



*Société d'Investissement à Capital Variable*

Prospectus  
July 2015

11, rue Aldringen  
L-1118 Luxembourg  
Grand Duchy of  
Luxembourg

## VITRUVIUS SICAV

VITRUVIUS SICAV (the "Company") is organised as a *société d'investissement à capital variable* ("SICAV") under the laws of the Grand Duchy of Luxembourg. It qualifies as an undertaking for collective investment in transferable securities ("UCITS") under the European Parliament and Council Directive 2009/65/EC of 13 July 2009 and has been authorised by the Commission de Surveillance du Secteur Financier (the "CSSF") under Part I of the Luxembourg law dated 17<sup>th</sup> December 2010 relating to undertakings for collective investment, (the "2010 Law").

The Company has not designated a management company to manage its operations and therefore qualifies as a self-managed SICAV. In accordance with the provisions of Article 27 of the 2010 Law and the CSSF Circular 12/546, the board of directors of the Company (the "Board") has delegated the conduct of the business of the Company to three General Managers.

The directors of the Company (the "Directors") may issue shares of no par value (the "Shares") of different classes (the "Classes"), which relate to different portfolios of assets (the "Portfolios"). Subscriptions are only valid if made on the basis of this prospectus (the "Prospectus") issued by the Company supplemented by a relevant key investor information document (the "KIID"), the latest annual report and the most recent semi-annual report, if published thereafter (collectively known hereinafter as the "Offering Documents").

The Shares are offered on the basis of the information and representations contained in the Offering Documents. All other information given or representations made by any person must be regarded as unauthorised. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

Prospective investors in Shares should review this Prospectus carefully and in its entirety and inform themselves as to the possible tax consequences, the legal and regulatory requirements and any foreign exchange restrictions or any applicable exchange control regulations which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding, conversion or sale of Shares.

Upon request prospective investors may obtain free of charge copies of the Offering Documents and the Articles of Incorporation. Prospective investors should be provided with a KIID for each Class of Shares in which they wish to invest, prior to subscribing, in compliance with applicable laws and regulations. All the Offering Documents are available at the registered office of the Company and are also available at [www.vitruvius.lu](http://www.vitruvius.lu) or [www.vitruviussicav.com](http://www.vitruviussicav.com).

Statements made in this Prospectus are based on the law and practice currently in force in the Grand Duchy of Luxembourg and are subject to changes therein.

References in this Prospectus to "USD" refer to Dollar of the United States of America, references to "JPY" refer to Japanese Yen, references to "CHF" refer to Swiss Franc, references to "GBP" refer to the British Pound Sterling, references to "SGD" refer to the Dollar of Singapore and references to "EUR" refer to the currency of the European States participating in the European Monetary Union.

The Directors may decide to issue further categories of Shares corresponding to new Portfolios. In such a case, this Prospectus shall be amended.

Whilst using their best endeavours to attain the investment objectives, the Directors cannot guarantee the extent to which the Company's objectives will be achieved. It should be remembered that the price of the Shares of any Portfolio may go down as well as up.

**Data Protection:** Certain personal data of investors (including, but not limited to, the name, address and invested amount of each investor) may be collected, recorded, stored, adapted, transferred or otherwise processed and used by the Company, the Custodian, the Administrative Agent, the Registrar and Transfer Agent, the Domiciliary Agent and any other person who provides services to the Company from time to time and the financial intermediaries of such investors (the “Entities”). In particular, such data may be processed by the Entities for the purposes of carrying out their services (such as administration, maintaining the register of shareholders, subscription, redemption and conversion orders and payments of dividends to shareholders) to provide client-related services and to comply with applicable company law, anti-money laundering and terrorist financing laws and regulations and tax laws such as but not limited to FATCA (Foreign Account Tax Compliance Act) or similar laws and regulations (e.g. at OECD level). Such information shall not be passed on to any unauthorised third persons. Personal data shall be disclosed to third parties where necessary for legitimate business interests only. This may include disclosure to third parties such as governmental or regulatory bodies including tax authorities, auditors and accountants in Luxembourg as well as in other jurisdictions. Agents of the Entities may include investment managers, investment advisers, paying agents and subscription and redemption agents, distributors as well as permanent representatives in places of registration and any other agents of the Entities who may process the personal data for carrying out their services and complying with legal and regulatory obligations as described above.

The Company may sub-contract to another entity (the “Processor” such as the Administrative and/or the Registrar and Transfer Agent) the processing of personal data. The Administrative and/or the Registrar and Transfer Agent may disclose investors personal data to their administrative support providers and processors, including those located in a third country which does not ensure an adequate level of protection of the rights and freedoms of data subjects provided appropriate contractual arrangements are in place. The Company undertakes not to transfer personal data to any third parties other than the Processor except if required by law or on the basis of a prior consent of the investors.

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

By subscribing to the Shares, each investor consents to such processing of its personal data.

The distribution of the Offering Documents, any supplementary documentation and the offering of Shares may be restricted in certain jurisdictions; persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions.

Investors should note that not all the protections provided under their relevant regulatory regime may apply and there may be no right to compensation under such regulatory regime, if such scheme exists.

**United States:** None of the Shares have been or will be registered under the United States Securities Act of 1933, as amended, or under the securities laws of any state or political subdivision of the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico (the “United States” or “US”). The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended, nor under any other US federal laws. Accordingly, no Shares are being offered to US Persons or persons who are in the United States at the time the Shares are offered or sold. For the purposes of this Prospectus, a “US Person” includes any natural person or entity that is deemed a US person under US securities and tax law and/or regulations, including, without limitation: (i) an individual who is a resident of the US or a US citizen or US “green card” holder regardless of residence; (ii) an entity organized under US law including any non-US agency or branch of such entity; or (iii) a trust created or organized under US law. This definition shall be amended to the extent required to comply with changes in the US Person definitions under US securities and tax laws and/or regulations including, without limitation, the Foreign Account Tax Compliance Act

("FATCA") so as to cover any US person as defined under FATCA and other relevant US laws and regulations. Should a Shareholder become a US Person, they may be subject to US withholding taxes and tax reporting. The current policy of the Company is that US Persons may not invest in the Company, and the Company will seek to prevent the ownership of Shares by non-FATCA compliant entities such as any "specified United States person", "United States owned foreign entity", "recalcitrant account holder" and "non-participating foreign financial institution" as defined within FATCA and related regulations.

**United Kingdom:** The Company is an unregulated collective investment scheme for the purposes of the United Kingdom Financial Services & Markets Act 2000, as amended and, as such, its promotion by an authorised person in the United Kingdom is restricted by Section 238 of that Act, the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001, and Chapter 4 of the Financial Conduct Authority's Conduct of Business Sourcebook. An authorised person may only communicate this Prospectus to persons in the United Kingdom, or cause it to be so communicated, in accordance with those restrictions. In addition, this Prospectus has not been approved by an authorised person for the purposes of Section 21 of the Financial Services & Markets Act 2000. Accordingly, no person (other than an authorised person in the circumstances indicated above) may communicate this Prospectus to persons in the United Kingdom, or cause it to be so communicated, other than in the circumstances described in, and to persons who fall within, one or more of the exemptions contained in the Financial Services & Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Financial Promotion Order"). In particular, unless communicated to you by an authorised person as described above, this Prospectus is directed in the United Kingdom solely at: (i) persons falling within article 19(5) of the Financial Promotion Order (but disregarding paragraph (6) of that article) with professional experience in matters relating to investments of the type described in this Prospectus, or (ii) high net worth persons of the kind described in article 49(2) of the Financial Promotion Order, (but disregarding paragraph (2)(e) of that article). The investments described in this Prospectus are only available to persons who fall within the scope of one or more of the exemptions listed above or in Chapter 4 of the Financial Conduct Authority's Conduct of Business Sourcebook, and no other person in the United Kingdom should act upon it. This Prospectus may not be communicated in the United Kingdom to any other person and does not constitute an offer of any investment or an invitation, inducement or solicitation to subscribe for or purchase any investment to any person in the United Kingdom or elsewhere to whom it is unlawful to make such an offer, invitation or solicitation.

**Hong Kong:** The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this offer. If you are in any doubt about any of the contents of this or any other documents relating to the Company, you should obtain independent professional advice. The Company is not authorised by the Securities and Futures Commission in Hong Kong pursuant to Section 104 of the Securities and Futures Ordinance of Hong Kong. Accordingly, Shares may not be offered to persons in Hong Kong other than (1) to professional investors within the meaning of the Securities and Futures Ordinance of Hong Kong (including professional investors falling within the Securities and Futures (Professional Investors) Rules) or (2) in circumstances which would not constitute an offer to the public or any section thereof.

**Peoples' Republic of China ("PRC"):** No Shares are being offered to Domestic Investors in the People's Republic of China. This restriction applies to any Citizen of the People's Republic of China ("PRC Citizen"), meaning any person holding a resident identification card of the PRC (excluding Hong Kong, Macau and Taiwan). This category includes a PRC Citizen resident in the PRC (excluding Hong Kong, Macau and Taiwan); a PRC Citizen resident outside the PRC who is not a permanent resident of another country or permanent resident of Hong Kong, Macau or Taiwan, or a Legal Person Registered in the PRC, meaning an entity incorporated or organised in the PRC (excluding Hong Kong, Macau and Taiwan).

**Singapore:** The Portfolios are not authorised or recognised by the Monetary Authority of Singapore ("MAS") and, notwithstanding anything to the contrary in this Prospectus or in any other document or other material relating to the Portfolios, the offer or invitation that is the subject of this Prospectus is not allowed to be made to the retail public in Singapore. This Prospectus is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. The MAS assumes no responsibility for the contents of this Prospectus.

No offer of Shares for subscription or purchase, or invitation to subscribe for or purchase the Shares, may be made, nor any document or other material (including but not limited to this Prospectus) relating to the Shares may be circulated or distributed, either directly or indirectly, to any person in Singapore other than to: (i) "institutional investors" pursuant to Section 304 of the SFA, (ii) "relevant persons" pursuant to section 305(1) of the SFA, (iii) any person pursuant to Section 305(2) of the SFA, or (iv) otherwise pursuant to, and in accordance with the conditions of, other applicable provisions of the SFA.

The following Portfolios are restricted schemes under the Sixth Schedule to the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations (the "SFR"): 1) Vitruvius – Asian Equity, 2) Vitruvius – Emerging Markets Equity, 3) Vitruvius – European Equity, 4) Vitruvius – Greater China Equity, 5) Vitruvius – Growth Opportunities, 6) Vitruvius – Japanese Equity, 7) Vitruvius – Swiss Equity, and 8) Vitruvius – US Equity (the "Relevant Portfolios"). The offer, holding and subsequent transfer of the Shares are subject to restrictions and conditions under the SFA. You should consider carefully whether you are permitted (under the SFA, the SFR and any laws or regulations applicable to you) to make an investment in the Shares and whether any such investment is suitable for you and you should consult your legal or professional advisor if in doubt.

Investors should note that only the Relevant Portfolios are being offered in Singapore pursuant to this Prospectus. This Prospectus is not and should not be construed as making an offer in Singapore of Shares in any other Portfolio mentioned in this Prospectus.

If you are in any doubt as to your status, you should consult your financial or other professional adviser.

The distribution of this Prospectus in certain jurisdictions may require that it be translated into an appropriate language. Unless contrary to local law in the jurisdiction concerned, in the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English version shall always prevail.

## DIRECTORY

### Board of Directors

**Raffaele MARTINELLI, Director**  
Managing Director  
Banca del Ceresio SA, Lugano

**Tiziano BRIANZA, Director**  
Managing Director  
Banca del Ceresio SA, Lugano

**Maurizio SOLARO DEL BORGO, Director**  
Chairman  
Ceresio SIM S.p.A, Milan

**Serge D'ORAZIO, Director**  
Head of Investment Funds & Global Custody Services  
KBL European Private Bankers S.A., Luxembourg

### General Managers

**Pamela MAZZOLA**  
Associate Director  
Banca del Ceresio SA, Lugano

**André SCHMIT**  
Independent  
Schieren, Grand Duchy of Luxembourg

**Marco PETRONIO**  
Director  
TMF Compliance (Luxembourg) S.A., Luxembourg

### Registered Office

11, rue Aldringen  
L-1118 Luxembourg  
Grand Duchy of Luxembourg

### Custodian Bank and Paying Agent

KBL European Private Bankers S.A.  
43, Boulevard Royal  
L-2955 Luxembourg  
Grand Duchy of Luxembourg

### Administrative, Domiciliary, Registrar and Transfer Agent

Kredietrust Luxembourg S.A.  
11, rue Aldringen  
L-2960 Luxembourg  
Grand Duchy of Luxembourg

### Investment Manager

Belgrave Capital Management Ltd.  
21 Palmer Street  
SW1H 0AD London  
United Kingdom

### Auditor

PricewaterhouseCoopers *Société Coopérative*  
*Réviseur d'entreprises agréé*  
2, rue Gerhard Mercator  
L-2182 Luxembourg  
Grand Duchy of Luxembourg

### Legal Advisers

Elvinger, Hoss & Prussen  
2, place Winston Churchill  
L-1340 Luxembourg  
Grand Duchy of Luxembourg

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## KEY FEATURES

### The Company

The Company is organised as a *société d'investissement à capital variable* in the Grand Duchy of Luxembourg. It is organised as a *société anonyme* under the law of 10<sup>th</sup> August 1915 on commercial companies, as amended (the "1915 Law") and qualifies as an undertaking for collective investment in transferable securities under the 2010 Law. It was incorporated on 14<sup>th</sup> October 1999 for an unlimited period. The minimum share capital of the Company is EUR 1,250,000.

There are no provisions in the Articles expressly governing the remuneration (including pension or other benefits) of the Directors. The Directors shall be reimbursed their out-of-pocket expenses and their remuneration shall be approved by the shareholders of the Company in a general meeting.

The Company is registered under number B 71899 at the *Registre de Commerce et des Sociétés* of Luxembourg, where its Articles of Incorporation (the "Articles") are available for inspection and a copy thereof may be obtained upon request. The Articles were first published in the *Mémorial C, Recueil des Sociétés et Associations* (the "*Mémorial*") in Luxembourg on 25<sup>th</sup> November 1999. Its principal and registered office is at 11, rue Aldringen, L-1118 Luxembourg, Grand Duchy of Luxembourg.

The Articles were amended for the last time by notarial deed at an extraordinary general meeting held on 23 January 2012, the decision of which was published in the *Mémorial* of 10 February 2012. The consolidated version of the Articles currently in force is on file with the *Registre de Commerce et des Sociétés* of Luxembourg.

The capital of the Company is represented by Shares of no par value and shall at any time be equal to the total net assets of the Company.

The assets of each Portfolio are segregated and not available to meet the liabilities of another. In the case when any asset or liability of the Company cannot be considered as being attributable to a particular Portfolio, such asset or liability shall be allocated to all the Portfolios, pro rata to the Net Asset Values of each Portfolio.

Additional information which the Company must make available to investors in accordance with Luxembourg laws and regulations such as but not limited to shareholder complaints handling procedures, the strategy followed for the exercise of voting rights of the Company, rules of conduct and the management of activities giving rise to detrimental conflicts of interest shall be available at the registered office of the Company.

Any person who would like to receive further information regarding the Company or contact the Company, for example to make a complaint, should consult our website: [www.vitruvius.lu](http://www.vitruvius.lu) or [www.vitruviussicav.com](http://www.vitruviussicav.com).

### Portfolios and Classes of Shares

As of the date of this Prospectus, the Company offers Shares in the following Portfolios: Vitruvius – Asian Equity, Vitruvius – Emerging Markets Equity, Vitruvius – European Equity, Vitruvius – Greater China Equity, Vitruvius – Growth Opportunities, Vitruvius – Japanese Equity, Vitruvius – Swiss Equity and Vitruvius – US Equity.

The Directors may further decide to launch other Portfolios (and as a result new Classes of Shares in such other Portfolios), the investment objectives and policies of which will be disclosed in an updated version of this Prospectus.

Each Portfolio shall be made up of a separate group of investments maintained and invested in accordance with the investment objectives applicable to such Portfolio, as specified herein.

For the historical performance of the Portfolios, please refer to the KIIDs relating to the relevant Shares. (N.B. Historical performance is not an indication of future performance.)

The Company issues different Classes of Shares for each Portfolio: Class B Shares and Class BI Shares. The proceeds of the different Classes of Shares are invested in accordance with the specific investment policy of each Portfolio.

Class B Shares may be subscribed by any type of Investors with no specific restriction, other than general restrictions provided for herein. Class BI Shares may only be subscribed by Institutional Investors as such term may from time to time be interpreted by the Luxembourg Supervisory Authority (CSSF). Both Class B and Class BI Shares are capitalisation shares as more fully described in section "Dividend Policy".

Class B and Class BI Shares are offered in the reference currency of the relevant Portfolio and maybe offered in EUR, GBP, USD and SGD if the reference currency of such Portfolio is different from these currencies.

When Shares are offered for a Portfolio in a currency other than the reference currency of the relevant Portfolio, these shares are hedged against the foreign exchange risk of the reference currency ("Hedged Shares"). Investors should refer to the section titled "Risk Warning" below for special risk considerations applicable to Hedged Shares.

Not all the Classes of Shares may be available in all Portfolios.

The Company retains the right to offer only one Class of Shares for purchase by investors in any particular jurisdiction in order to conform to local law, custom or business practice. The Company also reserves the right to adopt standards applicable to classes of investors or transactions that permit or require the purchase of a particular Class of Shares.

The Directors are authorised without limitation to issue fully paid up Shares of any Class at any time.

The application form available to investors will set out the Classes of Shares that are offered for each Portfolio.

## INVESTMENT OBJECTIVE AND POLICIES

### **Vitruvius – Asian Equity**

The Portfolio's investment objective is to provide long term capital growth, measured in USD, primarily through investment in equities and equity-linked securities in Asian Companies, as defined hereafter. Asian Companies are companies having their registered office in Asian countries and companies organised and located in countries other than Asia where a predominant part of their economic activity, alone or on a consolidated basis, is derived from either goods produced, sales made or services performed in Asian countries such as South Korea, Taiwan, Singapore, Indonesia, India, Malaysia, Hong Kong, China, Thailand, Philippines, and Japan (herein referred to as "Asian Companies"). Investment exposure will be achieved through investments in equities and equity-linked securities such as shares, equity warrants, ADRs and GDRs. Investors should refer to the "Risk Warning" section below for special risk considerations applicable to this Portfolio.

The Portfolio may also invest in debt securities, convertible bonds, securities of non-Asian Companies and money market instruments. The Portfolio may invest both in USD and non-USD denominated securities. However, in order to protect the Portfolio from non-USD currency exposure, the Portfolio may enter into currency hedging transactions. The Portfolio may hold liquid investments for defensive purposes and in the interest of its shareholders on a temporary basis.

The Portfolio may, for efficient portfolio management and for hedging purposes, use financial derivative instruments and techniques, which may include among others, futures, options, contracts for differences and total return swaps.

All of the above investments, including the use of financial derivative instruments and techniques, will be effected in accordance with the limits set out in Appendix A "Investment Restrictions".

#### Risk profile:

Medium to long-term investment horizon with high risk profile.

#### Profile of typical investor:

The Portfolio is suitable for retail and institutional investors interested in achieving long-term capital growth. Due to the use of financial derivative instruments, it is anticipated that investors into the Portfolio will be relatively experienced investors with a thorough understanding of how the Portfolio is designed to operate.

#### Reference currency:

The Portfolio's reference currency is USD.

### **Vitruvius – Emerging Markets Equity**

The Portfolio's investment objective is to provide long term capital growth, measured in USD, primarily through investment in equities and equity-linked securities of Emerging Markets Companies, as defined hereafter. Emerging Markets Companies are companies organised and located in emerging market countries and countries other than emerging markets where a predominant part of their economic activity, alone or on a consolidated basis, is derived from either goods produced, sales made or services performed in emerging markets (herein referred to as "Emerging Markets Companies"). Investment exposure will be achieved through

equities and equity-linked securities such as shares, equity warrants, ADRs and GDRs. Investors should refer to the "Risk Warning" section below for special risk considerations applicable to this Portfolio.

The Portfolio may also invest in debt securities, convertible bonds, securities of non-Emerging Markets Companies and money market instruments. The Portfolio may invest both in USD and non-USD denominated securities. However, in order to protect the Portfolio from non-USD currency exposure, the Portfolio may enter into currency hedging transactions. The Portfolio may hold cash and other liquid investments for defensive purposes and in the interest of the shareholders on a temporary basis.

The Portfolio may, for efficient portfolio management and for hedging purposes, use financial derivative instruments and techniques, which may include among others, futures, options, contracts for differences and total return swaps.

All of the above investments, including the use of financial derivative instruments and techniques, will be effected in accordance with the limits set out in Appendix A "Investment Restrictions".

Risk profile:

Medium to long-term investment horizon with high risk profile.

Profile of typical investor:

The Portfolio is suitable for retail and institutional investors interested in achieving long-term capital growth. Due to the use of financial derivative instruments, it is anticipated that investors into the Portfolio will be relatively experienced investors with a thorough understanding of how the Portfolio is designed to operate.

Reference currency:

The Portfolio's reference currency is USD.

**Vitruvius – European Equity**

The Portfolio's investment objective is to provide long term capital growth, measured in EUR, primarily through investment in equities and equity-linked securities of European Companies, as defined hereafter. European Companies are companies having their registered office in European countries and companies organised and located in non-European countries where a predominant part of their economic activity, alone or on a consolidated basis, is derived from either goods produced, sales made or services performed in Europe (herein referred to as "European Companies"). Investment exposure will be achieved through equities and equity-linked securities, such as shares, equity warrants, GDRs and ADRs. Investors should refer to the "Risk Warning" section below for special risk considerations applicable to this Portfolio.

The Portfolio may also invest in debt securities, convertible bonds, securities of companies other than European Companies and money market instruments. The Portfolio may invest in both Euro and non-Euro denominated securities. However, in order to protect the Portfolio from non-Euro currency exposure, the Portfolio may enter into currency hedging transactions. The Portfolio may hold cash and other liquid investments for defensive purposes and in the interest of the shareholders on a temporary basis.

The Portfolio may, for efficient portfolio management and for hedging purposes, use financial derivative instruments and techniques, which may include among others, futures, options, contracts for differences and total return swaps.

All of the above investments, including the use of financial derivative instruments and techniques, will be effected in accordance with the limits set out in Appendix A "Investment Restrictions".

Risk profile:

Medium to long-term investment horizon with moderate to high risk profile.

Profile of typical investor:

The Portfolio is suitable for retail and institutional investors interested in achieving long-term capital growth. Due to the use of financial derivative instruments, it is anticipated that investors into the Portfolio will be relatively experienced investors with a thorough understanding of how the Portfolio is designed to operate.

Reference currency:

The Portfolio's reference currency is EUR.

**Vitruvius – Greater China Equity**

The Portfolio's investment objective is to provide long term capital growth, measured in USD, primarily through investment in equities and equity-linked securities of Greater China Companies, as defined hereafter. Greater China Companies are companies having their registered office in Greater China and companies organised and located in countries other than in Greater China where a predominant part of their economic activity, alone or on a consolidated basis, is derived from either goods produced, sales made or services performed in Greater China countries such as the People's Republic of China, Hong Kong, Taiwan and Singapore (herein referred to as "Greater China Companies"). Investment exposure will be achieved through equities and equity-linked securities such as shares, equity warrants, ADRs and GDRs. Investors should refer to the "Risk Warning" section below for special risk considerations applicable to this Portfolio.

The Portfolio may also invest in debt securities, convertible bonds, securities of companies outside Greater China and money market instruments. The Portfolio may invest both in USD and non-USD denominated securities. However, in order to protect the Portfolio from non-USD currency exposure, the Portfolio may enter into currency hedging transactions. The Portfolio may hold liquid investments for defensive purposes and in the interest of its shareholders on a temporary basis.

The Portfolio may, for efficient portfolio management and for hedging purposes, use financial derivative instruments and techniques, which may include among others, futures, options, contracts for differences and total return swaps.

All of the above investments, including the use of financial derivative instruments and techniques, will be effected in accordance with the limits set out in Appendix A "Investment Restrictions".

Risk profile:

Medium to long-term investment horizon with high risk profile.

Profile of typical investor:

The Portfolio is suitable for retail and institutional investors interested in achieving long-term capital growth. Due to the use of financial derivative instruments, it is anticipated that investors into the Portfolio will be relatively experienced investors with a thorough understanding of how the Portfolio is designed to operate.

Reference currency:

The Portfolio's reference currency is USD.

**Vitruvius – Growth Opportunities**

The Portfolio's investment objective is to provide long term capital growth, measured in USD, primarily through investment in equities and equity-linked securities of companies which are expected to benefit from innovation and technological improvements. The Portfolio will invest in fast growing companies listed on the world's stock exchanges. Investments will be sought primarily in companies domiciled in developed countries but limited investments may be made in companies domiciled in developing countries as well. Investment exposure will be achieved through investments in equities and equity-linked securities such as shares, equity warrants, ADRs and GDRs. Investors should refer to the "Risk Warning" section below for special risk considerations applicable to this Portfolio.

The Portfolio may also invest in debt securities, convertible bonds and money market instruments. The Portfolio may invest both in USD and non-USD denominated securities. However, in order to protect the Portfolio from non-USD currency exposure, the Portfolio may enter into currency hedging transactions. The Portfolio may hold cash and other liquid investments for defensive purposes and in the interest of the shareholders on a temporary basis.

The Portfolio may, for efficient portfolio management and for hedging purposes, use financial derivative instruments and techniques, which may include among others, futures, options, contracts for differences and total return swaps.

All of the above investments, including the use of financial derivative instruments and techniques, will be effected in accordance with the limits set out in Appendix A "Investment Restrictions".

Risk profile:

Medium to long-term investment horizon with moderate to high risk profile.

Profile of typical investor:

The Portfolio is suitable for retail and institutional investors interested in achieving long-term capital growth. Due to the use of financial derivative instruments, it is anticipated that investors into the Portfolio will be relatively experienced investors with a thorough understanding of how the Portfolio is designed to operate.

Reference currency:

The Portfolio's reference currency is USD.

**Vitruvius – Japanese Equity**

The Portfolio's investment objective is to provide long term capital growth, measured in JPY, primarily through investment in equities and equity-linked securities of Japanese Companies, as defined hereafter. Japanese Companies are companies having their registered office in Japan and companies organised and located outside Japan where a predominant part of their economic activity, alone or on a consolidated basis, is derived from either goods produced, sales made or services performed in Japan (herein referred to as "Japanese Companies"). Investment exposure will be achieved through equities and equity-linked securities, such as shares, equity warrants, GDRs and ADRs. Investors should refer to the "Risk Warning" section below for special

risk considerations applicable to this Portfolio.

The Portfolio may also invest in debt securities, convertible bonds, securities of companies other than Japanese Companies and money market instruments. The Portfolio may invest in both JPY and non-JPY denominated securities. However, in order to protect the Portfolio from non-JPY currency exposure, the Portfolio may enter into currency hedging transactions. The Portfolio may hold cash and other liquid investments for defensive purposes and in the interest of the shareholders on a temporary basis.

The Portfolio may, for efficient portfolio management and for hedging purposes, use financial derivative instruments and techniques, which may include among others, futures, options, contracts for differences and total return swaps.

All of the above investments, including the use of financial derivative instruments and techniques, will be effected in accordance with the limits set out in Appendix A "Investment Restrictions".

Risk profile:

Medium to long-term investment horizon with moderate to high risk profile.

Profile of typical investor:

The Portfolio is suitable for retail and institutional investors interested in achieving long-term capital growth. Due to the use of financial derivative instruments, it is anticipated that investors into the Portfolio will be relatively experienced investors with a thorough understanding of how the Portfolio is designed to operate.

Reference currency:

The Portfolio's reference currency is JPY.

**Vitruvius – Swiss Equity**

The Portfolio's investment objective is to provide long term capital growth, measured in CHF, primarily through investment in equities and equity-linked securities of Swiss Companies, as defined hereafter. Swiss Companies are companies having their registered office in Switzerland and companies organised and located outside Switzerland where a predominant part of their economic activity, alone or on a consolidated basis, is derived from either goods produced, sales made or services performed in Switzerland (herein referred to as "Swiss Companies"). Investment exposure will be achieved through equities and equity-linked securities, such as shares, equity warrants, GDRs and ADRs. Investors should refer to the "Risk Warning" section below for special risk considerations applicable to this Portfolio.

The Portfolio may also invest in debt securities, convertible bonds, securities of companies other than Swiss Companies and money market instruments. The Portfolio may invest in both CHF and non-CHF denominated securities. However, in order to protect the Portfolio from non-CHF currency exposure, the Portfolio may enter into currency hedging transactions. The Portfolio may hold cash and other liquid investments for defensive purposes and in the interest of the shareholders on a temporary basis.

The Portfolio may, for efficient portfolio management and for hedging purposes, use financial derivative instruments and techniques, which may include among others, futures, options, contracts for differences and total return swaps.

All of the above investments, including the use of financial derivative financial instruments and techniques, will be effected in accordance with the limits set out in Appendix A "Investment Restrictions".

Risk profile:

Medium to long-term investment horizon with moderate to high risk profile.

Profile of typical investor:

The Portfolio is suitable for retail and institutional investors interested in achieving long-term capital growth. Due to the use of financial derivative instruments, it is anticipated that investors into the Portfolio will be relatively experienced investors with a thorough understanding of how the Portfolio is designed to operate.

Reference currency:

The Portfolio's reference currency is CHF.

**Vitruvius – US Equity**

The Portfolio's investment objective is to provide long term capital growth, measured in USD, primarily through investment in equities and equity-linked securities of US Companies, as defined hereafter. US Companies are companies having their registered office in the United States of America and companies organised and located outside the United States of America where a predominant part of their economic activity, alone or on a consolidated basis, is derived from either goods produced, sales made or services performed in the United States of America (herein referred to as "US Companies"). Investment exposure will be achieved through equities and equity-linked securities such as shares, equity warrants, GDRs and ADRs. Investors should refer to the "Risk Warning" section below for special risk considerations applicable to this Portfolio.

The Portfolio may also invest in debt securities, convertible bonds, securities of companies other than US Companies and money market instruments. The Portfolio may invest in both USD and non-USD denominated securities. However, in order to protect the Portfolio from non-USD currency exposure, the Portfolio may enter into currency hedging transactions. The Portfolio may hold cash and other liquid investments for defensive purposes and in the interest of the shareholders on a temporary basis.

The Portfolio may, for efficient portfolio management and for hedging purposes, use financial derivative instruments and techniques, which may include among others, futures, options, contracts for differences and total return swaps.

All of the above investments, including the use of financial derivative instruments and techniques, will be effected in accordance with the limits set out in Appendix A "Investment Restrictions".

Risk profile:

Medium to long-term investment horizon with moderate to high risk profile.

Profile of typical investor:

The Portfolio is suitable for retail and institutional investors interested in achieving long-term capital growth. Due to the use of financial derivative instruments, it is anticipated that investors into the Portfolio will be relatively experienced investors with a thorough understanding of how the Portfolio is designed to operate.

Reference currency:

The Portfolio's reference currency is USD.



## **RISK WARNINGS**

The list of risk factors set out below does not purport to be a complete explanation of the risks involved in investing in Shares of the Portfolios. Not all risks apply to all Portfolios. Before making any decision to subscribe for or buy Shares, prospective investors should carefully read the entire Prospectus and consult with their professional advisers regarding the tax and other consequences of an investment in the Shares in light of their personal circumstances.

Potential investors should also be aware of the risks associated with the particular investment policy of a Portfolio and are therefore advised to again consult their financial adviser when determining whether an investment in a particular Portfolio is suitable for their portfolio.

Investors should remember that the price of Shares in the Company and income arising therefrom can fluctuate and is not guaranteed. The price of Shares may go down as well as up and an investor may not get back the amount he has invested. Past performance is not necessarily a guide to future performance. Changes in rates of exchange between currencies may cause the value in terms of any currency of Shares denominated in a different currency to diminish or increase. The levels and bases of, and reliefs from, taxation may change. There can be no assurance that the collective performance of underlying investments will be profitable. In the case of any Portfolio in respect of which an initial charge is payable as described in this Prospectus, a redemption request at an early stage of holding the investment may result in the investor receiving less than the amount of his initial investment.

An investment in the Shares involves a high degree of risk, including the risk of loss of the entire amount invested, as a result of both (i) the types of investments to be made by the Portfolios and (ii) the structure and operations of the Portfolios. There can be no assurance that any of the Company's Portfolios will achieve their respective investment objective or that there will be any return of capital to shareholders. Before investing in the Shares, prospective investors should carefully consider the inherent risks, including the following:

### **Risk Warning regarding the general operation of the Company**

#### *Regulatory*

The Company is a Luxembourg domiciled UCITS and is therefore primarily governed by Luxembourg legislation. Investors should note that the regulatory protection mechanisms provided by their local regulatory authorities may differ or may not apply. Investors should consult their financial or other professional advisers for further information.

#### *Conflicts of Interest*

The Investment Manager may, from time to time, act as manager, corporate directors, investment manager or adviser to other funds or sub-funds that follow similar investment objectives to those of the Portfolios of the Company. It is therefore possible that the Investment Manager may in the course of their business have potential conflicts of interest with the Company or a particular Portfolio. The Investment Manager will, however, have regard in such event to its obligations under the Investment Management Agreement and, in particular, to its obligation to act in the best interests of the Company so far as obligations to other clients are concerned when undertaking investment where potential conflicts of interest may arise.

### *Effects of Redemptions*

Large redemptions of Shares within a limited period of time could require the Company to liquidate positions more rapidly than would otherwise be desirable, adversely affecting the value of both the Shares being redeemed and the outstanding Shares. In addition, regardless of the period of time over which redemptions occur, the resulting reduction in a Portfolio's net asset value could make it more difficult for the Investment Manager to generate profits or recover losses.

### *Dependence on the Investment Manager*

All allocation or investment decisions with respect to the Company's assets will be made by the Investment Manager and shareholders will not have the ability to take part in the day-to-day management or investment operations of the Company. As a result, the success of the Company will depend largely upon the abilities of the Investment Manager and their respective personnel.

### *Institutional Risk*

All assets of the Company will be held under the custody or supervision of the Custodian. The Custodian is authorised to use correspondent banks and nominees. The institutions, including brokerage firms and banks, with which the Company (directly or indirectly) does business, or to which portfolio securities have been entrusted for custodial purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Company. The Company intends to limit its securities transactions to well-capitalised and established banks and brokerage firms in an effort to mitigate such risks.

### *Legal Restrictions on Portfolio Investments*

The Company is subject to regulations in Luxembourg and its portfolio investments may be subject to regulations (including tax and exchange control regulations) in other countries. The Company may also be subject to regulations in countries where its Shares may be registered for distribution. In addition, possible changes to the laws and regulations governing permissible activities of the Company, the Investment Manager and their affiliates could restrict or prevent the Company or the Investment Manager from continuing to pursue the Portfolio's investment objectives or operate in the manner currently contemplated.

### *Possible Adverse Tax Consequences*

No assurance may be given that the manner in which the Company or any of its Portfolios will be managed and operated, or that the composition of its portfolio investments, will not result in possible adverse tax consequences for any particular shareholder or group of shareholders. The Company does not intend to provide its shareholders with information regarding the percentage ownership of its Shares held by residents of any country.

### *Reserve for Liabilities*

Under certain circumstances, the Company may find it necessary, upon redemption by a shareholder, to set up a reserve for contingent or future liabilities or valuation difficulties and withhold a certain portion of that shareholder's net redemption proceeds. This could happen, for example, if the Company, or an issuer of a security held in one of the Portfolios, were involved in a dispute regarding the value of its assets, in litigation, or subject to a tax audit at the time the redemption request is accepted.

### *Future Returns*

No assurance can be given that the strategies employed by the Investment Manager in the past to achieve

attractive returns will continue to be successful or that the return on the Company's investments will be similar to that achieved by the Investment Manager in the past.

#### *Investment Objective*

Investors should read carefully the investment objective of the Portfolio in which they intend to invest as these may state that the Portfolio can invest on a limited basis in areas which are not naturally associated with the name of the Portfolio. These other markets and/or assets may act with more or less volatility than the core investments and performance will, in part, be dependent on these investments. All investments involve risks and there can be no guarantee against loss resulting from an investment in any of the Shares, nor can there be any assurance that a Portfolio's investment objectives will be attained in respect of its overall performance. Investors should therefore ensure (prior to any investment being made) that they are satisfied with the risk profile of the overall objective disclosed.

#### **Risk Warning regarding market-related risks**

##### *General Economic Conditions Risks*

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the liquidity of the markets for both equities and interest-rate-sensitive securities. Certain market conditions, including unexpected volatility or illiquidity in the market in which the Company directly or indirectly holds positions, could impair the Company's ability to achieve its objectives and/or cause it to incur losses.

##### *Market Risks*

The success of a significant portion of the each Portfolio's investment program will depend, to a great extent, upon correctly assessing the future course of the price movements of stocks, bonds, financial instruments and foreign currencies. There can be no assurance that the Investment Manager will be able to predict accurately these price movements.

##### *Risks on Investment in Fixed Income Securities*

Even though interest-bearing securities are investments which promise a defined stream of income, the prices of such securities generally are inversely correlated to changes in interest rates and, therefore, are subject to the risk of market price fluctuations. The values of fixed-income securities also may be affected by changes in the credit rating, liquidity or financial condition of the issuer. Certain securities that may be purchased by the Company may be subject to such risk with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated fixed-income securities.

The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, a Portfolio's investments in such markets may be less liquid and their prices may be more volatile than comparable investments in securities traded in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

##### *Risks on Transactions in Currencies*

In general, foreign exchange rates can be extremely volatile and difficult to predict. Foreign exchange rates may be influenced by, among other factors: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments (including exchange control programs, restrictions on local exchanges or

markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); political events; changes in balances of payments and trade; domestic and foreign rates of inflation; domestic and foreign rates of interest; international trade restrictions; and currency devaluations and revaluations. In addition, governments from time to time intervene, directly and by regulation, in the currency markets to influence prices directly.

#### *Risks of Lack of Liquidity in Markets*

Despite the heavy volume of trading in securities and other financial instruments, the markets for some securities and instruments have limited liquidity and depth. This limited liquidity and lack of depth could be a disadvantage to the Portfolios, both in the realisation of the prices which are quoted and in the execution of orders at desired prices.

#### *Risks of Government Intervention*

Interest rates and trading in financial instruments based on currencies or interest rates are subject to certain risks arising from government regulation of or intervention in the currency and interest rate markets through regulation of the local exchange market restrictions on foreign investments by residents, limits on inflows of funds or changes in the general level of interest rates. Such regulation or intervention could adversely affect the Company's performance.

#### *Risk related to certain specialised Portfolios*

Portfolios which invest in: (i) a relatively low number investments; (ii) small and medium sized companies; or (iii) technology shares, may see a greater fluctuations in their respective values compared to Portfolios with more diversified share holdings.

#### *Risk related to a Eurozone breakup event*

Certain Portfolios may invest substantially in Europe. Potential scenarios could include, among other things, the downgrading of the credit rating of European countries, the default or bankruptcy of one or more sovereigns within the Eurozone, the departure of some, or all, relevant EU Member States from the Eurozone, or any combination of the above alongside other economic or political events. This could lead the Euro to no longer being a recognised trading currency. This in turn could cause uncertainty as to the operation of certain terms of agreements that are governed by the law of an existing EU Member States, potentially requiring the redenomination of some or all Euro-denominated sovereign debt, corporate debt and securities leading to increased legal and operational risks. In addition, there could also be an increase in volatility, liquidity and currency risks associated with investments in Europe and the Portfolios could be adversely affected by any or all of the above factors, with other additional unintended consequences.

### **Risk Warning related to Derivative Instruments**

#### *Leverage Risk*

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

### *Risks of Exchange Traded Derivative Transactions*

Each securities exchange or commodities contract market typically has the right to suspend or limit trading in all securities or commodities which it lists. Such a suspension would render it impossible for the Portfolio, to liquidate positions and, accordingly, expose the Company to losses and delays in its ability to redeem Shares.

### *Risks of OTC Derivative Transactions*

*Absence of regulation and counterparty default.* In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies are generally traded) than of transactions entered into on organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearinghouse, may not be available in connection with OTC transactions. Therefore, any Portfolio entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Portfolio will sustain losses. A Portfolio will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of the measures the Company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Company will not sustain losses as a result.

### *Liquidity and requirement to perform.*

From time to time, the counterparties with which the Company effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Company might be unable to enter into a desired transaction in currencies, credit default swaps or total return swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward, spot and option contracts on currencies do not provide the Investment Manager with the possibility to offset the Company's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Company may be required, and must be able, to perform its obligations under the contracts.

### *Necessity for counterparty trading relationships.*

As noted above, participants in the OTC market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the Company and the Investment Manager believe that the Company will be able to establish multiple counterparty business relationships to permit the Company to effect transactions in the OTC market and other counterparty markets (including credit default swaps, total return swaps and other swaps market as applicable), there can be no assurance that it will be able to do so. An inability to establish or maintain such relationships would potentially increase the Company's counterparty credit risk, limit its operations and could require the Company to cease investment operations or conduct a substantial portion of such operations in the futures markets. Moreover, the counterparties with which the Company expects to establish such relationships will not be obligated to maintain the credit lines extended to the Company, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

### **Risks Warning on Investments in Emerging Countries and European Convergence Countries**

Investments in emerging, EU Convergence countries and Eastern European markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments;

economies based on only a few industries, and securities markets that trade only a limited number of securities. Many emerging, EU Convergence countries and Eastern European markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets.

The risks of expropriation, nationalisation and social, political and economic instability are greater in emerging, EU Convergence countries and Eastern European markets than in more developed markets.

The following is a brief summary of some of the more common risks associated with investment in emerging, EU Convergence countries and Eastern European markets:

*Risk on Fraudulent Securities*

Given the lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.

*Risk for Lack of Liquidity*

The accumulation and disposal of holdings may be more expensive, time consuming and generally more difficult than in more developed markets. Also, due to the lack of liquidity, volatility may be higher. Many emerging markets are small, have low trading volumes, low liquidity and significant price volatility.

*Risk of Currency Fluctuations*

Significant changes in the currencies of the countries in which investments are made vis-à-vis the reference currency of the relevant Portfolio may occur following the investment of the Company into these currencies. These changes may impact the total return of the Portfolio to a significant degree. In respect of currencies of certain emerging countries it is not possible to undertake currency-hedging techniques.

*Risk on Settlement and Custody of securities*

Settlement and custody systems in emerging markets are not as well developed as those in developed markets. Standards may not be as high and supervisory and regulatory authorities not as sophisticated. As a result there may be risks that settlement may be delayed and that cash or securities could be disadvantaged.

*Risk of certain Eastern Europe and EU Convergence countries*

Certain markets in the EU Convergence countries and Eastern Europe present specific risks in relation to the settlement and safekeeping of securities. These risks result from the fact that physical securities may not exist in certain countries. As a consequence, the ownership of securities is evidenced only on the issuer's register of shareholders. Each issuer is responsible for the appointment of its own registrar.

*Risk for Investment and Remittance Restrictions*

In some cases, emerging, EU Convergence countries and Eastern European markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not always be available to the Company because the maximum amount of foreign shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval. The Company will only invest in markets in which it believes these restrictions will not be imposed.

*Risk on Financial Reporting and Disclosure*

Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to

companies in emerging, EU Convergence countries and Eastern European countries differ from those applicable in more developed countries in respect of the nature, quality and timeliness of the information disclosed to investors and, accordingly, investment possibilities may be difficult to properly access.

#### **Risk Warning regarding certain techniques and instruments**

##### *Risks related to Total Return Swap*

A total return swap is an agreement under which two parties commit to exchange (swap) the total return of a predefined financial instrument against the payment of a fixed or floating interest rate. The underlying financial instrument may be an equity instrument, an index, a bond or a credit instruments. The underlying instrument may or may not be booked in the name of the counterparty to the swap transaction during the life of the swap agreement. A total return swap allows the Company to receive the return of the underlying financial asset without having to acquire it directly in its name. Beside the general counterparty risk, market risk and liquidity risk that are described here above, an investment in a total return swap may in addition entail the risk of the a counterparty not being able to evaluate one of the payments to be made under the swap agreement.

##### *Risks related to Contracts for Differences*

A contract for difference is a cash settled bilateral financial contract, the value of which is linked to a financial instrument, generally an equity or a debt instrument, a basket thereof or an index. A contract for difference entails the market risk of the underlying financial instrument but also the credit risk if the counterparty to the transaction in case of default on its obligations.

#### **Risk Warning regarding foreign exchange hedging**

In the case where Shares are hedged against the reference currency of a particular Portfolio, such hedging may, for technical reasons, not be complete and not cover the entire foreign exchange rate risk. There can be no guarantee that hedging strategies will be successful. Moreover, in case of hedging, the investors will not take advantage of any possible positive evolution of the foreign exchange rate.

#### **DIVIDEND POLICY**

Income and capital gains arising in each Portfolio in relation to Class B and BI Shares will be reinvested in such Portfolio. The value of the Shares of each such Class will reflect the capitalisation of income and gains. The Directors will ordinarily propose to the annual general meeting the reinvestment of the net results of the year for all such Classes of Shares. However, should payment of a dividend in respect of any such Classes of Shares be considered to be appropriate, the Directors will propose to the general meeting of shareholders that a dividend be declared out of the net investment income attributable to such Class of Shares and available for distribution and/or realised capital gains after deduction of realised capital losses and unrealised capital gains after deduction of unrealised capital losses.

#### **ADMINISTRATION, MANAGEMENT AND INVESTMENT ADVICE**

##### ***Board of Directors***

The board of directors of the Company (the "Board") is responsible for the Company's overall management and control including the determination of the investment policy of each Portfolio.

**General Managers**

In compliance with the provisions of Article 27 of the 2010 Law and the CSSF Circular 12/546, the Board has decided to mandate Mr André Schmit, Mr Marco Petronio and Mrs Pamela Mazzola to conduct the business of the Company (herein referred to as the "General Managers").

The General Managers shall have the duty to ensure that the different service providers to which the Company has delegated investment management, administrative and distribution activities perform their functions in compliance with the 2010 Law, the Articles, this Prospectus and the provisions of the agreements which have been entered into between the Company and each of the above parties. The General Managers shall also ensure compliance of the Company with its investment restrictions and oversee the implementation of the Company's investment policies.

The General Managers may at any time give further instructions to the service providers to which functions have been delegated and may terminate with immediate effect their appointment when this is in the best interest of the shareholders of the Company.

The General Managers will report to the Board on a semi-annual basis and inform each Director without delay of any material non-compliance by the Company of its investment restrictions.

**Investment Manager**

The Board has appointed Belgrave Capital Management Limited to provide discretionary asset management services and assume the day-to-day management of the investments of the Company pursuant to the provisions of a Management Agreement (the "Investment Management Agreement"). The Investment Management Agreement is terminable on 90 days' written notice by either party.

Belgrave Capital Management Limited is a limited liability company incorporated under the Laws of England in September 1995 and is authorised and regulated by the Financial Conduct Authority ("FCA"). The company is controlled by Banca del Ceresio SA, a Swiss Bank which provides investment management services to institutional and corporate clients.

For each Portfolio, the Investment Manager is entitled to receive an investment management fee as follows:

- for Class B Shares: up to 2.5 per cent per annum of the Net Asset Value;
- for Class BI Shares: up to 2.0 per cent per annum of the Net Asset Value.

The investment management fee is calculated on the monthly average of the Net Asset Value for each Portfolio as of each Valuation Day and is payable monthly in arrears within 7 days from the last Valuation Day of each month. The Investment Manager is also entitled to the reimbursement of out-of-pocket expenses incurred on behalf of the Company.

The Investment Manager may pay a portion of its investment management fee to third party entities (in particular advisors, distributors and referees) that assist the Investment Manager in the performance of its duties or provide services, directly or indirectly, to the Company or its shareholders.



Pursuant to international rules and Luxembourg laws and regulations (comprising, but not limited to, the amended law of 12 November 2004 on the fight against money laundering and financing of terrorism the Grand Ducal Regulation dated 1<sup>st</sup> February 2010, CSSF Regulation 12-02 of 14<sup>th</sup> December 2012 and CSSF Circular 13/556 concerning the fight against money laundering and terrorist financing, and any respected amendments or replacements), obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Registrar and Transfer Agent may require subscribers to provide any document it deems necessary to effect such identification.

In case of delay or failure by an applicant to provide the documents required, the application for subscription will not be accepted and in case of redemption, payment of redemption proceeds delayed. Neither the Company nor the Registrar and Transfer Agent have any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

If the Company, its Administrator or any governmental agency believes that the Company has accepted subscriptions for Shares by, or is otherwise holding assets of, any person or entity that is acting, directly or indirectly, in violation of any anti-money laundering laws, rules, regulations, treaties or other restrictions, or on behalf of any suspected terrorist or terrorist organisation, the Company or such governmental agency may freeze or be required by the Company or such governmental agency to freeze the assets of such person or entity invested in the Company or suspend their redemption rights. The Company may also be required to remit or transfer those assets to a governmental agency.

Shareholders may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

## **ADMINISTRATIVE AGENT, DOMICILIARY, REGISTRAR AND TRANSFER AGENT**

The Company has by agreements dated 14<sup>th</sup> October 1999 appointed KREDIETRUST LUXEMBOURG S.A. (the "Administrative Agent") to assist the Company with its central administration in Luxembourg as the Company's central administration, domiciliary, registrar and transfer agent. The Agreement was modified on 1<sup>st</sup> April 2013. This agreement may be terminated by either party upon giving 90 days' prior written notice.

The Administrative Agent will be entitled to a fee of maximum 0.10% p.a. calculated on the basis of the net assets of the Portfolios and payable monthly, with an annual minimum of EUR 25,000 per Portfolio. Furthermore, deductions will also be made from the assets of the Company for operating costs including certain expenses of the Administrative Agent in relation to its duties as a domiciliary, registrar and transfer agent.

## **CUSTODIAN**

The Company has by an agreement of 14<sup>th</sup> October 1999 (the "Custodian Agreement") appointed KBL European Private Bankers S.A. as Custodian of the assets of the Company. This Agreement has no fixed duration and may be terminated by either party upon giving 90 days' prior notice.

The Custodian is a bank organised as a *société anonyme* under the laws of the Grand Duchy of Luxembourg for an unlimited duration. Its registered office is at 43, Boulevard Royal, L-2955 Luxembourg. At 31<sup>st</sup> December

2014, its capital and reserves amounted at EUR 1,149,029,176.65.

In consideration of its services and in accordance with usual practice in Luxembourg, the Custodian will be entitled to a fee calculated on the basis of the net assets of the Portfolios and payable monthly of 0.05% p.a. of the net assets up to EUR 25 million, 0.025% p.a. of the net assets from EUR 25 million up to EUR 250 million and 0.015% p.a. of the net assets above EUR 250 million, with an annual minimum of EUR 6.250 per Portfolio. The Custodian will also be entitled to receive a flat transaction fee on all operations relative to receipt or delivery of securities. In addition, the Custodian is entitled to be reimbursed by the Company its reasonable out-of-pocket expenses and the fees charged to it by any correspondent bank or other agent (including any clearing system).

The Custodian Agreement provides that all securities and other permitted assets of the Company are to be held by or to the order of the Custodian. The Custodian will also be responsible for the collection of principal and income on, and the payment for and collection of proceeds of, securities bought and sold by the Company. The responsibilities of the Custodian shall be as laid down in Article 33 of the 2010 Law.

## **DESCRIPTION OF SHARES**

The Shares of any Class, within a given Portfolio, are freely transferable, except that the Board may, in accordance with the Articles, restrict the ownership of Shares by certain persons ("Restricted Persons") as defined therein. The Shares of any Class, within a given Portfolio, may be converted at any time for Shares of another Class within the same Portfolio or of another Portfolio, as long as the shareholder requesting the conversion is qualified to hold the resulting Class of Shares. Upon issue, the Shares are entitled to participate equally in the profits and dividends of the Portfolio attributable to the relevant Class of Shares in which they have been issued as well as in the liquidation proceeds of such Portfolio.

The Shares do not carry any preferential or pre-emptive rights and each Share, irrespective of its Net Asset Value, is entitled to one vote at all general meetings of shareholders. The Shares are issued without par value and must be fully paid.

Shares are issued in registered form only. Otherwise a confirmation advice will be issued. Fractions of Shares are issued up to three decimal places. Transfer of Shares shall be effected by inscription of the transfer in the Share register.

## **SALE CHARGES**

With respect to Class B Shares of all Portfolios, subscriptions are subject to a sales charge of up to 3 per cent.

The Sales Charges shall revert to the relevant financial intermediary or distributor through which the initial purchase was made. If in any country in which the Shares are offered, local law or practice requires or permits a lower initial Sales Charge than that listed above for any individual purchase order, the financial intermediary or distributor may sell Shares within such country at a total price less than the applicable charge set forth above, but in accordance with the maximum amounts permitted by the law or practice of such country.

With respect to Class BI Shares of all Portfolios subscriptions are not subject to any sales charges.

## DEALING PROCEDURES

### *Applications*

Shares are and will be offered at the Net Asset Value per Share of the relevant Class of Shares within the relevant Portfolio on each Valuation Day (as defined in Appendix B).

Application may be made by investors in accordance with either of the methods described below:

- written application to the Company in Luxembourg on the application form accompanying this Prospectus, or
- written application to a distributor containing the information required by the application form.

Subject to any applicable local laws and regulations, Shares of the Company may be subscribed directly or by using the nominee services provided by distributors or by local paying agents. Investors who use a nominee service may request direct ownership by submitting an appropriate request in writing to the relevant distributor or local paying agent offering the nominee service. They may also issue instructions to the nominee regarding the exercise of votes conferred by their Shares.

The Company draws the investors' attention to the fact that any investor will only be able to fully exercise his shareholder rights directly against the Company, notably the right to participate in general meetings of Shareholders, if the investor is registered himself and in his own name in the Company's Share register. 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.

In cases where an investor chooses to use a nominee service, the distributor or a local paying agent located in a Financial Action Task Force ("FATF") country will subscribe and hold the Shares as a nominee in its own name but for the account of the investor. The distributor or local paying agent will then confirm the subscription of the Shares to the investor by means of a letter of confirmation. Distributors and local paying agents that offer nominee services either are located in countries that have ratified the resolutions adopted by FATF or execute transactions through a correspondent bank located in a FATF country.

With respect to Class B the minimum initial subscription and holding for all Portfolios is USD 5,000 for any USD denominated Shares, EUR 5,000 for any EUR denominated Shares, JPY 500,000 for any JPY denominated Shares, CHF 5,000 for any CHF denominated Shares, GBP 5,000 for any GBP denominated Shares and SGD 5,000 for any SGD denominated Shares. Subsequent subscriptions shall be USD 1,000 for any USD denominated Shares, EUR 1,000 for any EUR denominated Shares, JPY 100,000 for any JPY denominated Shares, CHF 1,000 for any CHF denominated Shares, GBP 1,000 for any GBP denominated Shares and SGD 1,000 for any SGD denominated Shares.

With respect to Class BI the minimum initial subscription and holding for all Portfolios is EUR 1,000,000 or equivalent in any other relevant currency. The minimum subsequent subscriptions shall be the same as for Class B.

These minima may be varied in any particular case or generally.

Payment should be made by a telegraphic transfer to the relevant account at the Custodian, quoting the proper identity of the investor(s). The relevant account numbers are set out in the application form.

Applications should be received by the Company no later than 5 p.m. Luxembourg time ("Cut-Off Time") on a bank business day in Luxembourg preceding the Valuation Day and payment of the subscription amount must be made in cleared funds within three bank business days in Luxembourg from the relevant Valuation Day.

The Company may issue Shares as consideration for a contribution in kind of securities in compliance with the conditions set forth by Luxembourg law, in particular the obligation to obtain a valuation report from an auditor (if required). Should such an operation be carried out, all kind of fees resulting from a contribution in kind of securities will be held by the subscriber.

### ***General***

Subscription orders for each Portfolio received by the Company by the Cut-Off Time will be executed at the Net Asset Value per Share of the next Valuation Day of such Portfolio.

Requests for subscription received after the Cut-Off Time will be processed the following bank business day in Luxembourg.

Applications may be sent to a distributor, who shall in such case transmit the substantive content thereof to the Company within the Cut-Off Time, or may be sent directly to the Company in Luxembourg. Payment of the subscription moneys must be made in the currency of denomination of the relevant Shares by telegraphic transfer within three (3) bank business days in Luxembourg from the relevant Valuation Day to the Custodian, indicating the proper identity of the subscriber(s) and the relevant Portfolio(s) in which Shares are subscribed.

Unless prior arrangements have been made, in order to receive the Net Asset Value per Share for a particular Valuation Day, applications must be settled in cleared funds within three bank business days in Luxembourg from the relevant Valuation Day. If timely settlement is not made, the application for Shares may be deemed null and void and Shares previously allotted may be cancelled.

The Net Asset Value per Share shall be expressed in the currency of denomination of each relevant Share, determined on each Valuation Day by the transfer agent.

The Company reserves the right to reject any application in whole or in part in the light of market conditions prevailing on one or more stock exchanges or currency markets or for any other reasons, in which case the application moneys or the balance thereof will be returned forthwith to the investor.

Shareholders are required to notify the Company immediately in the event that they are or become US Persons or hold Shares for the account or benefit of US Persons or hold Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Company or the Shareholders or otherwise be detrimental to the interests of the Company. If the Company becomes aware that a Shareholder is holding Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Company or the Shareholders or would otherwise be detrimental to the interests of the Company or that the Shareholder has become or is a US Person, the Company may, in its sole discretion, redeem the Shares of the Shareholder in accordance with the provisions of the Articles.

Should a Shareholder become a US Person their holding may be subject to US withholding taxes and tax reporting.

If any application is not accepted in whole or in part, the application moneys or the balance thereof will be posted forthwith to the investor, at the risk of the person(s) entitled thereto.

The Company reserves the right to withhold issuing Shares and, if applicable, any excess application moneys pending clearance of the application moneys.

#### ***Prevention of Market Timing Practices***

Shares of the Company are not offered, nor is the Company managed or intended to serve as a vehicle for frequent trading that seeks to take advantage of short-term fluctuations in the concerned securities markets. This type of trading activity is often referred to as "market timing" and could result in actual or potential harm to the shareholders of the Company. Accordingly, the Company may reject any purchase or conversion of Shares that the Company reasonably believes may represent a pattern of market timing activity involving the Portfolios.

#### ***Redemption of Shares***

Shares may be redeemed at the Net Asset Value per Share of the relevant Class of Shares within the relevant Portfolio on each Valuation Day.

Shareholders' requests for redemption of Shares must be made in writing to the Company or to a distributor. Orders for redemption for each Portfolio received by the Company by the "Cut-Off Time" will be executed at Net Asset Value per Share of the next Valuation Day for that Portfolio. A request duly made shall be irrevocable, except in case of and during any period of suspension or deferral of redemptions.

Requests for redemption received after the Cut-Off Time will be processed the following bank business day in Luxembourg.

In the case of redemption requests in excess of 10 per cent of the Net Asset Value of a Portfolio on any Valuation Day, the Company may decide to defer on a pro rata basis the excess redemption amount to the next Valuation Day. In case of a deferral of redemptions, the relevant Shares shall be redeemed at the Net Asset Value per Share prevailing on the Valuation Day on which the redemption is effected. On such Valuation Day such requests shall be complied with by giving priority to the earliest request.

In the case of a suspension of the calculation of the Net Asset Value per Share or a deferral of redemptions, Shares to be redeemed on Valuation Days falling during the period of such suspension or deferral will be redeemed at the Net Asset Value per Share on the first Valuation Day following such suspension or deferral, unless withdrawn in writing prior thereto.

The redemption proceeds shall be paid in the currency of denomination of the relevant Shares within three (3) bank business days in Luxembourg after the relevant Valuation Day.

The Company may refuse to comply with any redemption request which would realise less than USD 1,000 for any USD denominated Shares, EUR 1,000 for any EUR denominated Shares, JPY 100,000 for any JPY denominated Shares, CHF 1,000 for any CHF denominated Shares, GBP 1,000 for any GBP denominated Shares or SGD 1,000 for any SGD denominated Shares.

The Company may redeem all the Shares of a shareholder if as a result of the requested redemption the residual holding of a shareholder would be less than the minimum holding (refer to "Dealing Procedures – Applications").

The value of Shares at the time of their redemption may be more or less than their acquisition cost, depending on the market value of the assets held by the relevant Portfolio at the time of acquisition and redemption. Any Shares redeemed shall be cancelled.

### ***Conversion of Shares***

Shareholders are entitled to convert all or part of their Shares in any one Portfolio into Shares of other Portfolios at the Net Asset Value per Share in accordance with the formula hereinafter. Shareholders are required to apply for conversion in writing to the Company or to a distributor setting out which Shares are to be converted, the monetary amount, the number of Shares the shareholder wishes to convert, the personal details and shareholder's account number. Failure to provide any of this information may result in delay of the application for conversion whilst verification is being sought from the shareholder.

Shareholders should note that if an application for conversion relates to a partial conversion of an existing holding and the remaining balance would be less than the minimum holding (refer to "Dealing Procedures – Applications"), the conversion will be effected on the entire holding.

Orders for conversion received by the Company by the Cut-Off Time on any Luxembourg bank business day will be executed at the Net Asset Values of the relevant Portfolios at the next common Valuation Day. Any applications received after the Cut-Off Time will be processed on the next bank business day in Luxembourg.

The rate at which all or part of the Shares in a given Portfolio (the "Original Portfolio") are converted into Shares of another Portfolio (the "New Portfolio") is determined in accordance with the following formula:

$$A = \frac{B \times C \times E}{D}$$

where:

- A number of Shares to be allocated in the New Portfolio;
- B number of Shares of the Original Portfolio which is to be converted;
- C Net Asset Value per Share of the Original Portfolio at the relevant Valuation Day;
- D Net Asset Value per Share of the New Portfolio at the relevant Valuation Day;
- E actual exchange rate determined by the Custodian after the calculation of the Net asset Value per Share of the relevant Portfolios for the relevant Valuation Day, if the conversion involves Shares denominated in different currencies.

After conversion of the Shares, the Custodian will inform the shareholder of the number of Shares of the New Portfolio and the price thereof.

Conversion between Classes of Shares or categories of Shares denominated in different currencies within the same Portfolio will be effected at the respective Net Asset Value per Share of each Class or category at the relevant Valuation Day.

## **CHARGES AND EXPENSES**

The Company will pay fees and expenses to the General Managers appointed by the Board, to the Investment Manager, to the Custodian (including fees and expenses of its correspondents abroad), and to the Administrative Agent, domiciliary, registrar and transfer agent and all other expenses incurred in the operation of the Company. Fees and expenses to be borne by the Company will include, without limitations, taxes, expenses for legal, auditing and other professional services, costs of printing prospectuses, KIIDs, proxies, stock certificates, shareholders' reports, prospectuses and other reasonable promotional and marketing expenses, expenses of issue, conversion and redemption of Shares and payment of dividend, if any, expenses of the transfer agent, registration fees and other expenses due or incurred in connection with the authorisation by and reporting to supervisory authorities in various jurisdictions, cost of translation of the Prospectus, KIIDs and other documents which may be required in various jurisdictions where the Company is registered, the fees and out-of-pocket expenses of Directors of the Company, insurance, interest, listing and brokerage costs, taxes and costs relating to the transfer and deposit of securities or cash, out-of-pocket disbursements of the Custodian and of all other agents of the Company and the costs of computation and publication of the Net Asset Value per Share.

If in any country in which the Shares are offered, local law or practice requires subscription, redemption and/or conversion orders and relevant money flows to be transmitted via local paying agents, additional transaction charges for any individual order, as well as for additional administrative services, may be charged to the investor by such local paying agents.

## **MEETINGS, REPORTS AND NOTICES**

### ***Meetings***

The annual general meeting of shareholders of the Company will be held in Luxembourg 3.00 p.m. on 30<sup>th</sup> April in each year (or if such day is not a business day in Luxembourg, on the next following business day in Luxembourg). If permitted by and under the conditions set forth in Luxembourg laws and regulations, the annual general meeting of shareholders may be held at a date, time or place other than those set forth in the preceding paragraph, that date, time or place to be decided by the Board. Shareholders of any Class or Portfolio may hold, at any time, general meetings to decide on any matters which relate exclusively to such Portfolio or to such Class. Notices of general meetings and other notices are given in accordance with Luxembourg law. Notices will specify the place and time of the meeting, the conditions of admission, the agenda, the quorum and voting requirements.

Under the conditions set forth in Luxembourg laws and regulations, the notice of any general meeting of shareholders may provide that the quorum and the majority at this general meeting shall be determined according to the Shares issued and outstanding at midnight (Luxembourg time) on the fifth day prior to the general meeting (the "Record Date"), whereas the right of a shareholder to attend a general meeting of shareholders and to exercise the voting rights attaching to his/its/her Shares shall be determined by reference to the Shares held by this shareholder as at the Record Date.

### ***Reports***

Financial periods will end on 31<sup>st</sup> December in each year. The annual report, containing the audited consolidated financial accounts expressed in Euro, of the Company in respect of the preceding financial period

and the accounts of the Company will be made available at its registered office at least 15 days before the annual general meeting. Unaudited semi-annual reports at 30<sup>th</sup> June will be made available within two months of the relevant date. Copies of all financial reports will be available at the registered office of the Company and of the distributors, if any.

### ***Notices***

Notices and relevant communications to shareholders will be published according to publication requirements under Luxembourg law. In addition, such notices will be published according to the national legal requirements of the countries where the Shares of the Company are distributed and registered.

## **TAXATION**

The following information is based on the laws, regulations, decisions and practice currently in force in Luxembourg and is subject to changes therein, possibly with retrospective effect. This summary does not purport to be a comprehensive description of all Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of shares and is not intended as tax advice to any particular investor or potential Investor. Prospective Investors should consult their own professional advisers as to the implications of buying, holding or disposing of Shares and to the provisions of the laws of the jurisdiction in which they are subject to tax. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.

### ***Taxation of the Company***

The Company is not subject to taxation in Luxembourg on its income, profits or gains.

No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the shares of the Company.

The Company is however subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% per annum based on its net asset value at the end of the relevant quarter, calculated and paid quarterly. A reduced subscription tax of 0.01% per annum is applicable to Luxembourg undertakings for collective investment (UCIs) whose exclusive object is the collective investment in money market instruments, the placing of deposits with credit institutions, or both. A reduced subscription tax of 0.01% per annum is applicable to individual compartments of UCIs with multiple compartments referred to in the 2010 Law, as well as for individual classes of securities issued within a UCI or within a compartment of a UCI with multiple compartments, provided that the securities of such compartments or classes are reserved to one or more institutional investors.

Subscription tax exemption applies to (i) investments in a Luxembourg UCI subject itself to the subscription tax, (ii) UCI, compartments thereof or dedicated classes reserved to retirement pension schemes, (iii) money market UCIs, and, (iv) UCITS and UCIs subject to the part II of the 2010 Law qualifying as exchange traded funds.



## ***Withholding tax***

Interest and dividend income received by the Company may be subject to non-recoverable withholding tax in the source countries. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin.

Distributions made by the Company are not subject to withholding tax in Luxembourg.

The Company is not subject to net wealth tax.

## ***Taxation of the Shareholders***

### ***Luxembourg resident individuals***

Capital gains realised on the sale of the Shares by Luxembourg resident individuals Investors who hold the Shares in their personal portfolios (and not as business assets) are generally not subject to Luxembourg income tax except if:

- (i) the Shares are sold before or within 6 months from their subscription or purchase; or
- (ii) if the Shares held in the private portfolio constitute a substantial shareholding. A shareholding is considered as substantial when the seller, alone or with his/her spouse and underage children, has participated either directly or indirectly at any time during the five years preceding the date of the disposal in the ownership of more than 10% of the capital or assets of the company.

Distributions made by the Company will be subject to income tax. Luxembourg personal income tax is levied following a progressive income tax scale, and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*) giving an effective maximum marginal tax rate of 43.6%. An additional temporary income tax of 0,5% (*impôt d'équilibre budgétaire temporaire*) will be due by Luxembourg resident individuals subject to Luxembourg State social security scheme in relation to their professional and capital income.

### ***Luxembourg resident corporate***

Luxembourg resident corporate Investors will be subject to corporate taxation at the rate of 29.22% (in 2015 for entities having their registered office in Luxembourg-City) on the distribution received from the Company and the gains received upon disposal of the Shares.

Luxembourg resident corporate Investors who benefit from a special tax regime, such as, for example, (i) an undertaking for collective investment subject to the 2010 Law, (ii) specialised investment funds subject to the amended law of 13<sup>th</sup> February 2007 on specialised investment funds, or (iii) family wealth management companies subject to the law of 11<sup>th</sup> May 2007 on family wealth management companies, are exempt from income tax in Luxembourg, but instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Shares, as well as gains realised thereon, are not subject to Luxembourg income taxes.

The Shares shall be part of the taxable net wealth of the Luxembourg resident corporate investors except if the holder of the Shares is (i) a UCI subject to the 2010 Law, (ii) a vehicle governed by the law of 22<sup>nd</sup> March 2004 on securitisation, (iii) a company governed by the amended law of 15<sup>th</sup> June 2004 relating to the investment company in risk capital, (iv) a specialised investment fund subject to the amended law of 13<sup>th</sup> February 2007 on specialised investment funds or (v) a family wealth management company subject to the law of 11<sup>th</sup> May 2007 on family wealth management companies. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%.

#### *Non Luxembourg residents*

Non-resident individuals or collective entities who do not have a permanent establishment in Luxembourg to which the Shares are attributable, are not subject to Luxembourg taxation on capital gains realised upon disposal of the Shares nor on the distribution received from the Company and the Shares will not be subject to net wealth tax.

#### ***European Savings Directive***

The Council of the European Union (the “EU”) has adopted on 3<sup>rd</sup> June 2003 Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the “Savings Directive”). Under the Savings Directive, EU Member States (the “Member States”) are required to provide the tax authorities of another Member State with information on payments of interest or other similar income (within the meaning of the Savings Directive) paid by a paying agent (within the meaning of the Savings Directive) to an individual beneficial owner who is a resident, or to certain residual entities (within the meaning of the Savings Directive) established, in that other Member State.

Under the Luxembourg law dated 21<sup>st</sup> June 2005 (the “2005 Law”), implementing the Savings Directive, as amended by the law of 25<sup>th</sup> November 2014, and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU (“Territories”), a Luxembourg-based paying agent is required as from 1<sup>st</sup> January 2015 to report to the Luxembourg tax authorities the payment of interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or certain residual entities resident or established in another Member State or in the Territories, and certain personal details on the beneficial owner. Such details will be provided by the Luxembourg tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner (within the meaning of the Savings Directive).

Under current legislation, distributions by the Company will fall within the scope of the Savings Directive if the Company invests 15% or more of its assets in debt claims (within the meaning of the Savings Directive).

Payment of proceeds upon the sale, refund or redemption of Shares in the Company will fall within the scope of the 2005 Law if the Company invests directly or indirectly 25% or more of its assets in debt claims within the meaning of the 2005 Law.

However, on 24<sup>th</sup> March 2014 the Council of the European Union adopted Council Directive 2014/48/EU amending the Savings Directive (the “Amending Directive”). Member States have to adopt and publish by 1<sup>st</sup> January 2016, the laws, regulations and administrative provisions necessary to comply with the Amending Directive. The Amending Directive enlarges inter alia the scope of the Savings Directive by extending the definition of interest payments and will cover income distributed by or income realised upon the sale, refund or redemption of shares or units in undertakings for collective investment or other collective investment funds or schemes, that either are registered as such in accordance with the law of any of the Member States or of the countries of the European Economic Area which do not belong to the EU, or have fund rules or instruments of incorporation governed by the law relating to collective investment funds or schemes of one of these States or countries, irrespective of the legal form of such undertakings, funds or schemes and irrespective of any restriction to a limited group of investors, in case such undertakings, funds or schemes invest, directly or indirectly, a certain percentage of their assets in debt claims as defined under the amended Savings Directive. Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the Amending Directive.

### ***Taxation of UK shareholders***

The Offshore Fund (Tax) Regulations 2009 (“the Regulations”) came into force on 1<sup>st</sup> December 2009 and operates a regime on the basis of whether an offshore fund in which a UK investor has an interest is a “reporting fund” or “non-reporting fund”. Investors in reporting funds are subject to tax on their share of the reporting fund's income for an accounting period, whether or not the income is distributed to them, whilst any gains on disposal of their investment are treated as capital gains.

HMRC approval has been given for certain of the Class B and BI Shares of selected Vitruvius Portfolios to have reporting fund status. The Directors cannot guarantee that reporting status will be achieved for any given account period.

Chapter 6 of Part 3 of the Regulations provides certainty that specified transactions carried out by a UCITS fund, such as the Company, will not be treated as trading transactions for reporting funds that meet a genuine diversity of ownership condition.

### ***US Tax Withholding and Reporting under the Foreign Account Tax Compliance Act (“FATCA”)***

Sections 1471 – 1474 (referred to as “FATCA”) of the U.S. Internal Revenue Code of 1986, as amended (“IRS Code”) impose new rules with respect to certain payments to non-United States persons, such as the Company, including interest and dividends from securities of U.S. issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the U.S. Internal Revenue Service (the “IRS”) to identify United States persons (within the meaning of the IRS Code) with interests in such payments. To avoid such withholding on payments made to it, a foreign financial institution (an “FFI”), such as the Company (and, generally, other investment funds organized outside the U.S.), are generally required to enter into an agreement (an “FFI Agreement”) with the IRS under which it will agree to identify its direct or indirect owners who are United States persons and report certain information concerning such United States person owners to the IRS. The FFI Agreement will also generally require that an FFI withhold U.S. tax at a rate of 30% on certain payments to investors who fail to cooperate with certain information requests made by the FFI or on such

payments made to investors that are FFIs that have not entered into an FFI Agreement with the IRS (and are not otherwise exempt from having to do so in order to avoid FATCA withholding).

FATCA withholding may impact certain U.S. source income payments, including U.S. source dividends and interest, made after 30th June 2014 (and with respect to payments of gross proceeds from the sale of securities giving rise to U.S. source dividends and interest and certain non-U.S. source payments made after 31st December 2016). The first calendar year for which FATCA-related reporting is required will be the 2014 calendar year, with the first report due in 2015.

However, if an FFI receives payments covered by FATCA, withholding may apply if it cannot satisfy the applicable requirements under the FFI Agreement.

The Luxembourg government has signed an intergovernmental agreement with the government of the United States and a memorandum of understanding to implement FATCA (both documents being referred to as the "IGA"). This IGA modifies the obligations described in the preceding paragraph, including the need to enter into an FFI Agreement or to withhold taxes with respect to certain investors as well as the implementation date for FATCA withholding.

The Company will endeavour to satisfy the requirements imposed under the IGA as implemented into Luxembourg laws and regulations to avoid any withholding tax. In the event that the Company is not able to comply with the requirements imposed by the IGA and the Company does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Company may be adversely affected and the Company may suffer significant loss as a result.

To the extent that the Company suffers withholding tax on its investments as a result of FATCA, the Board (or its delegates) on behalf of the Company, may, after completing due process to ascertain and confirm that the shareholder has failed to cooperate and provide the required information, collect the withheld taxes from such shareholder (which, at the Company's discretion, may be collected from proceeds otherwise payable to the shareholder from the redemption of Shares), allocate or apportion to such shareholder the withheld taxes, or take such other actions to ensure that such withholding taxes are borne by the shareholder(s) whose non-compliance resulted in the imposition of the withholding tax on the Company.

In light of the foregoing, it is the current policy of the Company to exclude ownership of Shares by any US Person, as well as any other person (regardless of citizenship or residency) whose ownership would result in a FATCA-related reporting or withholding obligation for the Company (including, for the avoidance of doubt, any obligation of the Company to report information regarding such ownership to a non-US jurisdiction pursuant to an applicable IGA and related laws enacted by such non-US jurisdiction). In particular, and without limiting the generality of the foregoing, the Company will seek to prevent the ownership of Shares by any US Person, "U.S. owned foreign entity," "recalcitrant account holder," and entities that are not "participating FFIs," "registered deemed compliant FFIs," "certified deemed-compliant FFIs" or "exempt beneficial owners," each such term as defined within FATCA and related regulations or that would be treated as a "U.S. Reportable Account" under the terms of the IGA between Luxembourg and the United States. Notwithstanding the foregoing, a US Person that (i) serves as a custodian or nominee of Shares on behalf of a non-US person that is a permissible investor under the above policy, and (ii) provides the Company with a properly completed IRS Form W-9 indicating that it is exempt from FATCA reporting, is permitted to hold Shares under such custodial or nominee arrangement. The Company will require an undertaking by shareholders to immediately notify the Company of a change in

circumstances that would cause their ownership of Shares to be contrary to the stated policy described above, and upon the occurrence of such change in circumstances, the Company may take such actions as it deems necessary to mitigate the impact of Share ownership by such shareholders, including, but not limited to, necessary reporting of shareholder's personal data to any relevant authority and compulsory redemption of such Shares.

Each prospective shareholder should consult with its own tax advisor as to the potential impact of FATCA in its own tax situation.

## APPENDIX A

### *Investment Restrictions*

Applicable to all Portfolios

#### Section I

- 1) The investments of the Company must comprise only one or more of the following:
- a) transferable securities and money market instruments admitted to or dealt in on a regulated market within the meaning of Directive 2004/39/EC;
  - b) transferable securities and money market instruments dealt in on another market in a Member State of the European Economic Area (a "Member State") which is regulated, 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 non-Member State of the European Union or dealt in on another regulated market in a non-Member State of the European Union which operates regularly and is recognised and open to the public;
  - d) recently issued transferable securities and money market instruments, provided that:
    - the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another regulated market which operates regularly and is recognised and open to the public;
    - such admission is secured within one year of issue;
  - e) shares or units of UCITS authorised according to Directive 2009/65/EC and/or other UCIs within the meaning of Article 1, paragraph (2), points a) and b) of the Directive 2009/65/EC, whether or not established in a Member State, provided that:
    - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
    - the level of protection for unit-holders or shareholders in such other UCIs is equivalent to that provided for unit-holders or shareholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;
    - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
    - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
  - 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 registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;

- g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs a), b) and c) above, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
  - the underlying exposure consists of instruments covered by this Section, paragraph (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest according to its investment objectives as stated in the Company's constitutional documents;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Company, such valuation method will be approved by the auditors;
- h) money market instruments other than those dealt in on a regulated market, which fall under Article 1 of the 2010 Law, if the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:
  - issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or
  - issued by an undertaking any securities of which are dealt in on regulated markets referred to in subparagraphs (a), (b) or (c) above; or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law; or
  - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indents above and provided that the issuer is a company whose capital and reserves amount to at least ten million EUR (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

**2) The Company shall not, however:**

- a) invest more than 10% of the assets of each Portfolio in transferable securities and money market instruments other than those referred to in paragraph (1);
- b) acquire either precious metals or certificates representing them.

The Company may hold ancillary liquid assets.

**3) The Company may acquire movable and immovable property which is essential for the direct pursuit of its business.**

## Section II

- 1) The Company may invest no more than 10% of the assets of each Portfolio in transferable securities or money market instruments issued by the same body and hold more than 20% of the assets of each Portfolio in deposits made with the same body.

The risk exposure to a counterparty of the Company in an OTC derivative transaction may not exceed 10% of the assets of each Portfolio when the counterparty is a credit institution referred to in Section I, paragraph 1) f) or 5% of the assets of each Portfolio in other cases.

- 2) The total value of the transferable securities and money market instruments held by each Portfolio of the Company in the same issuer in which it invests more than 5% of the assets must not exceed 40% of the value of the net assets of such Portfolio. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervisions.

Notwithstanding the individual limits laid down in paragraph (1), the Company may not combine, where this would lead to investing more than 20% of its assets in a single body, in any of the following:

- investments in transferable securities or money market instruments issued by that body,
- deposits made with that body, or
- exposures arising from OTC derivative transactions undertaken with that body.

- 3) The limit laid down in the first sentence of paragraph (1) 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 non-Member State or by public international bodies of which one or more Member States are members.

- 4) The limit laid down in the first sentence of paragraph (1) may be raised to a maximum of 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State of the European Union and which is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

If the Company invests more than 5% of the assets of each Portfolio in bonds referred to in the first sub-paragraph above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of each Portfolio.

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

The limits set out in paragraphs 1), 2), 3) and 4) above may not be combined, and therefore investments in transferable securities or money market instruments issued by the same body and deposits or derivative instruments made with this same body in accordance with paragraphs 1), 2), 3) and 4) may not exceed a total of 35% in aggregate of the assets of each Portfolio.

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

The Company may cumulatively invest up to 20% of the assets of each Portfolio in transferable securities and money market instruments issued by entities within the same group.



### Section III

The Company is authorised to invest, in accordance with the principle of risk-spreading, up to 100% of the assets of each Portfolio in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, any other member state of the OECD, Brazil, Singapore, Russia, Indonesia, South Africa or public international bodies of which one or more Member States of the European Union are members.

The Portfolio shall hold securities from at least six different issues, but securities from any one issue may not account for more than 30% of its total assets.

### Section IV

- 1) The Company may acquire units or shares of UCITS and/or other UCIs referred to in Section I, paragraph (1) (e), provided that no more than 10% in aggregate of the assets of each Portfolio are invested in the units or shares of UCITS or other UCIs or in one single such UCITS or other UCI.

Each portfolio of a UCI with multiple portfolios is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various portfolios vis-à-vis third parties is ensured.

- 2) Where the Company acquires units or shares of another UCITS or other UCI managed directly or indirectly by the Investment Manager (or any other legal entity connected to the Company) or by a company to which it (or any other legal entity connected to the Company) is connected by common management or control or by a substantial direct or indirect participation, the Company may not be charged any expense for the issuance or redemption of shares in such investment funds.
- 3) A Portfolio (the "Investing Portfolio") may subscribe, acquire and/or hold securities to be issued or issued by one or more other Portfolios of the Company ("Target Portfolio(s)") provided that:
  - the Target Portfolio do not, in turn, invest in the Investing Portfolio invested in this Target Portfolios; and
  - no more than 10% of the assets of the Target Portfolios whose acquisition is contemplated, may, according to its investment policy, be invested in units of other UCITS and other UCIs; and
  - the Investing Portfolio may not invest more than 20% of its net assets in Shares of a single Target Portfolio; and
  - voting rights, if any, attaching to the Shares of the Target Portfolios are suspended for as long as they are held by the Investing Portfolio concerned and without prejudice to the appropriate processing in the accounts and the period reports; and
  - for as long as the Shares are held by the Investing Portfolio, their value will not be taken into consideration for the calculation of the net assets of the Company for the purpose of verifying the minimum threshold of the net assets imposed by the 2010 Law; and
  - subscription, redemption or conversion fees may only be charged either at the level of the Portfolio investing in the Target Portfolio or at the level of the Target Portfolios; and
  - no management fee is due on that portion of assets invested in the Target Portfolios, either at the level of the Investing Portfolio or at the level of the Target Portfolios.

## Section V

- 1) The Company may not acquire any shares carrying voting rights, which would enable it to exercise significant influence over the management of an issuing body.
- 2) Moreover, the each Portfolio may acquire no more than:
  - 10% of the non-voting shares of the same issuer;
  - 10% of the debt securities of the same issuer;
  - 25% of the units or shares of the same UCITS or other UCI within the meaning of Article (2) of the 2010 Law;
  - 10% of the money market instruments of any single issuer.

The limits laid down in the second, third and fourth indents may be disregarded at the time of acquisition if at that time the gross amount of bonds or of money market instruments or the net amount of the instruments in issued cannot be calculated.

- 3) Paragraphs 1) and 2) are waived as regards:
  - a) Transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
  - b) Transferable securities and money market instruments issued or guaranteed by a non-Member State of the European Union;
  - c) Transferable securities and money market instruments issued by public international bodies of which one or more Member States of the European Union are members;
  - d) Shares held by the Company in the capital of a corporate entity incorporated in a non-Member State of the European Union which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-Member State of the European Union complies with the limits laid down in Section II, III and V (paragraphs 1 and 2). Where the limits set in Section II and III are exceeded, Article 49 of the 2010 Law shall apply *mutatis mutandis*;
  - e) Shares held by one or more investment companies in the capital of subsidiary companies which carry on only the business of management, advice or marketing in the country where the subsidiary is established, in regard to the redemption of shares at the request of shareholders exclusively on its or their behalf.

## **Section VI**

- 1) The Company may not borrow; however, the Company may acquire foreign currency by means of a back-to-back loan.
- 2) By way of derogation from paragraph 1), the Company may borrow the equivalent of:
  - a) Up to 10% of the assets of each Portfolio provided that the borrowing is on a temporary basis;
  - b) Up to 10% of the assets of each Portfolio provided that the borrowing is to make possible the acquisition of immovable property essential for the direct pursuit of the Company's business; in this case, these borrowings and those referred to in sub-paragraph a) may not in any case exceed 15% of the assets of each Portfolio in total.

## **Section VII**

- 1) The Company may not grant loans to or act as guarantor for third parties.
- 2) Paragraph (1) shall not prevent the Company from acquiring transferable securities or money market instruments or other financial instruments referred to in Section I, paragraph (1) e), g) and h) which are not fully paid.

## **Section VIII**

The Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in Section I, paragraph 1) e), g) and h).

The Company may from time to time impose further investment restrictions as shall be compatible with, or in the interests of the shareholders, in order to comply with the laws and regulations of the countries in which the units are distributed.

The restrictions set forth above shall apply only at the time an investment is made. If the restrictions are exceeded as a result of any event other than the making of an investment, the situation shall be remedied, taking due account of the interests of the shareholders.

### ***Investment Techniques and Instruments***

The Company may employ techniques and instruments relating to transferable securities and other financial liquid assets for efficient portfolio management, investment, hedging or other risk management purposes.

When these operations concern the use of derivative instruments, these conditions and limits shall conform to the provisions laid down in Appendix A "Investment Restrictions" and in particular must take into account the securities underlying the derivative instruments used by the Portfolios when calculating the investment limits described in the previous Appendix.

The Company may also enter into swaps (such as interest rates swaps or total return swaps).

A swap is a contract (typically with a bank or a brokerage firm) to exchange two streams of payments (for example, an exchange of floating rate payments for fixed payments). A Portfolio may enter into swap contracts under the following restrictions:

- each of these swap contracts shall be entered into with first class financial institutions, subject to prudential supervision that specialize in these types of transactions; and
- all such permitted swap transactions must be executed on the basis of industry accepted documentation/standardized documentation, such as the ISDA Master Agreement.

In particular, subject to the investment restrictions set forth above, and on an ancillary basis, the Portfolios may enter into total return swaps for efficient portfolio management and for hedging purposes: total return swaps, are contracts in which one party receives interest payments on a reference asset plus any capital gains and losses over the payment period, while the other receives a specified fixed or floating cash flow unrelated to the credit worthiness of the reference asset, especially where the payments are based on the same notional amount. The reference asset may be any asset, index, or basket of assets. The Company has selected and entered into agreement with Morgan Stanley to be the single counterparty for any total return swaps transactions<sup>1</sup>.

The Company may use efficient portfolio management (“EPM”) techniques for the purpose of reducing risks and/or costs, and/or to increase capital returns. In doing so, it will ensure that any resulting transactions comply with the Investment Restrictions set out in Appendix A, and that any potential exposure is fully covered by cash or other assets sufficient to meet any financial obligations that could arise. When the Company uses derivative instruments for the purposes of EPM, it will ensure that the risks associated with using these techniques are adequately covered by the Company’s Risk Management Process and Policy (see section on ‘Global Risk Exposure and Risk Management’ below) and do not significantly alter the risk profile of the relevant Portfolio. Risk exposures arising from OTC financial derivative transactions and EPM techniques are combined when calculating the Company’s counterparty risk exposures.

The Company will aim to ensure that the use of EPM is consistent with the best interests of shareholders. However, use of EPM may on occasion give rise to increased counterparty or market risk, and also to potential conflicts of interest, for example if affiliate companies are used.

All of the revenues arising from the use of EPM, net of direct and indirect operational costs, will be returned to the Company.

Under no circumstances shall any of these operations cause a Portfolio to diverge from its investment objectives set out in the Prospectus.

Furthermore, the Company may also enter into securities lending and borrowing transactions provided that they comply with the following rules.

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<sup>1</sup> Morgan Stanley are not sponsoring or endorsing the Company and take no responsibility for the contents of the Prospectus and/or for the performance of the Company.

## **1) Securities Lending and Borrowing**

The Company may engage in securities lending transactions either directly or through a standardised lending system organised by a recognised clearing institution or by a financial institution specialising in this type of transaction and subject to prudential supervision rules which are considered by the Luxembourg Regulatory Authority as equivalent to those provided by EU law, in exchange for a securities lending fee. To limit the risk of loss to the Company, the borrower must post in favour of the Company collateral representing at any time, during the lifetime of the agreement, not less than the mark-to-market value of the securities lent, together with a margin of 5% (or 7% in the case of bonds issued in a different currency from the original loan) in favour of the Company. The amount of collateral is valued daily to ensure that this level is maintained.

The Company may only enter into securities lending transactions provided that it is entitled at any time under the terms of the agreement to request the return of the securities lent or to terminate the agreement.

Collateral may consist of cash, or securities or instruments permissible under Luxembourg law or regulations, such as (i) liquid assets and/or (ii) sovereign OECD debt securities, (iii) shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent, (iv) shares or units issued by UCITS investing in debt securities issued or guaranteed by first class issuers offering an adequate liquidity, (v) shares or units issued by UCITS investing in shares listed or dealt on a stock exchange of a Member State of the OECD provided they are included in a main index, (vi) direct investment in debt securities or shares with the characteristics mentioned in (iv) and (v).

Cash collateral can be reinvested under the conditions stated below.

The Company may pay fees to third parties for services in arranging such loans, as such persons may or may not be affiliated with the Company, or any investment manager as permitted by applicable securities and banking law. Such fees may be calculated as a percentage of gross revenues earned by the Company through the use of such technique. Information relating to the identity of these third parties and to the revenues arising from and the direct and indirect operational costs and fees incurred in relation to securities lending transactions as well as any relationship they may have with the Custodian Bank shall be disclosed in the annual reports of the Company.

The principal risk when lending securities is that the borrower might become insolvent or refuse to honour its obligations to return the securities. In this event, a Portfolio could experience delays in recovering its securities and may possibly incur a capital loss. A Portfolio may also incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received from a securities lending counterparty. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the Portfolio to the securities lending counterparty at the conclusion of the securities lending contract. The Portfolio would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Portfolio.

## **2) OTC financial derivative instruments**

The Company manages the collateral it receives in relation to transactions in OTC financial derivative instruments in accordance with the terms of the relevant ISDA Master Agreement and Credit Support Annex

("CSA"). At present, the Company has ISDA Master Agreements and CSAs in place with two OTC derivative trading counterparties: KBL European Private Bankers S.A. ("KBL"), for forward foreign exchange transactions; and Morgan Stanley ("MSI") for total return equity swaps, contracts for difference and OTC options.

Under the terms of each ISDA Master Agreement and Credit Support Annex, all collateral received by the Company to mitigate counterparty risk arising from OTC derivative transactions must be in the form of either cash or highly liquid, high grade securities which are independent of the OTC derivative counterparty and traded on a regulated market or multilateral trading facility, with transparent pricing in order to ensure that the collateral can be sold quickly at a price that is close to the pre-sale valuation. Collateral is valued on a mark-to-market basis at least daily. At present, it is the Company's practice only to use cash collateral in relation to its OTC financial derivative transactions.

Risks linked to the management of collateral, including counterparty, market, legal and operational risks, are identified, managed and mitigated in accordance with the Company's risk management process and the investment limits set out in Appendix A ('Investment Restrictions'). In addition, Section 3) below sets out the Collateral Policy and Section 4) below sets out the Company's policy on the reinvestment of cash received as collateral.

For each instrument type, the following specific provisions are in place:

*Forward foreign exchange transactions:* the Company enters into forward foreign exchange transactions with KBL as the sole counterparty. In view of the limited nature of this activity, it has been deemed unnecessary to require KBL to deposit collateral in favour of Company. However, the positive mark-to-market value of these transactions is taken into account in the Company's overall calculation of its counterparty risk to KBL. Netting takes place between profit and losses on contracts with the same value dates.

*Total return swaps:* the Company enters into total return equity swaps with MSI as the sole counterparty. The resulting exposure is monitored on a daily basis and excess funds are promptly repatriated. Netting takes place between payments due by each of the party to the other on any date in relation to transactions covered by the total return equity swap agreement.

*Options:* the Company enters into OTC option transactions with MSI as the sole counterparty. The ISDA Master Agreement and Credit Support Annex oblige both parties to place collateral to cover any resulting exposure, hence mitigating the counterparty risk associated with the transaction.

### **3) Collateral Policy**

Assets received from counterparties in securities lending activities, reverse repurchase transactions, and OTC derivative transactions other than currency forwards constitute collateral.

Collateral shall comply with applicable regulatory standards, in particular CSSF circular 13/559 regarding the ESMA guidelines on ETFs and other UCITS issues.

This collateral must be given in the form of (i) liquid assets and/or (ii) bonds issued or guaranteed by a member state of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope, (iii) shares or units issued by specific money market UCIs, (iv) shares or units

issued by UCITS investing in bonds/shares issued or guaranteed by first class issuers offering an adequate liquidity, (v) shares or units issued by UCITS investing in shares admitted to or dealt in on a regulated market or on a stock exchange of a member state of the OECD provided that they are included in a main index, (vi) direct investment in bonds and shares with the characteristics mentioned in (iv) and (v).

The collateral must be valued on a daily basis. The cash collateral may be reinvested within the limits and conditions of CSSF Circular 14/592.

Collateral may be offset against gross counterparty exposure provided it meets applicable regulatory standards, including those for liquidity, valuation, issuer credit quality, correlation and diversification. In offsetting collateral its value is reduced by a percentage (a "haircut") which provides, inter alia, for short term fluctuations in the value of the exposure and of the collateral.

The level of margin (also referred to as "haircut") may fluctuate depending on various factors, such as, but not limited to, the type of collateral received (equities or bonds), the type of issuers (governments or companies as well as on the correlation between the transactions and the collateral received in respect thereof and short term fluctuation in the value of the exposure and of the collateral. Collateral levels should be maintained so as to ensure that the net counterparty exposure remains within the limits provided under sub-section 1) Securities lending and borrowing above.

<b>Eligible Collateral</b>	<b>Haircut applicable</b>
Cash	None
Collateral issued in the same currency as the transaction	5%
Collateral issued in another currency than the transaction currency	7%

#### **4) Reinvestment of cash received as collateral**

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

A Portfolio may reinvest collateral received in the form of cash subject to the following conditions:

(1) The reinvestments may only be made in:

- (i) deposits with credit institutions having their registered office in an EU Member State or if the credit institution has its registered office in a third country, it must be subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (ii) high quality government bonds;
- (iii) reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and to the extent that the Company is able to recall at any time the full amount of cash on an accrued basis;
- (iv) shares or units issued by short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).

(2) The financial assets other than bank deposits and units or shares of short-term money market UCIs acquired by means of reinvestment of cash received as collateral, must be issued by an entity not affiliated to the

counterparty.

(4) Short-term bank deposits and debt securities referred to in (i) through (ii) above must be eligible investments within the meaning of article 41 (1) of the 2010 Law.

(5) The reinvestment of cash received as collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral.

(6) If the short-term bank deposits referred to in (4) are likely to expose the Portfolio to a credit risk vis-à-vis the custodian, the Portfolio must take this into consideration for the purpose of the limits on deposits prescribed by the Appendix A “Investment Restrictions” of this Prospectus.

(7) The reinvestment must, in particular if it creates a leverage effect, be taken into account for the calculation of the Portfolio’s global exposure. Any reinvestment of collateral provided in the form of cash in financial assets providing a return in excess of the risk free rate, is subject to this requirement.

(8) Reinvestments must be specifically mentioned with their respective value in an appendix to the financial reports of the Company.

(9) Where there is a title transfer, the collateral received should be held by the custodian of the UCITS. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

## **5) Repurchase Agreements and Reverse Repurchase Agreements**

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

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

(1) The Company may not buy or sell securities using a repurchase or reverse repurchase agreement transaction unless the counterparty in such transactions is a first class financial institution specialising in this type of transaction subject to prudential supervision rules considered by the Luxembourg Regulatory Authority as equivalent to those provided by EU law.

(2) During the life of a repurchase or reverse repurchase agreement contract, the Company cannot sell the securities which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired.

(3) As the Company is exposed to redemptions of its own Shares, it must take care to ensure that the level of its exposure to repurchase or reverse repurchase agreement transactions is such that it is able, at all times, to meet its redemption obligations.

The Company may only enter into reverse repurchase agreement and/or repurchase agreement transactions provided that it is able at any time (a) to recall the full amount of cash in a reverse repurchase agreement or any securities subject to a repurchase agreement or (b) to terminate the agreement in accordance with applicable regulations.



However, fixed-term transactions that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

### ***Global Risk Exposure and Risk Management***

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

In relation to financial derivative instruments the Company must employ a process (or processes) for accurate and independent assessment of the value of OTC derivatives and the Company shall ensure for each Portfolio that its global risk exposure relating to financial derivative instruments does not exceed the total net value of its portfolio.

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

In the framework of the risk management process, either the commitments approach, or relative or absolute “value-at-risk” approach (hereinafter “VaR”) may be used to manage and measure the global risk exposure of each Portfolio. The choice of the approach used is based on the investment strategy of each Portfolio and on the type and on the complexity of the financial derivative instruments in which the relevant Portfolio may invest, and also the proportion of financial derivative instruments held by the Portfolio.

The commitments approach measures the overall risk exposure linked to investment in financial derivative instruments and other investment techniques (taking into account the netting and hedging effects), which shall not exceed the Net Asset Value. Pursuant to this approach, each financial derivative instrument is in principle converted to the market value of an equivalent investment in the underlying asset to this financial derivative instrument.

The VaR measures the maximum expected loss taking into account a given confidence level and a given period. The VaR calculation is processed on the basis of a unilateral confidence interval of 99% and a twenty days time horizon.

When using relative VaR, the calculated overall global risk exposure related to the whole portfolio investments of the relevant Portfolio does not exceed twice the VaR of the reference portfolio.

When using absolute VaR, the VaR of the relevant Portfolio is limited to a maximum of 20% of its Net Asset Value.

**The commitment approach is used to monitor and measure the global exposure of a Portfolio, unless otherwise provided in “Investment Objective and Policies” of a specific Portfolio.**

The expected level of leverage for each Portfolio using VaR is indicated for each Portfolio under “Investment Objective and Policies” of a specific Portfolio. In certain circumstances, this level of leverage may however be exceeded. The method used for determining the expected level of leverage of these Portfolios is based on the sum of the notionals.

Each Portfolio may invest, according to its investment policy and within the limits laid down in Appendix A "Investment Restrictions" and "Financial Techniques and Instruments", in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in Appendix A "Investment Restrictions", under section II.

When a Portfolio invests in index-based financial derivative instruments, these investments do not necessarily have to be combined to the limits laid down in Appendix A "Investment Restrictions" under section II.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this section.

Whenever risk management processes, adequate to perform the functions described above are employed on behalf of the Company by the Investment Manager in managing the Portfolio (s), they are deemed to be employed by the Company.

#### ***Breach of Restrictions***

If the limitations set forth above are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedy of that situation, taking due account of the interest of its shareholders.

#### ***European Market Infrastructure Regulation ("EMIR")***

As a financial counterparty to exchange-traded and OTC derivative transactions, the Company is subject to certain trade reconciliation and reporting requirements under EMIR which came into force during 2013. The Company has established an appropriate control framework which is designed to ensure compliance with these requirements.

## **APPENDIX B**

### ***Further Information***

#### ***Net Asset Value Determination***

The Net Asset Value of the Company's assets in each Portfolio (the "Net Asset Value") and the Net Asset Value per Share of each relevant Portfolio and Class of Shares will be determined on the basis of the closing market prices on each bank business day in Luxembourg ("Valuation Day") except as specified hereafter.

The Net Asset Value per Share will not be calculated for any of the following Portfolios also if the reference market as specified hereafter is closed on any such bank business day in Luxembourg: Vitruvius – Asian Equity (Hong Kong equity market), Vitruvius – Growth Opportunities and Vitruvius – US Equity (US equity market), Vitruvius – European Equity (UK equity market), Vitruvius – Greater China Equity (Hong Kong equity market), Vitruvius – Japanese Equity (Japanese equity market), and Vitruvius – Swiss Equity (Swiss equity market).

The Net Asset Value per Share of each Class of Shares for all Portfolios is determined by dividing the value of the total assets of the Portfolio allocable to such Class of Shares less the liabilities of the Portfolio properly allocable to such Class of Shares by the total number of Shares of such Class outstanding on any Valuation Day.

The Net Asset Value per Share of the B and BI Classes of Shares will differ within each Portfolio as a result of the differing fee structure and/or income treatment for each Class. In calculating the Net Asset Value, income and expenditure are treated as accruing from day-to-day.

The value of all securities which are listed on an official stock exchange or traded on any other regulated market is determined on the basis of the last available price on the principal market on which such securities are traded, as furnished by a pricing service approved by the Board. If such prices are not representative of their fair value, such securities as well as any of the portfolio securities which are not so listed and all other investments, including permitted financial futures contracts, options and OTC derivatives will be valued on the reasonably foreseeable sales prices determined prudently and in good faith. Swap agreements and other OTC derivatives should be valued on the basis of the underlying securities or indices including any costs associated therewith and on the basis of valuations provided by market professionals that deal in such instruments on a regular basis.

Any assets or liabilities expressed in terms of currencies other than the reference currency of the relevant Portfolio are translated into the reference currency at the prevailing market rate at the time of valuation.

The Net Asset Value per Share shall be calculated up to 2 decimals.

The Company shall include in the financial reports its audited consolidated accounts that will be expressed in EUR.

During the existence of any state of affairs which, in the opinion of the Board, makes the determination of the Net Asset Value of a Portfolio in its reference currency either not reasonably practical or prejudicial to the shareholders of the Company, the Net Asset Value may temporarily be determined in such other currency as the Board may determine.

The Net Asset Value per Share of each Class within each Portfolio may be obtained at the registered office of the Company. In addition, the Net Asset Value per Share of each Class within each Portfolio will be published in any country where the Company is registered for distribution according to the national legal requirements.

### ***Swing Pricing Adjustment***

A Portfolio may suffer dilution of the Net Asset Value per Share due to investors buying or selling Shares in a Portfolio at a price that does not reflect the dealing and other costs that arise when security trades are undertaken by the Investment Manager to accommodate cash inflows or outflows.

In order to enhance the protection of existing Shareholders, a policy has been adopted to allow price adjustments as part of the regular daily valuation process to mitigate the impact of dealing and other costs on occasions when these are deemed to be significant.

In order to achieve this, a swing pricing mechanism may be adopted to protect the interests of Shareholders of each Portfolio. If on any Valuation Day, the aggregate net transactions in Shares of a Portfolio exceed a pre-determined threshold, as determined and reviewed for each Portfolio on a periodic basis by the Board, the Net Asset Value per Share may be adjusted upwards or downwards to reflect net inflows and net outflows respectively. The threshold is set by the Board taking into account factors such as the prevailing market conditions, the estimated dilution costs and the size of the Portfolios, the application of which will be triggered mechanically and on a consistent basis. The adjustment will be upwards when the net aggregate transactions result in an increase of the number of Shares. The adjustment will be downwards when the net aggregate transactions result in a decrease of the number of Shares.

The adjusted asset value will be applicable to all transactions on a given Valuation Day. The swing pricing mechanism may be applied across all Portfolios. The extent of the price adjustment will be set by the Board to reflect dealing and other costs. Such adjustment may vary for the various Portfolios and will not exceed 1% of the original Net Asset Value per Share. As such price adjustments will be in response to significant cash flows rather than normal volumes, it is not possible to accurately predict whether a price adjustment will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently such price adjustments will need to be made.

The expenses of a Portfolio are calculated on the basis of the Net Asset Value of the relevant Portfolio and are not impacted by the swing pricing adjustment.

### ***Suspension of Calculation of the Net Asset Value and of Issue, Redemption and Conversion of Shares***

The Company may suspend the calculation of the Net Asset Value of any Portfolio and may suspend the issue and redemption of Shares of the relevant Portfolio and the conversion from or into the relevant Portfolio:

- a) during any period when any market or stock exchange, which is the principal market or stock exchange on which a material part of the Company's investments attributable to any Portfolio from time to time are quoted, is closed, (otherwise than for ordinary holidays), or during which dealings are restricted or suspended;
- b) during the existence of any state of affairs which in the opinion of the Board constitutes an emergency as a result of which disposals or valuations of assets owned by the Company attributable to any Portfolio would be impracticable;

- c) during any breakdown in, or restriction in the use of the means of communication normally employed in determining the price or value of any of the investments attributable to any Portfolio or the current prices on any market or stock exchange;
- d) during any period when the Company is unable to repatriate monies for the purpose of making payments on the redemption of its Shares or during which any transfer of moneys involved in the realisation or acquisition of investments or payments due on redemption of such Shares cannot in the opinion of the Board be effected at normal rates of exchange;
- e) during any period when, in the opinion of the Board, there exists unusual circumstances which make it impracticable or unfair towards the shareholders to continue dealing with Shares of any Portfolio of the Company;
- f) in case of a decision to liquidate the Company or the given Portfolio, either on or after the day of the Board's decision on such liquidation, or, on or after the day of publication of the first notice convening the general meeting of shareholders if a general meeting is convened for this purpose;
- g) during any period when the publication of the notice of the general meeting of Shareholders at which the merger of the Company or a Portfolio is to be proposed, or of the decision of the Board to merge one or more Portfolios, to the extent that such a suspension is justified for the protection of the shareholders;
- h) during any period where one or several Target Portfolios in which a Portfolio has invested a substantial portion temporarily suspends the repurchase, redemption or subscription of its units, whether at its own initiative or at the request of its competent authorities.

Shareholders having requested issue, redemption or conversion of their Shares will be notified in writing of any such suspension within seven days of their request and will be promptly notified of the termination of such suspension.

The suspension of the calculation of the Net Asset Value per Share for any Portfolio will have no effect on the calculation of Net Asset Value per Share or the issue, redemption and conversion of the Shares of any other Portfolio.

### ***Liquidation of the Company***

The Company has been established for an unlimited period of time. However, the Company may be dissolved and liquidated at any time by a resolution of the general meeting of shareholders.

In the event of a dissolution of the Company, liquidation shall be carried out by one or several liquidators (who may be physical persons or legal entities) named by the meeting of Shareholders effecting such dissolution and which shall determine their powers and their compensation. The net proceeds of liquidation corresponding to each Portfolio shall be distributed by the liquidators to the holders of Shares of each Portfolio in proportion of their holding of Shares in such Portfolio and Class.

Any liquidation will entitle a shareholder to a pro rata share of the liquidation proceeds corresponding to the Class of Shares held by the relevant shareholder. Moneys available for distribution to shareholders in the course of the liquidation that are not claimed by shareholders will at the close of liquidation be deposited at the *Caisse de Consignation* in Luxembourg pursuant to the 2010 Law, where during 30 years they will be held at the disposal of the shareholders entitled thereto.

If the capital of the Company falls below two-thirds of the minimum capital of EUR 1,250,000, the Board must submit the question of the dissolution of the Company to a general meeting of shareholders convened to be held within 40 days and for which no quorum shall be prescribed and which shall decide by a simple majority of the share represented at the meeting.

If the capital of the Company falls below one quarter of the minimum capital stated above, the Board must submit the question of dissolution of the Company to a general meeting of shareholders convened to be held within 40 days and for which no quorum shall be prescribed, dissolution of the Company may be resolved by shareholders holding one quarter of the Shares at the meeting.

All the decisions taken by the general meeting or the Board regarding the liquidation of the Company will be published in accordance with Luxembourg law. In addition such notice will be published in any country where the Company is registered for distribution according to the national legal requirements.

#### ***Termination of Portfolios or Classes of Shares***

The Board may decide to liquidate any Portfolio or Class of Share (i) if the net assets of such Portfolio fall below a level considered by the Board to be too low for that Portfolio to continue to be managed efficiently; (ii) if a change in the economical or political situation relating to the Portfolio or Class of Share would justify such liquidation as decided by the Board or if required by the interests of the Shareholders in a Portfolio or Class of Shares; or (iii) in the event of a product rationalisation decided on by the Board.

The Company shall serve a written notice to the holders of the relevant Shares prior to the effective date for the liquidation, which will indicate the reasons of and the procedure for the liquidation operations.

Unless the Board decides otherwise in the interests of, or to keep equal treatment among the Shareholders, the Shareholders of the Portfolio concerned may continue to request redemption or conversion of their Shares.

Any liquidation proceeds remaining unclaimed after the closure of the liquidation of a Portfolio will be deposited in escrow at the *Caisse de Consignation*. Amounts not claimed from escrow within the period fixed by law may be forfeited in accordance with the provisions of Luxembourg law.

#### ***Amalgamation of Portfolios***

Any merger of a Portfolio with another Portfolio of the Company or with another UCITS (whether subject to Luxembourg law or not) shall be decided by the Board, unless the Board decides to submit the decision for the merger to the general meeting of shareholders of the Portfolio concerned. In the latter case, no quorum will be required for this meeting and the decision for the merger shall be taken by a simple majority of the votes cast. In the case of a merger of a Portfolio where, as a result, the Company ceases to exist, the merger shall, notwithstanding the foregoing, be decided by a meeting of shareholders resolving in accordance with the quorum and majority requirements for the amendment of the Articles of Incorporation. Such a decision will be undertaken and notified to the relevant Shareholders in accordance with the provisions of the 2010 Law and any applicable regulations.

***Documents for Inspection***

Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company:

- (a) Investment Management Agreement;
- (b) Custodian Agreement;
- (c) Domiciliary Agency Agreement;
- (d) Registrar and Transfer Agency Agreement;
- (e) Administrative Agency Agreement;
- (f) Paying Agency Agreement;
- (g) the Articles of Incorporation of the Company;
- (h) the latest Prospectus of the Company;
- (i) the latest KIIDs;
- (j) the latest annual and semi-annual reports of the Company; and
- (k) the risk management process of the Company.

The agreements under (a) to (f) above may be amended by mutual consent of the parties thereto.