market (often reflected by a very broad bid-ask spread or by substantial price movements), if their "rating" declines or if the economic situation deteriorates; consequently, it may not be possible to sell or buy these investments quickly enough to prevent or minimize a loss in these sub-funds. Moreover, it may not be possible to sell or buy these investments.

### **Operational & Custody Risk**

Some markets (emerging markets) are less regulated than most of the developed countries regulated markets; hence, the services related to custody and liquidation for the funds on such markets could be more risky. Operational risk is the risk of contract on financial markets, the risk of back office operations, custody of securities, as well as administrative problems that could cause a loss to the sub funds. This risk could also result from omissions and inefficient securities processing procedures, computer systems or human errors.

## **II. Generic Risks present in all sub-funds**

### **Currency Exchange Risk**

*This risk is present in each sub-fund having positions denominated in currencies that differ from its Accounting Currency.*

A sub-fund may hold assets denominated in currencies that differ from its Accounting Currency, and may be affected by exchange rate fluctuations between the Accounting Currency and the other currencies and by changes in exchange rate controls. If the currency in which a security is denominated appreciates in relation to the Accounting Currency of the sub-fund, the exchange value of the security in the Accounting Currency will appreciate; conversely, a depreciation of the denomination currency will lead to a depreciation in the exchange value of the security.

When the manager is willing to hedge the currency exchange risk of a transaction, there is no guarantee that such operation will be completely effective.

### **Equity Markets Risk**

*This risk is present in each sub-fund having equities in its investment universe.*

The risks associated with investments in equity (and similar instruments) include significant fluctuations in prices, negative information about the issuer or market and the subordination of a company's shares to its bonds. Moreover, these fluctuations are often amplified in the short term.

The risk that one or more companies suffer a downturn or fail to grow can have a negative impact on the performance of the overall portfolio at a given time. There is no guarantee that investors will see an appreciation in value. The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial investment.

There is no guarantee that the investment objective will actually be achieved.

Some sub-funds may invest in initial public offerings ("IPOs"). In this case, there is a risk that the price of the newly floated share may see greater volatility as a result of factors such as the absence of an existing public market, non-seasonal transactions, the limited number of securities that can be traded and a lack of information about the issuer. A sub-fund may hold such securities for only a very short time, which tends to increase the costs.

Sub-funds investing in growth stocks may be more volatile than the market in general and may react differently to economic, political and market developments and to specific information about the issuer. Growth stocks traditionally show higher volatility than other stocks, especially over short periods. These stocks may also be more expensive in relation to their profits than the market in general. Consequently, growth stocks may react with more volatility to variations in profit growth.

Some sub-funds may base their objective on simple equity market growth, which produces higher than average volatility.

Managers may temporarily adopt a more defensive attitude if they consider that the equity market or economy of the countries in which the sub-fund invests is experiencing excessive volatility, a persistent general decline, or other unfavourable conditions. In such circumstances, the sub-fund may be unable to pursue its investment objective.

#### **Interest Rate Risk**

*This risk is present in each sub-fund having debt securities in its investment universe.*

The value of an investment may be affected by interest rate fluctuations. Interest rates may be influenced by several elements or events, such as monetary policy, the discount rate, inflation, etc.

The investor's attention is drawn to the fact that an increase in interest rates results in a decrease in the value of investments in bonds and debt instruments.

#### **IV. Specific Risks impacting only some Sub-Funds (please refer to Book II)**

##### **Emerging Markets Risk**

*This risk is present in each sub-fund having emerging markets investments in its investment universe.*

Sub-funds investing in emerging markets are likely to be subject to a higher than average volatility due to a high degree of concentration, greater uncertainty because less information is available, there is less liquidity, or due to greater sensitivity to changes in market conditions (social, political and economic conditions). In addition, some emerging markets offer less security than the majority of international developed markets. For this reason, services for portfolio transactions, liquidation and conservation on behalf of funds invested in emerging markets may carry greater risk.

The Company and investors agree to bear these risks.

##### **Risks related to Investments in some countries**

Investments in some countries (e.g. China, India, Indonesia, Japan, Saudi Arabia and Thailand...) involve risks linked to restrictions imposed on foreign investors and counterparties, higher market volatility and the risk of lack of liquidity for some lines of the portfolio. Consequently, some shares may not be available to the sub-fund due to the number of foreign shareholders authorised or if the total investments permitted for foreign shareholders have been reached. In addition, the repatriation by foreign investors of their share of net profits, capital and dividends may be restricted or require the approval of the government. The Company will only invest if it considers that the restrictions are acceptable. However, no guarantee can be given that additional restrictions will not be imposed in future.

##### **Sustainability Risks**

*This risk is only relevant for sub-funds integrating sustainability risks.*

Unmanaged or unmitigated sustainability risks can impact the returns of the sub-fund integrating them into its investment decision. For instance, should an environmental, social or governance event or condition occur, it could cause an actual or a potential material negative impact on the value of an investment. The occurrence of such event or condition may lead as well to the reshuffle of a sub-fund investment strategy, including the exclusion of securities of certain issuers.

Specifically, the likely impact from sustainability risks can affect issuers via a range of mechanisms including: 1) lower revenue; 2) higher costs; 3) damage to, or impairment of, asset value; 4) higher cost of capital; and 5) fines or regulatory risks. Due to the nature of sustainability risks and specific topics such as climate change, the chance of sustainability risks impacting the returns of financial products is likely to increase over longer-term time horizons.

**Liquidation, Merger, Transfer, and Splitting of Sub-funds**

The Board of Directors shall have sole authority to decide on the effectiveness and terms of the following, under the limitations and conditions prescribed by the Law:

- 1) either the pure and simple liquidation of a sub-fund;
- 2) or the closure of a sub-fund (merging sub-fund) by transfer to another sub-fund of the Company;
- 3) or the closure of a sub-fund (merging sub-fund) by transfer to another UCI, whether incorporated under Luxembourg law or established in another member state of the European Union;
- 4) or the transfer to a sub-fund (receiving sub-fund) a) of another sub-fund of the Company, and/or b) of a sub-fund of another collective investment undertaking, whether incorporated under Luxembourg law or established in another member state of the European Union, and/or c) of another collective investment undertaking, whether incorporated under Luxembourg law or established in another member state of the European Union;
- 5) or the splitting of a sub-fund.

The splitting techniques will be the same as the merger one foreseen by the Law.

As an exception to the foregoing, if the Company should cease to exist as a result of such a merger, the effectiveness of this merger must be decided by a General Meeting of Shareholders of the Company resolving validly whatever the portion of the capital represented. The resolutions are taken by a simple majority of the votes expressed. The expressed votes do not include those attached to the shares for which the shareholder did not take part in the vote, abstained or voted white or no.

To avoid any investment breach due to the merger, and in the interest of the shareholders, the investment manager might need to rebalance the portfolio of the Merging sub-fund before the merger. Such rebalancing shall be compliant with the investment policy of the Receiving sub-fund.

In the event of the pure and simple liquidation of a sub-fund, the net assets shall be distributed between the eligible parties in proportion to the assets they own in said sub-fund. The assets not distributed at the time of the closure of the liquidation and at the latest within nine months of the date of the decision to liquidate shall be deposited with the Public Trust Office (*Caisse de Consignation*) until the end of the legally specified limitation period.

Pursuant to this matter, the decision adopted at the level of a sub-fund may be adopted similarly at the level of a category or a class.

**Liquidation of a Feeder Sub-fund**

A Feeder sub-fund will be liquidated:

- a) when the Master is liquidated, unless the CSSF grants approval to the feeder to:
  - invest at least 85% of the assets in units, or shares of another Master; or
  - amend its investment policy in order to convert into a non-Feeder.
- b) when the Master merges with another UCITS, or sub-fund or is divided into two or more UCITS, or sub-fund unless the CSSF grants approval to the feeder to:
  - continue to be a Feeder of the same Master or the Master resulting from the merger or division of the Master;
  - invest at least 85% of its assets in units, or shares of another Master; or
  - amend its investment policy in order to convert into a non-Feeder.

**Dissolution and Liquidation of the Company**

The Board of Directors may, at any time and for any reason whatsoever, propose to the General Meeting the dissolution and liquidation of the Company. The General Meeting will give its ruling in accordance with the same procedure as for amendments to the Articles of Association.

If the Company's capital falls below two-thirds of the minimum legal capital, the Board of Directors may submit the question of the Company's dissolution to the General Meeting. The General Meeting, for which no quorum is applicable, will decide based on a simple majority of the votes of shareholders present or represented, account shall not be taken of abstentions.

If the Company's capital falls below one-quarter of the minimum legal capital, the Board of Directors shall submit the question of the Company's dissolution to the General Meeting. The General Meeting, for which no quorum is applicable, will decide based on a part of one-quarter of the votes of shareholders present or represented, account shall not be taken of abstentions.

In the event of the Company's dissolution, the liquidation will be conducted by one or more liquidators that may be individuals or legal entities. They will be appointed by the General Shareholders' Meeting, which will determine their powers and remuneration, without prejudice to the application of the Law.

The net proceeds of the liquidation of each sub-fund, category, or class will be distributed by the liquidators to the shareholders of each sub-fund, category, or class in proportion to the number of shares they hold in the sub-fund, category, or class.

In the case of straightforward liquidation of the Company, the net assets will be distributed to the eligible parties in proportion to the shares held in the Company. Net assets not distributed at the time of the closure of the liquidation and at the latest within a maximum period of nine months effective from the date of the liquidation will be deposited at the Public Trust Office (*Caisse de Consignation*) until the end of the legally specified limitation period.

The calculation of the net asset value, and all subscriptions, conversions and redemptions of shares in these sub-funds, categories, or classes will also be suspended throughout the liquidation period.

The General Meeting must be held within forty days of the date on which it is ascertained that the Company's net assets have fallen below the minimum legal threshold of two-thirds or one-quarter, as applicable.

# BOOK II

# WORLDSELECT ONE First Selection

## **Investment objective**

To increase the value of its assets over the medium term.

## **Investment policy**

This sub-fund invests mainly in shares/units in undertakings for collective investment in transferable securities ("UCIs" and "UCITS"), which in turn invest primarily in equities, bonds and money market instruments. Emphasis is placed on international diversification of investments across both developed and emerging market countries.

The sub-fund aims to increase the value of its assets over the investment horizon through a dynamic strategic asset allocation process (based on the manager's longer-term asset class views) as well as via tactical asset allocation deviations (based on the manager's shorter-term asset class views). Exposure to equity markets in the sub-fund can fluctuate between 60% and 100%.

The investment manager will also aim to add value by selecting managers to actively manage each individual asset class.

Within the framework of the investment policy and also for hedging purposes, the sub-fund may use the derivative instruments described in Appendices 1 and 2 of Book I of the prospectus. Potential investors should be aware that the use of derivatives may involve greater risks.

The sub-fund may hold ancillary liquid assets within the limits and conditions described in Book I, Appendix 1 – Investment Restrictions, point 3.

*The provisions of the investment policy as defined above may be departed from during a two-month period prior to the liquidation or merger of the sub-fund.*

## **Derivatives and Securities Financing Transactions**

Core financial derivative instruments may be used for efficient portfolio management and hedging as described in points 2 and 3 of Appendix 2 of Book I.

## **Information relating to SFDR and Taxonomy Regulation**

The Sub-fund is not categorized under Article 8 or Article 9 SFDR.

The Taxonomy Regulation aims to establish the criteria for determining whether an economic activity is considered environmentally sustainable.

Thus, the EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities.

Economic activities that are not recognised by the Taxonomy Regulation are not necessarily environmentally harmful or unsustainable. Moreover, not all activities that can make a substantial contribution to environmental as well as social objectives are yet part of the Taxonomy Regulation.

The investments underlying this sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

## **Risk profile**

Specific sub-fund risks:

- operational & custody risk
- emerging markets risk
- risks related to investments in some countries.

For an overview of the generic risks, please refer to the Appendix 3 of the Book I of the Prospectus.

## **Investor type profile**

This sub-fund is suitable for investors who:

- Are looking for a diversification of their investments through exposure to a range of asset classes, globally;
- Are willing to accept higher market risks in order to potentially generate higher long-term returns;
- Can accept significant temporary losses;
- Can tolerate medium to high volatility

## **Accounting and Reference Currency**

EUR

## **Share Categories**

| Category | Class | ISIN code    | Dividend | Accounting and Reference Currency | Other Valuation Currencies |
|----------|-------|--------------|----------|-----------------------------------|----------------------------|
| Classic  | CAP   | LU0198587825 | No       | EUR                               |                            |

All these share classes are not necessarily active.

## WORLDSELECT ONE First Selection

### **Fees payable by the sub-fund**

| Category | Management (max) | Performance | Distribution (max) | Administrative services (max) | TAB <sup>(1)</sup> |
|----------|------------------|-------------|--------------------|-------------------------------|--------------------|
| Classic  | 2.10%            | No          | None               | 1.10%                         | 0.05%              |

*(1) taxe d'abonnement. In addition, the Company may be subject to foreign UCI's tax, and/or other regulators levy, in the country where the sub-fund is registered for distribution.*

**Indirect fee** of maximum 3.00%

For each active class, a KID is available on the website [www.bnpparibas-am.com](http://www.bnpparibas-am.com).

### **Additional information**

#### **Valuation Day:**

For each day of the week on which banks are open for business in Luxembourg (a "Valuation Day"), there is a corresponding net asset value which is dated that Valuation Day.

It is available at the Company's registered office, from local agents, and in any newspapers designated by the Board of Directors and the web site [www.bnpparibas-am.com](http://www.bnpparibas-am.com).

#### **Terms of subscription / redemption:**

Subscription and redemption orders will be processed at an unknown net asset value in accordance with the rules set out below, only on trading days in Luxembourg, and the time mentioned is Luxembourg time.

| Centralisation of orders   | Orders Trade Date | NAV calculation and publication date   | Orders Settlement Date   |
|--|-------------------|--|--|
| 16:00 (CET) for STP orders or 12:00 (CET) for non STP orders the day before the Valuation Day (D-1). | Valuation Day (D) | Two days after the Valuation Day (D+2) | Maximum four bank business days after the Valuation Day (D+4) <sup>(1)</sup> |

*(1) If the settlement day is a currency holiday, the settlement will occur the following business day.*

#### **Historical information:**

The sub-fund was launched on August 30, 2004.

#### **Taxation:**

Potential shareholders are recommended to seek full information in their country of origin, place of residence or domicile on the possible tax consequences associated with their investment.